

57th Session of the International Tropical Timber Council and Associated Sessions of the Committees: 29 November – 3 December 2021

The 57th session of the International Tropical Timber Council and Associated Sessions of the Committees (ITTC-57) once again met online due to the ongoing COVID-19 pandemic. As a result of some agenda items being deferred a year ago by ITTC-56, this year’s session needed to make some key decisions. The first, was the renewal of International Tropical Timber Agreement, 2006 (ITTA, 2006), as members were cognizant of the fact that the Agreement would otherwise lapse on 7 December 2021. Members then turned to the task of electing a new Executive Director (ED) to lead the International Tropical Timber Organization (ITTO) for the next four years. Following four days of deliberations and consensus building among the Producer and Consumer countries, Sheam Satkuru (Malaysia) was appointed as the new ITTO ED. She is expected to begin her tenure no later than 1 April 2022.

Another key decision taken at ITTC-57 was the adoption the Strategic Action Plan (SAP) 2022-2026, which will guide the activities of the organization until the expiry of the renewed ITTA, 2006. It further updates the mission statement and defines four strategic priorities for the organization:

- governance, investment, legal and sustainable supply chains (LSSC), and sustainable forest management (SFM);
- contributions to economies and resilient livelihoods;
- deforestation, restoration, biodiversity, and ecosystem services; and
- trade statistics and information.

Other decisions taken at the meeting include:

- approval of projects, pre-projects and activities;
- administrative budget for the biennium 2022-2023;
- cooperation and coordination with other international organizations; and
- terms of reference for the Decision 4(LVI) advisory board and the timeline and terms of reference for the review under Decision 5(LIV) on the pilot programmatic approach.

Although the meeting took place virtually, Consumers and Producers alike worked collegially to take decisions to reaffirm the ITTO’s role as a leader on policies, practices, and innovations for the sustainable development of tropical forest goods and services.

In this Issue

A Brief History of the ITTC	2
ITTC-57 Report.	3
Organizational Matters	3
Implications of the COVID-19 Pandemic	3
Report of the Credentials Committee	3
Ascertainment of the Quorum	3
Report of the Informal Advisory Group (IAG)	4
Relevant Committee-related Agenda Items.	4
Matters related to Article 19 of the ITTA, 2006 on the Administrative Account.	7
Extension of the ITTA, 2006.	7
Matters related to Article 14 of the ITTA, 2006 regarding the Selection, Election and Recruitment of the Executive Director of ITTO	7
ITTO Strategic Action Plan 2022-2026	8
Progress Report on the Implementation of the ITTO Biennial Work Programme 2021-2022	9
Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations .	9
Implementation of ITTO’s New Financing Architecture, Phase II	9
Special Account and Bali Partnership Fund	10
Reports of the Committees	10
Election of Chairperson and Vice-Chairperson of the Council for 2022	10
Dates and Venues of the Fifty-eighth and Fifty-ninth Sessions of the Council and the Associated Sessions of the Committees	10
Decisions and Report of the Session.	10
Closing Session	11
A Brief Analysis of ITTC-57	12
Upcoming Meetings	13
Glossary	13

A Brief History of the ITTC

The ITTA was negotiated under the auspices of the United Nations Conference on Trade and Development (UNCTAD) to:

- provide an effective framework for cooperation and consultation between countries producing and consuming tropical timber;
- promote the expansion and diversification of international trade in tropical timber and improve structural conditions in the tropical timber market;
- promote and support research and development to improve forest management and wood utilization; and
- encourage development of national policies for the sustainable utilization and conservation of tropical forests and their genetic resources and for maintaining the ecological balance in the regions concerned.

The ITTA established the ITTO, headquartered in Yokohama, Japan, which administers project assistance. ITTO currently has 74 members, divided into two caucuses: 36 countries in the Producer caucus and 38 countries, including the European Union (EU), in the Consumer caucus. ITTO's membership represents about 90% of world trade in tropical timber and 80% of the world's tropical forests.

The governing body of ITTO is the ITTC, which includes all members and meets annually. Annual contributions and votes are distributed equally between Producers and Consumers. The Council is supported by four committees, which are open to all members and provide advice and assistance to the Council: Economics, Statistics and Markets (CEM); Reforestation and Forest Management (CRF); Forest Industry (CFI); and Finance and Administration (CFA). The Council is also assisted by the Informal Advisory Group (IAG), which meets just prior to Council sessions to produce recommendations that the ITTC may wish to consider, a Trade Advisory Group, a Civil Society Advisory Group, and the Expert Panel for the Technical Appraisal of Project Proposals (EP).

