

ITTO annual report 2022



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Preferred citation: ITTO 2023. *Annual report 2022*. International Tropical Timber Organization, Yokohama, Japan.

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

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ISBN 978-4-86507-092-7

Front-cover photo: Fundación Natura.

Front-cover inserts (from left to right): Fundación Natura, Soka Gakkai and Sarawak Forest Department.

Back-cover inserts (from left to right): VIFOREST, R. Carrillo and T. Yanuariadi.

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Abbreviations and acronyms

AFoCO	Asian Forest Cooperation Organization
APEC	Asia-Pacific Economic Cooperation
CBD	Convention on Biological Diversity
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COVID	coronavirus
CPF	Collaborative Partnership on Forests
CSAG	Civil Society Advisory Group
EGILAT	Expert Group on Illegal Logging and Associated Trade
FAO	Food and Agriculture Organization of the United Nations
FLR	forest landscape restoration
G7	Group of Seven nations
GTI	Global Timber Index
IGES	Institute for Global Environmental Strategies
IMM	Independent Market Monitor
IPIM	Macao Trade and Investment Promotion Institute
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
IUFRO	International Union of Forest Research Organizations
JICA	Japan International Cooperation Agency
LSSCs	legal and sustainable supply chains
m	metre(s)
REFACOF	<i>Réseau des Femmes Africaines pour la Gestion Communautaires des Forêts</i> (African Women's Network for Community Forest Management)
SERFOR	<i>Servicio Nacional Forestal y de Fauna Silvestre</i> (National Forest and Wildlife Service)(Peru)
SFM	sustainable forest management
TAG	Trade Advisory Group
TFU	Tropical Forest Update
TTP	Timber Trade Portal
USD	United States dollar(s)

Message from the Executive Director

In 2022, ITTO brought new energy to its efforts to alert the world about the importance of sustainable tropical forest management and legal and sustainable wood trade in tackling global challenges, including climate change and biodiversity loss, and for building circular bioeconomies. At every opportunity, we highlighted the indispensable and central role that sustainable tropical forest management and responsible tropical wood trade must play in our journey towards a sustainable future.

It's clear that the world has no time to lose in undertaking this journey. In 2022—and continuing into this year—we saw worrying climatic extremes that, at their worst, threaten biodiversity, the productivity of forests and human safety and wellbeing.

I am proud of what we did as an organization in 2022, demonstrating how policy and project work can turn advocacy into reality, even though it is clear that impact can only be truly demonstrated with sufficient funding. Our effectiveness was illustrated through numerous international speaking engagements, active participation at international events and through the inclusion of ITTO in the G7 declaration on decoupling trade and deforestation and encouraging sustainable forest management.

ITTO's catalytic projects continued to showcase the incredible potential of sustainable forestry for transforming communities. Initiatives like the Soka Gakkai project in Togo and the mangrove project in Fiji empowered women and their communities by engaging them in forest restoration. Seeing the financial freedom this brought, other women and communities are being inspired to follow suit. ITTO also continued to strengthen legal and sustainable supply chains and provide timely tropical timber market data and news. With our support, the tropical forest sector is taking big strides towards greater transparency and value-adding.

Another vital aspect of our work in 2022 was fire management, which is increasingly urgent due to global climate extremes. Our initiatives on fire in Indonesia and Peru exemplified the Organization's commitment to tackling this worsening problem, with benefits for human health, forest production and biodiversity conservation.



Photo: Y. Kamijo/ITTO

ITTO's contributions had impact in the global arena. We worked with international organizations across topics as diverse as forest education, the trade in endangered species, and production and trade data, showing our expertise, versatility and reach. We delivered key messages at major international events, such as the 27th Conference of the Parties (COP) of the UN Framework Convention on Climate Change, COP15 of the Convention on Biological Diversity, and the XV World Forestry Congress.

Despite the many successes, it is irrefutable that our ability to escalate our impacts for the benefit of our members is limited by the very modest funding we receive. We know that ITTO is efficient and effective in what we do—many reviews have shown that the Organization is impactful well beyond its size and budget—and we stand ready to deliver more. I hope that the work of the Organization and its impacts, as illustrated in this annual report, will motivate members and relevant parties to invest in our vital mission, which we believe is critical for the future sustainability of tropical forests in continuing their contributions to global and societal needs.

Sheam Satkuru
ITTO Executive Director
August 2023



Tropical wooden furniture on display at a trade show in Guatemala. Photo: INAB

1 International Tropical Timber Council

The 58th session of the International Tropical Timber Council was convened on 7–11 November 2022 as a hybrid event featuring attendance both in person and online. The Council endorsed several project proposals and announced new resources to support ITTO's work.

Delegates praised the spirit in which the session was conducted. A delegate of Malaysia commented that all decisions had been taken "in a friendly and cordial manner" and a delegate of the European Commission concluded that the Council is "making progress to build a robust organization". Executive Director Sheam Satkuru won plaudits for bringing "new energy" to the role, which she took up in early 2022, and the Government of Japan and the City of Yokohama were thanked for their generous support of the session and the Organization. Outgoing Council Chair Jesse Mahoney described the session as "one of the most collaborative" he had experienced and urged members to "continue to pave a way forward to support the day-to-day activities of the Organization and the important work that it delivers".

Dignitaries and ITTO officers made opening statements

In his opening statement at the session, Mr Mahoney said that, to deliver continued success, ITTO members need to honour their commitments under the agreement governing the Organization.

"We are all in recovery from a pandemic that tested us and uncovered shortcomings in many of our systems spanning people and labour, supply chains and market

resilience, all issues in the mandate of the Organization," he said. "But to deliver continued success, we, the Council, must also uphold our commitments as parties to the ITTA [International Tropical Timber Agreement]."

Japan's Minister of State Takei Shunsuke said tropical forests provided "indispensable value to humanity". He described the trade of legal and sustainable tropical timber as a "great tool" for reducing greenhouse-gas emissions and contributing to the mitigation of climate change.

"Unlike materials such as concrete and steel, tropical timber can be expected to sequester carbon through its use as a construction material and reduce the energy consumed in storing, manufacturing and finishing," Mr Takei said. "As such, timber is a vital material, one that holds the key to advancing toward the goal of zero carbon."

Given that ITTO members account for 80% of the world's tropical forests and 90% of the trade in tropical timber, said Mr Takei, ITTO's role "as the world's only international organization for the sustainable management of tropical forests and lawful use of tropical timber, will only grow and not shrink in the years to come".

ITTO Executive Director Sheam Satkuru said the international community is increasingly recognizing the essential role of tropical forests in climate-change mitigation and adaptation. The Secretariat was focused on ensuring that the voices of the ITTO membership are heard and that the Organization's positions are known on the important role of legal and sustainable



The Chairperson of the Council, Jesse Mahoney (right), receives a framed gavel from incoming Chairperson, Mohammed Nurudeen Iddrisu, at the close of the Council's 58th session. Photo: Y. Kamijo/ITTO

tropical timber trade in ensuring the sustainability of tropical forests. At the same time, however, voluntary contributions to the work of the Organization were low.

"If members want the Organization to be effective, there must be some financial commitment from the membership to take it forward," Ms Satkuru said. She informed the Council that Angola had recently acceded to the ITTA, bringing the ITTO membership to 75 (37 producers and 38 consumers).

Dr Yamanaka Takeharu, Mayor of Yokohama, and His Excellency Roberto Seminario Portocarrero, Peru's Ambassador to Japan, also spoke during the opening of the session.

Donors pledged more funds for ITTO's work

Donors announced an additional USD 4 million during the session to support the Organization's work. Of the new financial contributions, Japan provided USD 1.66 million, China, Macao SAR USD 1.33 million, the United States of America USD 534 000, Australia USD 305 000, China USD 83 000, the Republic of Korea USD 53 000, the Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) USD 25 000¹ and Kisso-an (a Japan-based company)

¹ This amount is an increased contribution to a previous funding contract.

USD 3 000.² Among other things, these funds will be used to promote the sustainable domestic consumption of wood products in Thailand; encourage strong and resilient domestic wood-product consumption in Indonesia; develop the Global Timber Index Platform; elaborate a blockchain-based timber traceability system; and, in Panama, scale up the Forest Traceability and Monitoring System—developed on a pilot basis under a previous ITTO project—to the entire national territory. Some projects and activities received partial funding and will commence should the balance of funding be forthcoming.³

In addition to the decision approving funding, the Council adopted three other decisions: a one-year extension of the Biennial Work Programme 2021–2022 to bring it into line with the biennial approval cycle of the ITTO Administrative Budget; matters related to the management of the Administrative Budget, including a one-year extension of the mandate of a virtual intersessional working group on this issue; and the extension of another working group established to assess the need for renegotiation and/or further extension of the ITTA, 2006.⁴ The Council adopted the reports of its four associated committees, which met during the session.

² Numbers may be rounded.

³ The full list of activities receiving voluntary contributions is provided in Decision 1 of the session, available at www.itto.int/council_committees/decisions.

⁴ The four decisions are available on the ITTO website at www.itto.int/council_committees/decisions.