Highlights

The ITTA was adopted on 18 November 1983 and entered into force on 1 April 1985. It remained in force for an initial period of five years and was extended twice for three-year periods.

ITTA, 1994: A successor Agreement was renegotiated during 1993-1994 and adopted on 26 January 1994, entering into force on 1 January 1997. It contained broader provisions for information sharing, including on non-tropical timber trade data; allowed for consideration of non-tropical timber issues as they relate to tropical timber; and included the ITTO Objective 2000 for achieving exports of tropical timber and timber products from sustainably-managed sources by the year 2000. ITTA, 1994 also established the Bali Partnership Fund to assist Producer members in achieving the Year 2000 Objective on sustainable forest management.

ITTA, 2006: Member States began negotiating a successor agreement to ITTA, 1994 in 2003 and adopted it in Geneva on 27 January 2006. ITTA, 2006 builds on ITTA, 1983 and ITTA, 1994 and focuses on the world tropical timber economy and the sustainable management of the resource base. It entered into force on 7 December 2011.

ITTC-48: The 48th session of the ITTC met in November 2012 in Yokohama, Japan. The Council announced funding of USD 9 million for SFM and to support trade in sustainably harvested tropical forest resources. The Council also approved the ITTO 2013-2018 SAP.

ITTC-49: The 49th session of the ITTC met in November 2013 in Libreville, Gabon. The Council, *inter alia*, approved a revision of the Principles and Guidelines for the Sustainable Management of Natural Tropical Forests.

ITTC-50: The 50th session of the ITTC met in November 2014 in Yokohama, Japan. The Council mandated an update of the ITTO criteria and indicators for SFM. It was unable to reach agreement on the selection of a new ED, postponing decision on this matter until ITTC-51 and extending ED Emmanuel Ze Meka's contract for an additional year.

ITTC-51: The 51st session of the ITTC met in November 2015 in Kuala Lumpur, Malaysia. The Council was unable to reach agreement on the selection of a new ED, postponing the decision on this matter until ITTC-52, and instead named an interim Officer-in-Charge in light of ED Ze Meka's resignation just before the meeting. Decisions were adopted on: renewing the mandate of the IAG; the admission of observers; and the terms of reference for a panel to investigate the loss of USD 18 million in ITTO funds through two failed investments.

ITTC-52: The 52nd session of the ITTC met from 7-12 November 2016 in Yokohama, Japan. The Council appointed Gerhard Dieterle (Germany) as the new ED for a period of four years, revised the ITTO Financial Rules and Procedures, adopted several decisions regarding ITTO's financial impairment and guidelines for addressing ITTO's financial shortfall, extended the ITTO Biennial Work Programme (BWP) 2015-2016 through 2017, and created an *ad hoc* working group (AHWG) to consider rotation in the framework of the selection of the ITTO ED.

ITTC-53: The 53rd session of the ITTC met in Lima, Peru, from 27 November – 2 December 2017. The Council adopted the BWP for 2018-2019 biennium, as well as ITTO Policy Guidelines on Gender Equality and Empowering Women. Delegates also took decisions on initial steps to improve ITTO's financing infrastructure and fundraising strategies and on accepting the principle of rotation in the selection of the ITTO ED.

ITTC-54: The 54th session of the ITTC met from 5-8 November 2018 in Yokohama, Japan. The Council: approved a proposal to develop a New Financing Architecture (NFA) and streamlined project cycle; extended the 2013-2018 SAP through 2019; established an AHWG to develop revised terms of reference and procedures for the ED candidate selection panel; and adopted a new ITTO Anti-Money Laundering and Counter Terrorism Financing Policy.

ITTC-55: The 55th session of the ITTC met in Lomé, Togo, from 2-7 November 2019. The Council adopted the NFA, Phase I, extended the 2018-2019 BWP through 2020, further extended the 2013-2018 SAP through 2020 and mandated the preparation of a new SAP, and adopted the ITTO Environmental and Social Management Guidelines and the Guidelines for Forest Landscape Restoration (FLR) in the Tropics.

ITTC-56: The 56th session of the ITTC met virtually due to the COVID-19 pandemic from 9-13 November 2020. The Council adopted decisions on: the Biennial Work Programme for 2021-2022; the next phase of the ITTO's New Financing Architecture, instituting a programmatic approach to financing and streamlined project cycles; the extension of the current ITTO SAP through 2021 so the ITTO Secretariat can prepare and present a new draft SAP; and the selection of the next ITTO Executive Director. The decision on whether to extend the ITTA, 2006 was postponed until ITTO-57 in 2021.