ITTO's Annual Market Discussion, convened by the Trade Advisory Group, addressed the theme of carbon trade and tropical forests. Photo: Y. Kamijo/ITTO

Committees review policy and project work

The Committee on Reforestation and Forest Management convened to review project and policy work. Activities discussed included the promotion of smallholder forest landscape restoration (FLR) in West Africa; the development of training curricula for Central African countries on legal and sustainable supply chains; the dissemination of ITTO's Guidelines for Forest Landscape Restoration in the Tropics; the joint ITTO–Convention on Biological Diversity (CBD) Collaborative Initiative for Tropical Forest Biodiversity; adapting ITTO's criteria and indicators for sustainable forest management (SFM) to the African context; and the prevention and management of forest fires. Seven projects, two pre-projects and four Biennial Work Programme-based activities were declared completed by the committee.

The Committee on Economics, Statistics and Markets and the Committee on Forest Industry met jointly to review field and policy work during the session. Activities under discussion included market access for tropical timber and tropical timber products; forest and timber certification; ITTO cooperation with the Asia-Pacific Economic Cooperation Expert Group on Illegal Logging and Associated Trade (APEC EGILAT); market analysis under the Independent Market Monitor (IMM); and enhancing the conservation and sustainable management of teak forests in the Greater Mekong Subregion.

Annual Market Discussion explored potential of carbon markets for tropical forests

Markets for forest carbon are growing fast and have huge potential, but low carbon prices and other challenges are restraining their capacity to benefit tropical forests and their stakeholders, according to speakers at the Annual Market Discussion convened as part of the

Box 1: Presentations at the 2022 Annual Market Discussion

- Overview of forest carbon markets in the context of nationally determined contributions implementation in Asia-Pacific—Ms Celina (Kin Yui) Yong, United Nations Development Programme
- Carbon projects in Latin America: is managing tropical forests for timber and carbon a fate or a fake? —Dr Ivan Tomaselli, STCP, Brazil
- Feasibility of carbon projects in Africa: examples and challenges—Mr Pierre Schueller, TERE, France
- Lidar technology and carbon inventory in Peru—Mr William Llactayo, Peru
- Scaling New Zealand forest restoration with carbon credits and artificial intelligence—Mr Nicholas Butcher, CarbonCrop, New Zealand

Council session. Amid concern about “greenwashing”, demand for high-integrity forest carbon credits is expanding, but carbon prices are yet to reflect the true costs of maintaining natural forests. There is also a need to expand understanding of voluntary carbon markets and compliance mechanisms and build the capacity of businesses and other stakeholders to participate. New remote-sensing technologies and artificial intelligence have the potential to make it easier to assess changes in forest carbon stocks.

Box 1 shows the titles of presentations made during the Annual Market Discussion.

The speakers' presentations can be downloaded at www.itto.int/ittc-58/presentations. A video of the entire Annual Market Discussion can be viewed at <https://youtu.be/YPs67tzwAwI>. See TFU 31 (3/4) for summaries of the presentations.

Advisory groups delivered statements

Trade Advisory Group statement

Trade Advisory Group (TAG) co-coordinator Mr Bob Tate presented a statement on behalf of TAG expressing concern about a draft regulation on deforestation under consideration by the European Council and Parliament and the potential for it to present barriers to trade, particularly for tropical countries. Mr Tate said TAG believes that “the EU [European Union] should avoid using these [draft] 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”.



Christine Wulandari presents a statement on behalf of the Civil Society Advisory Group. Photo: Y. Kamijo/ITTO

The TAG statement also asserted that the establishment of new industrial tree plantations in the tropics is being hampered by a lack of reliable information. It called on ITTO to undertake a survey of existing tree plantations in ITTO producer countries and to design a database to assist commercial decision-making on plantation establishment.

The statement noted that ITTO producer countries are yet to benefit significantly from voluntary forest carbon offset markets.

“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,” said Mr Tate. He urged ITTO to organize a technical training workshop “to address the weaknesses and shortcomings of members so they can participate in climate-change mitigation while adding to their national revenue”.

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

Civil Society Advisory Group statement

Christine Wulandari delivered a statement on behalf of the Civil Society Advisory Group (CSAG) encouraging the Council to involve CSAG more in its deliberations, including the Annual Market Discussion.

“CSAG brings our expertise and knowledge that can enhance the knowledge-sharing and recommendations from such a platform to Council,” said Ms Wulandari.

She expressed the desire of CSAG to partner with ITTO in piloting fundraising initiatives.

“The CSAG network involves women, local communities, Indigenous Peoples’ groups, who face tenure, access and rights issues within their forest, and they aspire to access the international markets for their legal and sustainable wood products,” said Ms Wulandari.

“Local communities, smallholders and other forest communities can also have a huge impact on ensuring the ITTO objective of sustainable forestry management and sustainable trade in timber products.”

CSAG recommended that ITTO commission a paper outlining how ITTO members and other stakeholders can contribute to climate-change adaptation and mitigation.

“Our collective work on forestry supply chains and the best ways to promote the sustainable use and management of forest resources makes us well placed to assist the international community in developing nature-based solutions that harness the power of the natural world to reduce greenhouse-gas emissions and also help communities adapt to the impacts of climate change,” said Ms Wulandari.

The full TAG and CSAG statements are available at www.itto.int/ittc-58/presentations



Consultant Fran Maplesden delivers an interim report on ITTO's Biennial Review and Assessment of the World Timber Situation. Photo: Y. Kamijo/ITTO



Rose Pélagie Masso, REFACOF, describes some of the benefits of an ITTO project in Togo for local women. Photo: Y. Kamijo/ITTO

Council received report on world timber situation

Consultant Fran Maplesden delivered an interim report on ITTO's 2021–2022 Biennial Review and Assessment of the World Timber Situation. The Review compiles the most up-to-date and reliable international statistics available on global production and trade of timber, with an emphasis on the tropics. Ms Maplesden presented initial findings from the analysis of tropical timber trade and production data. The final version of the Review will be published in the second half of 2023.

According to Ms Maplesden, trade in tropical wood products has been more resilient than was anticipated at the start of the COVID-19 pandemic in early 2020, particularly the trade in secondary processed wood products. A number of shocks to the world economy in 2022, however, are likely to dampen the outlook for tropical wood product markets, particularly the Russian invasion of Ukraine, a cost-of-living crisis caused by inflation, and the economic slowdown in China.

Support for women restoring forest landscapes in Togo

CSAG and Soka Gakkai⁵ made a joint presentation on a community project implemented in two prefectures in Togo. The project has involved 100 women in the restoration of about 20 hectares of degraded forest landscapes. The women planted about 27 000 seedlings of 12 species.⁶

"The project is not only helping to solve climate-change issues through reforestation, but also empowering women living in areas that are often left behind", said Mr Aishima Tomohiko, Chair of the Soka Gakkai Peace



A Togolese woman tends seedlings in the village of Agouegan, Togo. Photo: Soka Gakkai

Committee, which funded the project. "As this pilot project is entering its third year, we would like to actively engage in this project to create further value together with ITTO."

Ms Rose Pélagie Masso, from the Cameroon-based implementing agency, African Women's Network for Community Forest Management (*Réseau des Femmes Africaines pour la Gestion Communautaires des Forêts*—REFACOF), spoke about the benefits of the project for the participating women.

Work with CITES

The CITES Secretariat informed delegates of seven proposals for listings of tropical tree species in the CITES Appendixes. The ITTO Secretariat reported on collaborative work undertaken by the two secretariats in the previous 12 months under the CITES Tree Species Programme.

⁵ Soka Gakkai is a global community-based Buddhist organization that promotes peace, culture and education.

⁶ More details of this project are included in Chapter 2.



Delegates pose in the foyer of Japan's first fully wooden high-rise building, Port Plus. Photo: Y. Kamijo/ITTO

Young and mid-career foresters received ITTO Fellowships

The Council awarded ITTO Fellowships to 13 candidates (including six women); more details are available on page 31.

A new chairperson was elected

Delegates participated in brief excursions to sites of interest near the conference centre. One of these was Port Plus, Japan's first fully wooden high-rise building, which takes advantage of new wood technologies such as laminated veneer lumber and cross-laminated timber to create a striking new architectural appearance to a height previously only possible using steel or concrete.

Mr Mohammed Nurudeen Iddrisu, from Ghana, was elected as incoming Chairperson of the Council.



ITTO Executive Director Sheam Satkuru delivers remarks during the 58th session of the Council. Photo: Y. Kamijo/ITTO

The Council report is available at www.itto.int/council_committees/reports.

Daily highlights of the session and presentations are available at www.itto.int/ittc-58.



2 Field work

This chapter presents examples of ongoing or recently completed ITTO projects and other activities that illustrate how the Organization is working towards the four strategic priorities set out in the ITTO Strategic Action Plan 2022–2026.⁷

Strategic priority 1: Promote good governance and policy frameworks to enhance financing and investment in sustainable tropical forest management, legal and sustainable forest product supply chains and related trade

Strengthening Guatemala's forest production chain

<i>Project title</i>	Implementing mechanisms to improve traceability in the forest production chain in Guatemala
<i>Identifier</i>	PD 832/16 Rev.2 (M)
<i>Status</i>	Ongoing
<i>ITTO contribution</i>	USD 416 080
<i>Implementing agencies</i>	Instituto Nacional de Bosques
<i>Funding</i>	Japan, United States of America
<i>Relevant SDGs</i>	8, 12, 15

This project seeks to reduce illegal logging and the trade in illegal forest products in Guatemala by strengthening legal forest production chains and building institutional and local capacities in the monitoring and control of forest products.

Despite challenges imposed by the COVID-19 pandemic, progress has been made in:

- training stakeholders in the use and benefits of simplified forest management plans for less than 50 m³, and promoting their uptake, through the development of promotional material;
- strengthening the legality of small-scale forestry by providing training and support for informal businesses to enable them to formalize their activities and through forest roundtables in a pilot area;
- improving control mechanisms for the transport of forest products, including the development of electronic information systems and smartphone applications; and
- implementing municipal systems for the registration and monitoring of exempt uses.

⁷ Available at www.itto.int/council_committees/action_plans.

Enhancing community forestry in Cambodia

<i>Project title</i>	Enhancing capacity of local communities and forest administration to effectively implement community forestry programmes in Kratie and Mondulkiri provinces of Cambodia
<i>Identifier</i>	PD 836/17 Rev.2 (F)
<i>Status</i>	Ongoing
<i>ITTO contribution</i>	USD 417 558
<i>Implementing agencies</i>	Forest Administration, Ministry of Agriculture, Forestry and Fisheries, Cambodia
<i>Funding</i>	Japan, Republic of Korea, United States of America
<i>Relevant SDGs</i>	1, 8, 11, 12, 15

The sustainable exploitation of Cambodia's forest resources is threatened by illegal logging, clearing and encroachment for agriculture, and rural poverty. This project is designed to strengthen SFM in the country by promoting community forest programmes and boosting local livelihoods. Specifically, it aims to enhance the capacity of communities and the Forest Administration to implement community forest programmes in Kratie and Mondulkiri, two provinces with rich forest resources but also high deforestation rates.

Expected outputs of the project, which began its activities in October 2021, include improved capacity of local communities and the Forest Administration in forest management planning; the operationalization of approved forest management plans; and the monitoring and reporting of forest operations.

Achievements in the first year include a revised manual for the preparation of community forest management and development plans; assessments of forest cover in the two provinces; a pilot project for returnable small seed funds; and meetings with stakeholders and local authorities to address illegal activities in community forests.



Government officials and members of the Kantout Community Forestry Management Committee discuss ways to improve forest governance. Photo: Sothea

Strategic priority 2: Increase the contribution of the tropical forest sector to national and local economies and resilient livelihoods, including through the further processing and trade of tropical timber and other forest products and services

Encouraging farmers in Papua New Guinea to plant trees in their savannas

<i>Title</i>	Encouraging customary landowners in the lowlands of Papua New Guinea's Central Province to reforest their grasslands with high-value trees
<i>Identifier</i>	PD 552/09 Rev.1 (F)
<i>Status</i>	Completed
<i>ITTO contribution</i>	USD 644 814
<i>Implementing agency</i>	Papua New Guinea Forest Authority
<i>Funding</i>	Japan
<i>Relevant SDGs</i>	8, 12, 13, 15

This project encouraged customary landowners in the lowlands of Central Province, Papua New Guinea, to reforest and rehabilitate underused grasslands with high-value trees, including teak, and supported economic development through the emergence of new forest industries.

The project created a model reforestation framework comprising awareness-raising, training (including in agroforestry techniques) and support services (including the supply of planting materials) for small-scale reforestation enterprises and wider communities in Rigo and Kairuku-Hiri districts. It also built the capacity of three national institutions to deliver cost-effective, sustainable services by strengthening operational systems and physical and human resources.

Project partners continue to manage the reforestation framework using tools and techniques tested in the project with the goal of expanding its reach within and beyond Central Province. The project could thus make a substantial contribution to the Forest Authority's goal of reforesting 800 000 hectares for commercial and community benefit by 2050.



Field workers of the Papua New Guinea National Forest Service inspect teak seedlings intercropped with pineapple in Rigo District. Photo: S. Rollinson

Strategic priority 3: Reduce tropical deforestation and forest degradation, enhance forest landscape restoration and the resilience of forest ecosystems to climate change, and conserve forest biodiversity and ecosystem services

Fighting fire in Indonesia and Peru

<i>Titles</i>	Capacity building on forest and land fire management in Indonesia; Forest fire prevention and response in tropical forests and forest plantations in Peru
<i>Identifiers</i>	Indonesia: PP-A/56-340-1 Peru: PP-A/56-340-2
<i>Status</i>	Completed
<i>ITTO contribution</i>	USD 1 105 263 per project
<i>Implementing agencies</i>	Indonesia: Directorate of Forest and Land Fire Management, Directorate General of Climate change, Ministry of Environment and Forestry Peru: National Forest and Wildlife Service (<i>Servicio Nacional Forestal y de Fauna Silvestre</i>) (SERFOR), Ministry of Agriculture and Irrigation
<i>Funding</i>	Japan
<i>Relevant SDGs</i>	3, 5, 13, 15, 17

The aim of these two projects, funded under the programmatic approach of ITTO’s new pilot financing architecture, was to improve the prevention and management of fires and reduce the impacts of fire on people and the environment. The focus of the projects was on building the capacity of national and local stakeholders to adopt integrated measures and approaches for preventing and responding to fires.

In Indonesia, where uncontrolled and unmanaged burning practices cause catastrophic fires, the project engaged local communities and built the capacity of fire brigades in the provinces of South Sumatera, Central Kalimantan and South Kalimantan. Activities included extensive community training on zero-burning practices and the establishment of eight demonstration plots; training fire brigades in fire management and supplying them with uniforms and equipment; and developing a monitoring and reporting system for fire prevention, which records and reports the real-time action of fire prevention patrols based on 79 parameters to better enable wildfire prevention, detection and early suppression. The “integrated land preparation without burning” approach developed under the project has now become a national policy for forest fire prevention and is progressively being adopted across the country. The project resulted in increased cooperation on forest fire prevention between institutions, the private sector and communities.

In Peru, the project focused on the departments of Cajamarca, Huánuco, Junín, Pasco and Ucayali. More than 200 volunteers from local communities and fire brigades received training in forest fire prevention and response through the project, and firefighting equipment and gear was purchased for fire brigades. Online training courses and workshops were held to build forest fire



Members of a rural fire brigade participate in a training event in South Sumatera, Indonesia. Photo: ITTO fire project

Strategic priority 4: Improve the quality, availability and timeliness of information on tropical forest product markets, supply chains and international trade, including challenges and opportunities related to market access, expansion and diversification

Legal and sustainable supply chains in the Congo Basin

<i>Title</i>	Development of training modules on legal and sustainable supply chains
<i>Identifier</i>	PP-A/55-334 BMEL-LSSC Activity 5
<i>Status</i>	Completed
<i>ITTO contribution</i>	USD 350 000
<i>Implementing agency</i>	Network of Central African Forestry and Environmental Training Institutions
<i>Funding</i>	Germany
<i>Relevant SDGs</i>	4, 8, 9, 12, 15, 17

ITTO is implementing a programme on legal and sustainable supply chains (LSSCs) for tropical timber and forest products. The programme harnesses the benefits of LSSCs for climate-change mitigation, biodiversity conservation and sustainable development, including by supporting measures such as timber tracking and certification to improve market access.

In its capacity-building component, the programme produced a four-module training programme⁸ aimed at managers and technical staff in the Congo Basin to facilitate their understanding and appropriate management of LSSCs for tropical timber products.

Combined, the four modules offer about 1200 hours of learning, split roughly equally between taught theory, practical work and individual work. The modules are:

- 1) **Understanding the “zero-deforestation” concept**—exploring the scale and impact of forest loss and the initiatives and strategies developed to counter



An expert delivers a lecture to participants in a training workshop on LSSC in the Democratic Republic of the Congo. Photo: Toussaint Mbangou

- it, including SFM, biodiversity conservation, forest certification, sustainable agriculture, good governance in forestry, and the production and marketing of zero-deforestation forest products.
- 2) **Assessing legality and achieving accountability**—focusing on the implementation of and compliance with legal frameworks by stakeholders, including government administrators, the forest industry, and private professionals in the timber trade.
- 3) **From legality to sustainability**—clarifying the link between legality and sustainability in sourcing timber from Congo Basin forests, drawing on the outputs of previous ITTO projects in Africa and taking emerging concerns into account.
- 4) **Markets and market access**—promoting the trade of legal and sustainable timber and forest products by better understanding the challenges posed by sensitive markets.

A follow-up activity⁹ compiled the four modules into a single module with the aim of facilitating understanding and the appropriate management of LSSCs for tropical timber products. The validated single module was disseminated through national-level workshops in five Congo Basin countries (Cameroon, the Central African Republic, the Congo, the Democratic Republic of the Congo, and Gabon).