ITTC-57 Report

ITTC-57 Chair Kheiruddin Rani (Malaysia) opened the Council session on Monday, 29 November, underscoring his commitment to ensuring a successful meeting. He said the COVID-19 pandemic has resulted in a huge shift in economic landscapes, but he expressed hope that the forestry industry can recover and move towards a promising future. He underscored ITTC-57 must take decisions on the appointment of a new ED and the extension of ITTA, 2006, saying these are of the utmost importance, noting most have indicated a willingness and readiness to extend the treaty. He said while the discussions around the appointment of the ED will consume a significant amount of time, he urged selecting an ED on the basis of his or her capability to lead the ITTO into the future.

He bemoaned the status of contributions, saying while this issue has been brought up at previous Council sessions, there has been little progress. He said there are several members in arrears, which impacts ITTO operations along with their eligibility to vote. He also called for members to submit their credentials as soon as possible, to ensure there is a quorum.

Steven Johnson, Officer-in-Charge, ITTO, outlined key issues faced by the ITTO in the last 12 months, including those raised by COVID-19. He said countries with large export forest industries have been particularly hard hit by the pandemic as they have struggled with labor and supply chain issues such as higher shipping costs. He said the pandemic is a reminder that discussions on green, sustainable supply chains are moot if no supply chains exist. He said despite constraints, activities undertaken over the last year include developing a new strategic action plan to guide the ITTO's work until 2026, which is the length of the proposed renewal of ITTA, 2006. He lamented the Secretariat almost ran out of money due to late or non-payment of dues, saying the Council will consider arrears and non-payments along with a proposal to increase flexibility in the use of the working capital reserve (WCR). Noting the agenda item to select a new ED, he expressed the hope this is the last time he needs to lead the organization for an extended period.

Organizational Matters

Chair Rani introduced the agenda and the organization of work (ITTC(LVII)/1 Rev.2). The Secretariat noted the agenda had been revised due to a typographical error. The Producer spokesperson, Jorge Malleux (Peru), requested time to be allocated for caucus meetings. The Secretariat said arrangements could be made. The agenda was adopted without amendment. The organization of work was adopted with the understanding that time would be available to hold caucus meetings.

On Council membership, the Secretariat reported that the membership remains the same with 36 Producer countries and 38 Consumer countries.

On the proposed distribution of votes for the 2022-2023 biennium (ITTC(LVII)/1 Rev.1 Annex), Chair Rani said the distribution of votes would remain in effect for the rest of the biennium, unless the membership of the Organization changes or any member has their voting rights suspended or restored, in which case the Council will redistribute the votes within the affected category or categories. He noted that the distribution of votes will be used to determine Members' contributions for the next biennium.

Chair Rani invited the Council to consider the lists of observers for admission (ITTC(LVII)/Info.3 and ITTC(LVII)/Info.4), according to the review of procedures related to admission of observers undertaken at ITTC-51. With no objections, he formally

admitted the observers as listed in the documents. MALAYSIA cautioned that observers must comply with guidelines for participation in the Council.

Implications of the COVID-19 Pandemic on ITTO Procedures

Chair Rani introduced this agenda item (ITTC(LVII)/4).

On the procedures and modalities governing the virtual Fifty-seventh Session of the Council in line with the ITTA, 2006 and ITTO Rules of Procedure, Sheam Satkuru, ITTO Secretariat, said the IAG had decided to hold ITTC-57 virtually to maintain the safety of all members. She said the IAG had agreed that ITTC-57 will use the Kudo platform. She then provided an overview of the Kudo system and its functioning.

On Decision 9(XXXI) on matters related to hosting sessions of Council, Chair Rani said the *ad hoc* Advisory Group met on 13 July 2021 to discuss three options for hosting ITTC-57: holding a physical meeting; postponing the meeting until 2022; or holding a virtual session. He noted the budget implications of the three options were also discussed. He said they ultimately decided to hold ITTC-57 in a virtual setting.

INDONESIA said despite the challenges posed by COVID-19, his country remains committed to the process. Regarding the selection of a new ED, he underlined the principle of rotation, saying an ED should be elected from the Asia-Pacific region.

Report of the Credentials Committee

Credentials Committee Chair Ray Thomas (Philippines) reported the Committee had met and examined the credentials of 31 countries and the EU participating in ITTC-57. He urges members who have not done so, to submit their credentials to the Secretariat as soon as possible. Bulgaria, Croatia, Hungary, Italy, Lithuania, Netherlands, Slovakia, Spain, Greece, Portugal, and Romania delegated their votes to the EU.