8 Available at www.itto.int/resources/learning-materials.

9 Special Activity PP-A/53-323.

Crosscutting strategies

As well as four strategic priorities, the ITTO Strategic Action Plan 2022–2026 sets out four crosscutting strategies designed to contribute to the achievement of the Organization's objectives. The work to implement the crosscutting strategies is embedded in many ITTO projects and activities that were completed or in progress in 2022. Examples of how the crosscutting strategies are being pursued are described below.

Crosscutting strategy 1. Help build capacity in member countries to advance the Strategic Action Plan 2022–2026

Capacity building is central to ITTO's activities. Stakeholders—ranging from regional organizations and government authorities to timber operators and community groups—receive training and material support to enhance their capabilities in the sustainable management of tropical forests and the trade of tropical timber and forest products.

Crosscutting strategy 2. Enhance ITTO's operational effectiveness

ITTO monitors and evaluates its field projects and activities to ensure transparency and accountability and to gain insights to further improve the effectiveness of its work to advance SFM and trade in tropical forest products.

An evaluation of ten ITTO projects in West and Central Africa published in 2022 found that the projects had "important positive impacts on forests, forest management and local communities" in the countries in which they were implemented.

Summarized in a policy brief, *Lessons for Working Well Together in African Forests*,¹⁰ the evaluation provided lessons learnt from the ten projects, which were implemented under the ITTO Strategic Action Plan 2013–2021. It also proposed areas for future collaboration between ITTO and the Tokyo International Conference on African Development, a Japanese initiative that seeks to mobilize knowledge and resources to assist in the development of Africa.

Crosscutting strategy 3. Promote integration of the tropical forest sector in COVID-19 recovery plans, measures and investments

A central element of ITTO's advocacy work in 2022 was encouraging governments and other stakeholders to include the tropical forest sector in plans, measures and investments designed to help countries recover from the impacts of the COVID-19 pandemic (see page 25).

Many ITTO projects and activities were disrupted by the pandemic in 2022. Health measures such as quarantining and social distancing, as well as disruptions to transport networks and other impacts, hampered the work of the Organization and its partners.

To counter the negative repercussions for its work, ITTO granted extensions and other support to several projects to ensure that their objectives could be met and their benefits delivered, especially in rural communities where livelihoods have been severely impacted. The Organization and its committees also held numerous meetings virtually when in-person gatherings were difficult or impossible.

Crosscutting strategy 4. Promote gender equality and the empowerment of women

ITTO has a long history of empowering women and promoting gender equality in its field and policy work, and its *Guidelines on Gender Equality and the Empowerment of Women*, published in 2018, institutionalize this commitment. The guidelines provide a framework for internalizing gender equality in ITTO policies, plans, programmes, projects, activities and staffing, thus establishing a direct link between ITTO work and Sustainable Development Goal 5 (gender equality).

ITTO's work to support gender equality and women's empowerment is exemplified by two activities¹¹ that have supported women's groups to carry out forest landscape restoration and improved agroforestry practices in Togo. (See Strategic Priority 3 above for more information on these two projects.)

10 Available at www.itto.int/policy_papers.

11 Activity PP-A/56-341 and follow-up activity PP-A/56-341-A.



As well as four strategic priorities, the ITTO Strategic Action Plan 2022–2026 sets out four crosscutting strategies designed to contribute to the achievement of the Organization's objectives. Photo: R. Carrillo/ITTO

3 Policy, analytical and normative work

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

Building legal and sustainable forest product supply chains

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

Timber Trade Portal

ITTO and its partners began providing improved and expanded information on legality frameworks for tropical timber through the upgraded Timber Trade Portal (TTP).

The TTP is a unique platform, presenting objective, in-depth, up-to-date information on timber legality, due diligence and domestic and export requirements for countries involved in the international timber trade. It also provides examples of the documentation that value-chain actors, businesses and other economic operators in the forest and timber sectors will require to harvest and transport forest products.

The upgrade to the portal, which was completed in 2022, has strengthened the TTP by:

- expanding the geographical and linguistic coverage of the TTP by adding six new country profiles, mainly in Asia, bringing the total to 29;
- translating the entire website into Chinese, thus adding a third language alongside English and French;



Homepage of the upgraded Timber Trade Portal

- redesigning the website to make it more dynamic and user-friendly, with easier access to information; and
- increasing the TTP's exposure and audience through a new marketing strategy.

Visit www.timbertradeportal.com

Read more about the TTP in TFU 31/2 at www.itto.int/tfu/back_issues

Capacity building

ITTO supported Peru's Forestry Chamber to publish a report¹² that takes stock of developments in the country's legal framework and makes proposals to modernize the forest sector and increase its capacity to meet current and future challenges.

The publication, which was an outcome of a series of thematic stakeholder discussions in 2019–2021, proposes a new national forest policy framework capable of

¹² Available in Spanish (with an executive summary in English) at www.itto.int/other_technical_reports.

ensuring the provision of ecosystem services, increasing forest production and promoting a thriving forest industry based on plantations. It calls for new measures to address the causes of deforestation and forest degradation, including by extending technical and financial assistance to smallholders and Indigenous Peoples.

ITTO supported the publication as part of an activity aimed at building capacity among private-sector actors in producer countries.



Independent market monitor for licensed timber

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

IMM activities in 2022 focused on identifying a long-term strategy for sustaining the system beyond the current project, which was completed at the end of 2022. For example, stakeholders in Indonesia were consulted about the performance and possible future of IMM in May 2022, and the views of European stakeholders were sought at an event in June. Stakeholders in Ghana provided inputs in August.

The IMM continued to produce updates and newsletters, including three reports in 2022 that provided trade updates with a focus on trade between the European



Union and Indonesia. The reports also detailed Indonesia's efforts to rebrand its SVLK timber legality assurance system and commentary on market trends drawn from an IMM survey of European Union trade.

Visit <https://flegtim.eu>

Adapting the ITTO criteria and indicators to the African context

ITTO's criteria and indicators for the sustainable management of tropical forests, as adapted and revised for the African context, were posted on the ITTO website for comments by members in October 2022. No comments were received, and the Council approved the criteria and indicators at its 58th session. The document, the result of extensive consultations with African forestry experts and ITTO members will be published in 2023. It is expected to facilitate the monitoring and assessment of SFM in tropical Africa.

Tropical Timber Market Report

Twenty-three editions of ITTO's *Tropical Timber Market Report* were published and distributed to almost 19 000 readers worldwide in 2022, providing news and information on tropical timber market trends and trade from around the globe.

Subscribe to the free report at www.itto.int/market_information_service. Back issues are available at www.itto.int/market_information_service/back_issues

Developing and enhancing forest statistics and databases

The ITTO online statistical database was updated in February and August 2022 with production and trade figures for primary wood products and the trade of secondary wood products covering the period 1990–2021. The database will continue to be updated over time.

A meeting of the Inter-secretariat Working Group on Forest Statistics in 2022 discussed the continuous improvement of the Joint Forest Sector Questionnaire by updating definitions of certain products, increasing response rates, and the inclusion of new products in the next review of the World Customs Organization Harmonized System. The working group also reviewed common statistical activities undertaken with partner organizations.

Visit www.itto.int/biennial_review

Global Timber Index

The Global Timber Index (GTI) Platform is a collaborative undertaking between ITTO and the Macao Trade and Investment Promotion Institute (IPIM). The aim is to facilitate the exchange of information and data on the timber trade and promote collaboration among stakeholders in a stable, transparent and predictable business environment as a means for building legal and sustainable forest product supply chains.

The Platform is funded by IPIM and managed by the Global Green Supply Chains Secretariat. Seven pilot countries—Brazil, China, the Congo, Indonesia, Gabon, Malaysia and Mexico—and about 160 enterprises and companies are participating in the initial phase of the GTI Platform.

The monthly *GTI Report*, first published in December 2022 (covering the month of November), is compiled using data and other information from leading timber enterprises in participating pilot tropical-timber-producing countries and, in China, from surveys of secondary manufacturers. For primary producers, the report presents trends in local timber harvesting and the supply of logs, sawnwood, plywood and other products. For secondary manufacturers, the focus is on trends in local timber processing and manufacturing, covering products such as wooden flooring, doors and furniture. The indices are based on factors such as production (harvesting) levels, new orders, inventories of material and products, purchasing/sales quantities and prices, employment, and delivery times.

Visit www.itto.int/gti

Biennial review and assessment of the world timber situation

The draft Biennial Review and Assessment of the World Timber Situation 2021–2022 was prepared in 2022 and presented at the 58th session of the International Tropical Timber Council. The draft will be revised in light of inputs from the Council and further data collection, analysis and editing, and published in 2023 for distribution ahead of the 59th session of the Council.

Visit www.itto.int/annual_review
See page 11 for more information.

Global Forest Education Project

ITTO and partners released the Global Assessment of Forest Education, a report examining the status of forest education and the actions needed to give more people the knowledge and skills to safeguard forests and other natural resources.

The assessment addresses education and training related to forests, trees outside forests and other wooded land and covers all levels of formal education, from primary schools to vocational training centres and universities. It identifies an urgent need for locally relevant, appropriate and inclusive solutions that address digital divides, language barriers and gender and racial/ethnic balance. A major improvement would be to ensure that students have better access to forests and outdoor training experiences.

The report is based on global and regional surveys carried out by the Global Forest Education Project, which is managed by ITTO, the Food and Agriculture



Participants celebrate the release of the first monthly GTI Report in China, Macao SAR. Photo: Global Green Supply Chains Secretariat



Seedlings are prepared for a teak clonal test at the Maegar Silvicultural Research Station, Phayao Province, Thailand. Photo: ITTO

Organization of the United Nations (FAO) and the International Union of Forest Research Organizations (IUFRO). The project, which was launched in 2019, aims to catalyze, accelerate and enhance broad efforts in forest education at the national and local levels in developing countries and address existing deficiencies in forest education.

The report is available at www.itto.int/other_technical_reports

Improving teak management in the Greater Mekong Subregion

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

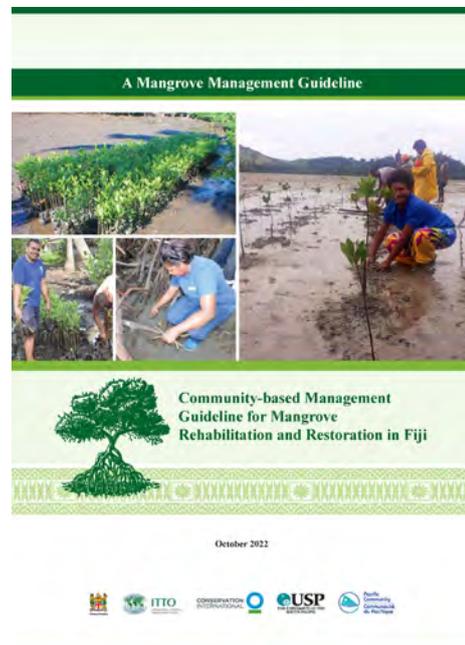
In 2022, ITTO published *Teak in the Mekong for a Sustainable Future*,¹³ which presents best practices for planting, managing, harvesting and processing teak and demonstrating legality and sustainability along supply chains. Produced as part of the ITTO Teak Mekong Project, the book was launched at the Fourth World Teak Conference, which took place in Accra, Ghana, in September 2022, co-organized by ITTO.

ITTO co-published a further six editions of the *Teak Mekong Newsletter*¹⁴ in 2022 to provide updates on activities and facilitate networking among teak stakeholders.

Visit www.facebook.com/ITTO-teak-in-Mekong-393301941225768

¹³ Available at www.itto.int/other_technical_reports.

¹⁴ Available at <http://teaknet.org/itto.php#newsletter>.



Guideline and videos support mangrove restoration in Fiji

A guideline and three videos on mangrove rehabilitation and restoration in Fiji were released in December 2022. The products were the culmination of an ITTO project that supported local communities and government in restoring mangroves and wetlands in the Rewa Delta, Fiji's most important marine ecosystem.

The guideline¹⁵ was prepared based on pilot activities undertaken in the project with the aim of helping communities better manage mangrove resources. The videos are available on ITTO's YouTube channel.

Visit www.youtube.com/user/ittosfm/videos

¹⁵ www.itto.int/files/itto_project_db_input/3081/Technical/A_Mangrove_Management_Guideline-08-12-22.pdf?v=1672295894.

4 Collaborative work

This chapter presents examples of collaborative work undertaken by the Organization in 2022.

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

ITTO participated in the 5th APEC Meeting of Ministers Responsible for Forestry and the 21st and 22nd meetings of APEC EGILAT, held in February and August 2022, respectively. ITTO Executive Director Sheam Satkuru discussed the long-term ramifications of the COVID-19 pandemic for tropical timber supply chains, presented ITTO's work to strengthen collaboration and information-sharing with countries and partners in the APEC region and beyond, and described the Organization's LSSC Programme.

Visit www.itto.int/news/2022/02/18/itto_informs_expert_group_on_impacts_of_pandemic_on_tropical_timber_trade

Asian Forest Cooperation Organization

ITTO and the Asian Forest Cooperation Organization (AFoCO) agreed to intensify their joint work on forest conservation, forest restoration, SFM and the sustainable production and consumption of forest products and ecosystem services. The executive directors of the two organizations signed a new memorandum of understanding in May 2022 during the XV World Forestry Congress. The memorandum follows an agreement between ITTO and ASEAN–Korea Forest Cooperation, which was signed in 2013.



AFoCO Executive Director Ricardo L. Calderon (seated, left) and ITTO Executive Director Sheam Satkuru (also seated) during the signing of a new memorandum of understanding between the two organizations. Photo: Yunjeong Jeong/AFoCO

World Forestry Congress

ITTO was an active participant in the XV World Forestry Congress, which was convened in Seoul, Republic of Korea, in May 2022. Hosted by the Republic of Korea, the Congress explored opportunities and challenges under the theme of "building a green, healthy and resilient future with forests". ITTO Executive Director Sheam Satkuru and other ITTO representatives contributed to high-level policy and technical sessions during the five-day gathering in Seoul, billed as the largest-ever gathering on forests. ITTO contributed to the Congress as a member of the Collaborative Partnership on Forests (CPF) Consultative Group and a Gold Sponsor with an exhibition booth to disseminate information on the Organization's work to visitors.



ITTO Executive Director stressed the credentials of sustainable timber and wood products as a solution to the world's complex crises during the XV World Forestry Congress in Seoul. Photo: Hwan Ok Ma/ITTO

Collaborative Partnership on Forests

ITTO, FAO and other members of the CPF convened a side-event during the 2022 High-level Political Forum on Sustainable Development, held in New York, United States of America, in July. Under the title “Building Back Better: Forest Pathways for a Green Recovery Advancing the 2030 Agenda for Sustainable Development”, participants discussed the potential of forest pathways to provide cost-effective means for advancing the 2030 Agenda for Sustainable Development and building back better from the COVID-19 pandemic.

ITTO Executive Director Sheam Satkuru noted the value of synergies among CPF members in joint initiatives such as Sustainable Wood for Sustainable World, the Global Forest Education Project and the Global Partnership on Forest and Landscape Restoration in increasing the uptake of sustainable forestry and contributing to the achievement of the Sustainable Development Goals.

Also under the aegis of the CPF, ITTO, FAO and IUFRO published *Global Assessment of Forest Education* in 2022 (see page 23).

ITTO participated in the 8th World Forest Week and 26th Session of the Committee on Forestry in Rome, Italy, where Ms Satkuru presented on the ITTO Fellowship Programme and other training and education initiatives.



School students in Ecuador raise awareness of the importance of forest restoration as part of an ITTO project for restoring the Chimbo River basin. Photo: A. Idrovo/Sendas

G7 countries to decouple trade and deforestation, encourage sustainable tropical forestry through ITTO

Ministers from the Group of Seven nations (G7) agreed to accelerate the transition to sustainable supply chains that decouple trade and agricultural production from deforestation and forest degradation and to promote sustainably produced wood and wood products, including through ITTO. In a joint communiqué in May 2022, G7 ministers responsible for climate, energy and



A community forest enterprise in Oaxaca, Mexico. Sustainable timber supply chains have a role to play in addressing the environmental crises, according to G7 ministers. Photo: T. Yanuariadi/ITTO



ITTO Executive Director Sheam Satkuru addresses the high-level segment at the 27th Conference of the Parties to the UN Framework Convention on Climate Change. Photo: S. Kawaguchi/ITTO

the environment also reaffirmed their commitment to work with other developed countries to scale up financial support for climate action.

Visit www.itto.int/news/2022/06/10/g7_countries_to_accelerate_decoupling_of_trade_and_deforestation_encourage_sustainable_tropical_forestry_through_itto.

Advocacy at UN Climate Change Conference

ITTO officials were active at the 27th Conference of the Parties to the UN Framework Convention on Climate Change, held in November 2022.

Addressing the high-level segment, Ms Satkuru said that tropical forests are a valuable carbon reservoir at the core of climate-change adaptation and mitigation, and their conservation is also crucial for fighting biodiversity loss and pollution. SFM is a nature-based solution that also generates environment friendly construction material—wood—as well as many other valuable products and services, she said.

“Tropical forestry that benefits people and nature is important for sustainable development, enabling recovery from the COVID-19 pandemic, and combating the global environmental crisis,” said Ms Satkuru.

Ms Satkuru also spoke at the following side-events: “Collaborative partnerships on land and forest fire management in dealing with climate change issue”, held in the Indonesian Pavilion; “Nature-based solutions in forest sector to promote mitigation and adaptation against climate change”, in the Japan Pavilion; “The potential of REDD+ as a cooperative approach and the need for capacity building”, convened jointly by ITTO, the Korea Forest Service and Soka Gakkai; “Turning the tide on deforestation”, convened by CPF; and “How increasing forest cover helps for climate-change adaptation”, held in the Panama Pavilion.

Visit www.itto.int/news/2022/11/18/tropical_forests_vital_for_combating_climate_change_itto_executive_director_delivers_message_at_un_climate_change



ITTO Executive Director Sheam Satkuru delivers a statement as part of the high-level segment at the 15th Conference of the Parties to the UN Convention on Biological Diversity. Photo: Hwan Ok Ma/ITTO

Convention on Biological Diversity

The aim of the ITTO–CBD Collaborative Initiative for Tropical Forest Biodiversity is to support CBD Parties and ITTO member countries to maintain, restore and enhance the biodiversity and ecosystem services of tropical forests and forest landscapes while sustainably producing timber and other products and services.

Since its launch in 2011, the Collaborative Initiative has developed and implemented projects in more than 20 tropical countries, all of which have experienced declines in forest area and biodiversity and have large numbers of forest-dependent people.

ITTO published a policy brief in 2022 summarizing an independent review of the Collaborative Initiative, which found that, despite modest budgets, the Initiative’s 16 projects had achieved “extraordinary success” in improving livelihoods and conserving biodiversity.



*An *Aquilaria malaccensis* tree is inoculated with agarwood-producing fungal mould. Photo: FRIM*

In 2022, the Collaborative Initiative and the Institute for Global Environmental Strategies (IGES) held a joint side-event at the 15th Conference of the Parties to the CBD to share best practices on forest landscape restoration and SFM in the Amazon, Mekong and Congo Basin.

The current phase of the initiative, which spans to 2025, is supporting the achievement of forest-related targets in the Kunming–Montreal Global Biodiversity Framework.

Details of the side-event, including links to five expert presentations, are available at www.itto.int/news/2022/12/20/cop15_side_event_presents_global_lessons_on_biodiversity_conservation_in_tropical_forest_landscapes. The policy brief is available at www.itto.int/policy_papers.

Visit www.itto.int/cbd

Convention on International Trade in Endangered Species

ITTO cooperates with CITES, including through the CITES Tree Species Programme. In 2022, ITTO supported the programme by publishing a study on the agarwood-producing tree genera *Aquilaria* and *Gyrinops* and the complex issues surrounding their conservation. The latest addition to the ITTO Technical Series,¹⁶ the report discusses the conservation status and trade of agarwood species, takes stock of previous CITES work on agarwood, and proposes new priorities to support the sustainable use of agarwood. Before the release of the report, ITTO and CITES co-hosted a workshop in June 2022 to validate its findings.

¹⁶ Available at www.itto.int/technical_report.

The report helped inform deliberations during the 19th meeting of the Conference of the Parties to CITES in November 2022.

UN Development Programme

ITTO Executive Director Sheam Satkuru called for more investment in sustainable tropical forestry, forest-based industries and a sustainable timber trade to achieve a nature-positive future at an event convened by the UN Development Programme and partners in November 2022.

Her recorded message was delivered at the three-day virtual Nature for Life Hub in the lead-up to the 15th Conference of the Parties to the CBD.

Ms Satkuru also highlighted how sustainable business development with timber and non-timber products can build people's livelihoods and their resilience to climate-related disasters as well as deliver many ecosystem services.

Visit www.itto.int/news/2022/12/01/strategic_investment_in_tropical_forestry_needed_for_planetary_sustainability.

Asia-Pacific Forestry Commission

ITTO Executive Director Sheam Satkuru addressed the 29th session of the Asia-Pacific Forestry Commission, where she called on international organizations, governments and other stakeholders to jointly promote the message that "harvesting timber sustainably is not deforestation" to overcome public misconceptions about the role of the timber trade in tropical forest loss.



Sustainable forestry can help gain traction for the bioeconomy and nature-based solutions. Photo: Sarawak Forest Department

Ms Satkuru also told the session, which took place in February 2022, that the tropical forest sector can play a crucial role in boosting impactful recovery from the COVID-19 pandemic and should not suffer from misconceptions on the causes of tropical deforestation.

The Asia-Pacific Forestry Commission is one of six regional forestry commissions worldwide established by FAO to provide a policy and technical forum for countries to discuss and address forest issues. It convenes every two years and has 34 member countries.

Visit www.itto.int/news/2022/02/25/itto_executive_director_calls_for_positive_messaging_on_timber.

Collaboration with Japan, ITTO's host country

ITTO and the Japan International Cooperation Agency (JICA) agreed to continue their collaborative work to assist tropical countries and stakeholders in conserving and sustainably managing their forests. ITTO Executive Director Sheam Satkuru and JICA Director General, Global Environment Department, Morita Takahiro, signed a new memorandum of cooperation for 2022–2026 in October 2022. The memorandum extends the collaborative work between ITTO and JICA, which began in 2010.

ITTO and IGES, which is based in Kanagawa, Japan, agreed to work closely together in assisting tropical countries and stakeholders to conserve and sustainably



JICA Director General, Global Environment Department, Morita Takahiro (left) greets ITTO Executive Director Sheam Satkuru at ITTO headquarters, Yokohama, Japan. Photo: R. Carrillo/ITTO



ITTO Executive Director Sheam Satkuru (centre right) and IGES President Takeuchi Kazuhiko (centre left), along with other ITTO and IGES officers, after signing a memorandum of understanding between the two organizations. Photo: IGES



ITTO Executive Director, Sheam Satkuru (left), met with Japan's Minister for Foreign Affairs Hayashi Yoshimasa. Photo: S.Kawaguchi/ITTO

manage their forests. Under a memorandum of understanding signed in October 2022, the organizations will identify, develop and implement joint actions to support ITTO producer member countries in the conservation and sustainable use of tropical forest resources. They will also jointly promote capacity building, information exchange and experience-sharing with developing countries to advance sustainable tropical forestry.

ITTO Executive Director Sheam Satkuru met with Japan's Minister for Foreign Affairs, Hayashi Yoshimasa, in August 2022 to exchange views on cooperation between ITTO and Japan on global issues such as climate-change mitigation, SFM and sustainable supply chains in the tropics.



Japan's Forestry Agency's Director-General, Orita Hiroshi (third from the left), and Deputy Director-General, Mori Shigeki (fourth from the right), stand either side of ITTO Executive Director Sheam Satkuru, flanked by other officers of the two organizations, during a meeting in 2022. Photo: Japan Forestry Agency

Ms Satkuru also held meetings in 2022 with the following Japanese officials: Parliamentary Vice-Minister of Health, Labour and Welfare, Shimamura Dai; parliamentary Vice-Minister of Environment, Nakagawa Yasuhiro; and Director-General of Japan's Forestry Agency, Orita Hiroshi. Among other things, the meetings explored how ITTO can best contribute to Japan's pledge to achieve net-zero greenhouse-gas emissions by 2050.

Ms Satkuru also met with Yamanaka Takeharu, Yokohama City Mayor, in 2022. Other ITTO officials met with Tanimura Eiji, Counsellor at Japan's Ministry of Agriculture, Forests and Fisheries; Yamaguchi Natsuo, head of the Komei political party; and Onozaki Nobuyuki, head of Citynet.

ITTO officers delivered the following lectures and presentations to school and university students in 2022 on sustainable tropical forest management and its importance for achieving the Sustainable Development Goals: an online lecture to students at the Yokohama Science Frontier High School; a presentation at the "Value Creation X SDG" symposium hosted by Soka University in Tokyo in June and a lecture at the same university in December; and a lecture to the Mahasu Cram School under a programme organized by Yokohama City. ITTO staff also gave a lecture to JICA trainees on sustainable forestry and governance as part of JICA's knowledge co-creation programme.

Visit www.itto.int/activities_in_japan



Yokohama City Mayor, Yamanaka Takeharu (left), and ITTO Executive Director, Sheam Satkuru. Photo: S. Kawaguchi/ITTO



Japan's Parliamentary Vice-Minister of Environment, Nakagawa Yasuhiro (centre-right), ITTO Executive Director Sheam Satkuru (centre-left) and officers of Japan's Ministry of Environment and ITTO. Photo: ITTO

5 Fellowships

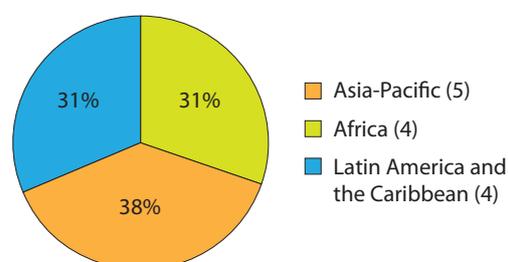
The ITTO Fellowship Programme promotes human-resource development and strengthens professional expertise in member countries in tropical forestry and related disciplines. Since its establishment in 1989, the programme has enabled more than 1400 young and mid-career professionals from 49 countries working for governments, universities, research institutions, civil society and the private sector to pursue professional development opportunities and improve their career prospects.

The programme supports activities such as short training courses; internships; study and demonstration tours; the preparation, publication and dissemination of technical documents; participation in conferences, seminars and workshops; and postgraduate studies. Funds are provided to citizens of ITTO member countries, taking into account gender balance and encouraging capacity development among women foresters.

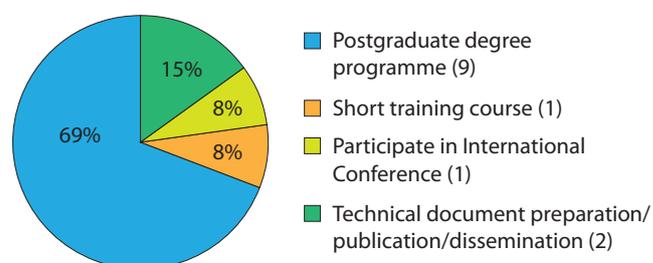
The value of the Fellowships awarded to date amounts to about USD 9.8 million. Funding has been provided through generous voluntary contributions from Japan (68%), the United States of America (19%), the Netherlands (7%), Australia (2.5%) and others (3.5%), including Sweden, the United Kingdom of Great Britain and Northern Ireland, and private companies. In 2022, the International Tropical Timber Council awarded Fellowships to 13 professionals, including six women, in seven producer member countries, at a total budget of about USD 77 000, based on the recommendations of a selection panel convened as part of the Council's 58th session. The charts on the right show how these Fellowships are distributed by region and purpose.

Accounts of recent Fellowships are featured regularly in the Tropical Forest Update, which is available at www.itto.int/tropical_forest_update.

ITTO Fellowships awarded in 2022, by region



ITTO Fellowships awarded in 2022, by purpose





*ITTO Fellow Talia Lostaunau (right) interviews a forest firefighter in the Peruvian Amazon.
Photo: G. Delgado*



6 Outreach

The aim of ITTO's outreach is to elevate the Organization's role in the forest dialogue and provide thought leadership on policies, practices and innovations for sustainable development through SFM and a vibrant trade of forest goods and services. ITTO outreach also contributes to larger conversations on economic development, climate change, biodiversity, pandemics and other topics.

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

Tropical Forest Update

ITTO published three editions of the TFU—a newsletter promoting the conservation and sustainable use of tropical forests—in 2022.

Hard copies of the TFU are distributed free of charge to about 14 000 individuals and organizations in more than 160 countries. The TFU is also available electronically on the ITTO website¹⁷ and via the TFU app (which can be obtained from App Store and Google Play¹⁸).

Tropical Forest News

ITTO published 12 monthly editions of its e-newsletter, *Tropical Forest News*, in 2022, providing subscribers with insights into ITTO's work and other relevant news and events. Additionally, five issues were released during the 58th session of the International Tropical Timber Council to provide subscribers with daily highlights of the session.

Subscriptions to *Tropical Forest News* can be obtained on the homepage of the ITTO website.

17 www.itto.int/tfu.

18 Keywords = TFU ITTO.



ITTO website

The ITTO website (www.itto.int), which is available in English, French and Spanish and also offers extensive coverage in Japanese, received over 455 000 views in 2022. It contains a wide range of information on ITTO's work, including news; calls for proposals; information on the International Tropical Timber Council and its committees; a list of ITTO members and contact points; publications, including the TFM, the Policy Development Series and the Technical Series; a statistical database; the Market Information Service; information on ITTO Fellowships; a list of forthcoming events; a project and concept-note search engine; project and concept notes for donor consideration; a photo gallery; and quick links to various areas of the website. It is continually updated with new content.

In 2022, stories on international days relevant to ITTO's work were published on the website, showcasing how SFM and a sustainable tropical timber trade help address global challenges.

Social media

ITTO has a presence on Facebook,¹⁹ Instagram,²⁰ Twitter,²¹ YouTube²² and LinkedIn.²³ ITTO made regular postings in 2022 across all platforms to promote the latest news, events and publications.

- Facebook—more than 7200 followers.
- Twitter—more than 1100 followers.
- Instagram—more than 1000 followers.
- YouTube—close to 1000 subscribers.
- LinkedIn—more than 1700 followers.

Videos

As of December 2022, 124 videos on various aspects of the Organization's work were available on ITTO's YouTube channel. Additions in 2022 included videos on ITTO's sustainable management of mangrove ecosystems in Fiji, lessons from ITTO projects on wildfire management in Indonesia and Peru, and recordings of the Annual Market Discussion.

Coverage of the 58th session

A dedicated webpage²⁴ provides comprehensive reporting of the 58th session of the International Tropical Timber Council, including daily news and developments, presentations, photos and insights.

ITTO in the media

ITTO's work appeared in several media outlets in 2022 (a full list is available from the Secretariat upon request). Examples include the following:

- Schutzgemeinschaft Deutscher Wald, a German media outlet, published an opinion piece by the ITTO Executive Director entitled "Sustainable forestry—averting the biodiversity crisis in tropical forests" in its magazine *Unser Wald* (4/2022—75th anniversary edition).
- *The New York Times* published an article entitled "Wood is life: a Hong Kong sawmill's last days", in August 2022, for which the authors reached out to ITTO for data on timber trade.
- The website of Japan's Ministry of Foreign Affairs featured a story about the ITTO Executive Director's courtesy call with Minister Hayashi Yoshimasa in August 2022.
- The communiqué of the G7 Ministers responsible for Climate, Energy and the Environment,²⁵ issued on May 2022, agreed to accelerate the transition to sustainable supply chains that decouple trade and agricultural production from deforestation and forest degradation and to promote sustainably produced wood and wood products, including through ITTO.
- *Mongabay*²⁶ and *Ensis*²⁷ published, in June and July, respectively, an op-ed by the ITTO Executive Director on the sustainable management of mahogany.
- The Japanese journal *Sanrin* of Dai Nihon Sanin-kai published "Trends in tropical timber trade", based on ITTO's Biennial Review and Assessment of the World Timber Situation, in March (issue No. 1653).
- The Convention of Biological Diversity's website²⁸ and social media accounts reported the release of the ITTO policy brief, "Improving outcomes for biodiversity and people", in March 2022.
- *Timber Trades Journal Online*²⁹ published an article on the appointment of Sheam Satkuru as the new ITTO Executive Director in January 2022.

19 www.facebook.com/ittosfm.

20 www.instagram.com/itto_sfm.

21 https://twitter.com/itto_sfm.

22 www.youtube.com/user/ittosfm/videos.

23 www.linkedin.com/company/itto-sfm.

24 www.itto.int/itc-58.

25 www.g7germany.de/resource/blob/974430/2044350/84e380088170c69e6b6ad45dbd133ef8/2022-05-27-1-climate-ministers-communiqué-data.pdf?download=1.

26 <https://news.mongabay.com/2022/06/mahogany-a-pillar-of-the-rainforest-needs-support-commentary>.

27 <https://ensia.com/voices/this-pillar-of-the-rainforest-needs-support>.

28 www.cbd.int/article/improving-outcomes-for-biodiversity-and-people.

29 www.ttonline.com/news/sheam-satkuru-appointed-itto-executive-director-9370174.

7 Financial highlights

This chapter consists of two main sections: an executive summary of ITTO's financial statements prepared by the ITTO Secretariat, and an extract of ITTO's audited financial statements. Both sections are part of the financial reports prepared in accordance with ITTO's Financial Rules and Procedures to be considered by the International Tropical Timber Council at its 59th Session.

I. Executive summary of ITTO's financial statements for the year ended 31 December 2022, prepared by the ITTO Secretariat

The audited financial statements provide information on the financial position and performance of ITTO for the fiscal year ended 31 December 2022 (FY2022).

For ITTO's project accounts in FY2022, new voluntary contribution pledges of USD 4.0 million were announced at the 58th session of the International Tropical Timber Council, and total project cost expenses during this period were USD 4.5 million for projects mostly funded before FY2022. Total Administrative Account assessed contribution revenues were USD 7.1 million, of which USD 1.8 million was not received during FY2022 and was accounted for as assessed contributions receivable (arrears). Actual costs for the FY2022 Administrative Account budget were USD 5.0 million, therefore creating a cash surplus of USD 0.3 million for the Administrative Account budget for the year. The Council adopted Decision 3(LVII) in November 2022 to further improve

the management of the Administrative Budget by revising the Financial Rules and Regulations to allow ITTO to utilize an amount not exceeding 15% of the budget from the Working Capital Reserve (WCR) to meet any shortfall of funds to implement the work programme of the Organization, as long as expenditures stay within the specified annual budget, and to allow the use of arrear payments and surpluses within the same financial biennium. The same decision also extended for one year the mandate of the virtual intersessional group made up of producer and consumer members established in 2022 to make recommendations on the threshold for use of the WCR, ways to prompt members to pay assessed contributions, and ways to adapt the budget to long-term trends in the payment of contributions. The intersessional group will report at the 59th Council session.

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

Required financial disclosures in accordance with Decision 5(LIV)

(USD)

<i>Pledges associated with implementing the pilot</i>	2022
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Pledges in Decision 1(LVII) associated with implementing the pilot

Pledge by China for PP-A/53-323, "Building legal and sustainable forest product supply chains"	83 000
Pledge by China, Macao SAR for PP-A/53-323F, "Supporting the establishment and operation of the Global Timber Index platform for building legal and sustainable forest products supply chains"	986 720
Pledge by China, Macao SAR for PP-A/53-323G, "Supporting pilot collaborative operation of the blockchain-based timber traceability system for building legal and sustainable forest products supply chains"	347 200
PD 926/22 Rev.1 (I), "Promotion of sustainable domestic consumption of wood products in Thailand"	320 000
PD 928/22 Rev.1 (I), "Development of sustainable domestic market for wood products (Indonesia)"	261 811
PP-A/53-323H, "Preparing policy brief on the outcomes of sustainable wood use projects in Southeast Asia"	15 000
Pledge by Australia for CN-1523, "Development of an information system on the potential for wood and carbon to support sustainable forest management in South Kalimantan (Indonesia)"	83 300
Pledge by Republic of Korea for CN-21005, "Repositioning of forest management as competitive land use in the agroforestry landscape of the North Huetar Region of Costa Rica"	138 370
Pledge by Australia and USA for CN-21007, "Strengthening the management and conservation for endangered rosewood (<i>Dalbergia</i>) in Viet Nam"	149 000
Pledge by USA for CN-21009, "Strengthening and consolidating the national process for controlling illegal logging and associated trade in Cameroon"	120 000
Pledge by Republic of Korea for CN-22014, "Assessment of planting caoba experiences (<i>Swietenia macrophylla</i>) in the coastal region of Peru in contribution to climate-change adaptation"	85 000
Total pledges	2 589 401

(USD)

<i>Costs associated with implementing the pilot</i>	2022
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Costs charged to the Administrative Budget

Staff time *	250 000
Subtotal	250 000
Costs charged to the Working Capital Reserve in accordance with Decision 9(LIII) and Decision 5(LIV)	
Development of Concept Note Database	4 856
Consultancies	5 925
Travel	24 414
Subtotal	35 195
Total cost	285 195

* Estimated based on time spent on brainstorming, meetings and implementing fundraising initiatives as well as time spent on implementing the resulting activities not explicitly budgeted for in those activities.

For the seventh successive year, the 2022 financial statements have been prepared based on the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Rules and Procedures adopted by the Council, disclosing additional information on actual assets and liabilities and enabling the improved management of ITTO's resources and internal control. Highlights include the following:

1. The surplus for the FY2022 Statement of Financial Performance was USD 1.6 million, due mainly to differences in the timing of recognizing revenue and expenses (i.e. the entire Administrative Budget is recognized as revenue in the year that the assessments are due, but only expenses incurred in the same year are recognized as expenses in that year's budget), and reduced personnel costs due to a number of vacancies.
2. Project expenses increased by USD 0.5 million between 2021 and 2022. This was due mainly to the reduced impact of the COVID-19 pandemic, which enabled projects to make more progress in 2022 than in the previous year.

ITTO is committed to enhancing its solid foundation for transparent and effective financial management and reporting. In addition to the best practices for internal control implemented previously under the Financial Rules adopted in 2016 and further revised in 2019 and 2020 with a new project audit framework, the Council officially adopted a compendium of policy documents (CFA(XXXVII)/8), which strengthens governance and brings ITTO into greater alignment with the accreditation criteria of certain multilateral donor funds. ITTO will continue to implement and strengthen its internal controls and accountability measures by proactively evaluating and improving its systems where appropriate by adopting best practices from organizations that are similar in nature. Simultaneously, the Council will play a crucial role as the governing body by receiving regular reports of the Organization's finances and providing oversight of these.

II. Extract of ITTO's Audited Financial Statements for the year ended 31 December 2022

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

	31 December 2022	31 December 2021
Assets		
Current assets		
Cash and cash equivalents	17 925 090	18 278 014
Investments	–	–
Assessed and voluntary contributions receivable, net	6 033 819	5 084 427
Other accounts receivable, net	49 502	61 305
Advance transfers – projects	1 154 682	1 105 747
Advance transfers – other	137 611	268 150
Total current assets	25 300 705	24 797 642
Non-current assets		
Property and equipment	115 225	177 726
Intangible assets	1 366	4 107
Other assets	–	–
Total non-current assets	116 591	181 832
Total assets	25 417 296	24 979 474
Liabilities		
Current liabilities		
Accounts payable – members	66 025	8 941
Voluntary contributions advance receipts – allocated	1 558 696	1 529 404
Voluntary contributions advance receipts – unallocated	1 630 379	890 165
Assessed contributions advance receipts	349 459	325 247
Other liabilities	764 392	728 839
Total current liabilities	4 368 951	3 482 595
Non-current liabilities		
Voluntary contributions advance receipts - allocated	6 985 396	9 033 527
Other liabilities	1 080 481	1 121 255
Total non-current liabilities	8 065 876	10 154 782
Total liabilities	12 434 827	13 637 377
Net of total assets and total liabilities	12 982 468	11 342 097
Net assets		
Accumulated surplus – restricted	8 535 240	7 043 563
Accumulated surplus – unrestricted	1 947 228	1 798 534
Reserves	2 500 000	2 500 000
Total net assets	12 982 468	11 342 097

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

	2022	2021
Revenue		
Administrative Account		
Assessed contributions	7 064 768	7 104 313
Host country contributions	1 182 441	977 884
Financial revenue	810	724
Other income	41 852	1 189
Project Accounts		
Members' voluntary contributions	4 321 392	3 845 506
Other voluntary contributions	–	–
Programme support revenue	546 360	398 614
Ex-post evaluation revenue	93 805	30 950
Financial revenue	976	957
Other income	–	–
Total revenue	13 252 404	12 360 137
Expenses		
Administrative Account		
Employee benefits	3 919 507	4 833 641
Operating expenses	1 993 344	1 933 913
Project Accounts		
Project expenses	4 500 351	3 964 657
Depreciation and amortization	69 340	71 269
Other expenses	1 129 491	561 179
Total expenses	11 612 033	11 364 658
Surplus/(deficit) for the year	1 640 371	995 479

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

	2022	2021
Cash flows from operating activities		
Surplus/(deficit) for the year	1 640 371	995 479
Adjustments to reconcile deficit/surplus to net cash flows		
Increase/(decrease) in allowance for doubtful receivables	754 877	356 053
Depreciation and amortization	69 340	71 269
Unrealized (gain)/loss on foreign exchange	377 184	173 878
Changes in assets		
(Increase)/decrease in assessed contributions receivable	(1 157 702)	(536 353)
(Increase)/decrease in voluntary contributions receivable	(546 568)	225 860
(Increase)/decrease in other accounts receivable	11 803	(61 073)
(Increase)/decrease in advance transfers – projects	(48 934)	(334 911)
(Increase)/decrease in advance transfers – other	130 538	(32 217)
Changes in liabilities		
(Decrease)/increase in accounts payable – members	57 084	(56 192)
(Decrease)/increase in other liabilities	27 139	42 735
(Decrease)/increase in voluntary contributions advance receipts – allocated	(2 018 839)	(876 986)
(Decrease)/increase in voluntary contributions advance receipts – unallocated	740 214	30 699
(Decrease)/increase in assessed contributions advance receipts	24 212	(117 300)
Net cash flows from operating activities	60 720	(119 059)
Cash flows from financing activities		
Purchases of property and equipment	(4 099)	(46 705)
Purchases of intangible assets	–	–
Net cash flows from investing activities	(4 099)	(46 705)
Cash flows from financing activities		
Net proceeds from/(payment of) finance lease liabilities	(32 361)	(40 429)
Net cash flows from financing activities	(32 361)	(40 429)
Effect of exchange rate changes on cash and cash equivalents	(377 184)	(173 878)
Net (decrease) in cash and cash equivalents	(352 923)	(380 071)
Cash and cash equivalents – beginning of year	18 278 014	18 658 085
Cash and cash equivalents – end of year	17 925 090	18 278 014

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

Takeshi Tanaka, Certified Public Accountant licensed in Japan with the Mazars Japan group, as part of ITTO's internal audit programme, performed the relevant internal audit procedures, instructed by ITTO, on ITTO's implementation of its Anti-money Laundering and Counter Terrorism Financing Programme ("the Programme"). The objective of the internal audit by ITTO was to assess whether ITTO complied with the Programme. The procedures covered the period from 1 January 2022 through 31 December 2022.

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



Photo: Y. Kamijo/ITTO



8 Membership

Angola became a member of ITTO in 2022, bringing the membership of the Organization to 75 members, as of 31 December 2022.

Producer members

Africa

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

Asia and the Pacific

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

Latin America and the Caribbean

Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Guyana, Honduras, Mexico, Panama, Peru, Suriname, Trinidad and Tobago, Venezuela (Bolivarian Republic of)

Consumer members

Albania, Australia, China, European Union³⁰ [Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden], Japan, New Zealand, Norway, Republic of Korea, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America

³⁰ The European Union is an ITTO member in its own right.



INTERNATIONAL TROPICAL TIMBER ORGANIZATION

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