Chair Rani said he expects the credentials committee will continue to work until the matter is finalized.

On Wednesday, Committee Chair Thomas reported that one more credential had been received and accepted by the Committee. On Thursday, the Secretariat announced Benin's credentials had been received and accepted by the Committee. On Friday, the Secretariat announced two more credentials had been received and accepted—Mozambique and Papua New Guinea. The final report of the Credentials Committee can be found in document ITTC(LVII)/3 Rev.6.

Ascertainment of the Quorum

On Monday, the Secretariat reported there was no quorum. He said for quorum to be reached, a majority of Consumer countries and majority of Producer countries, 20 and 19 members, respectively, who each hold two-thirds of the votes need to be logged on for quorum to be attained. As of Monday, nine Producers with 447 votes who have valid credentials were logged on. Twenty-six Consumers plus the EU, holding 866 votes were logged on. He noted that while quorum has been achieved on the Consumer side, ten more Producer countries needed to log on, and seven more needed to submit credentials. He said that the quorum rules would be relaxed during the final two days.

Chair Rani reiterated the need for Producers to join the meeting. The Producer spokesperson expressed concern with the situation, saying there may be technical issues facing African countries

and their ability to participate. Chair Rani implored the Producer spokesperson to encourage more Producer countries to participate in the session.

Throughout the week, the Secretariat observed whether or not quorum had been attained, with quorum finally being attained on Thursday. Quorum was lost by the end of Thursday, but was attained again on Friday and maintained throughout the day.

Report of the Informal Advisory Group (IAG)

Chair Rani introduced this agenda item (ITTC(LVII)/2), saying that the IAG had met virtually three times during 2021. He provided an overview of issues considered by the IAG, including non-payment of contributions by members, which affects their voting rights; positions on the Council that had been filled, except for positions on the EP, noting these can be appointed during ITTC-57; appointment of the ITTO ED, noting a candidate from the Secretariat will leave the room when this issue is discussed. He drew attention to draft decisions for consideration at ITTC-57, contained in the annex to ITTC(LVII)/2, including the amendment of financial rules and rules relating to projects of the ITTO and extending ITTA, 2006, and the review of the timeline and terms of reference for the pilot programmatic approach.

Relevant Committee-related Agenda Items

Annual Markets Discussion: The 2021 Annual Markets Discussion took place on Tuesday, under the theme “Challenges in manufacturing and trade during the COVID-19 pandemic.” It was moderated by Trade Advisory Group (TAG) Coordinator Barney Chan.

Ivan Tomaselli, President, STCP, spoke on the impacts of COVID-19 on the Latin American forest sector and recovery, saying COVID-19 has created a global health, economic, social, and environmental crisis, with 20% of global cases of COVID-19 in Latin America. He said that in 2020 the Latin American Forest Sector saw a significant decrease in domestic sales, but exports remained largely the same. He noted 2021 saw an increase in exports along with a global increase in demand for commodities, along with an increase in prices, which had a positive impact. He suggested that in the short term (2021-2025), COVID-19 will remain a significant problem, international prices and demand are expected to decline, the political and structural limitations that affect the region will persist, and logistics will continue to be a major problem.

Wu Shengfu, General Manager of Beijing Greenwood Certification Co., Ltd., spoke on challenges for Chinese timber enterprises. He outlined challenges around, *inter alia*:

- costs, including rising labor and materials;
- trade, including that communications need to be rebuilt;
- travel, including dealing with local and international travel restrictions;
- raw material, such as limited log exports from producing countries;
- innovation, citing a need for environmentally-friendly production; and
- corporate social responsibility and legality, such as prioritizing the purchase of recycled material.

Bradley McKinney, Executive Director, International Wood Products Association (IWPA), spoke on the challenges in the post-pandemic US recovery, noting that there has been an increase in demand for imported wood products in North America, particularly for home construction, home repairs, and remodeling. He suggested this could be driven by an increase in working from home, so more

attention was paid to home environments. He noted while there are increasing wages, inflation is the highest it has been in 30 years, eating into purchasing power. He underscored there have been disruptions in supply chains, leading to limited sales of tropical timber in North America, making it difficult to meet demand. He drew attention to the establishment of White House Supply Chains Disruptions Task Force, which he said should assist in addressing these issues.

Benoit Jobbé-Duval, Directeur Général, Association Technique Internationale des Bois Tropicaux, spoke on the challenges of sustainably managed tropical timber and future of tropical forests, largely on the experience of Central Africa. He noted challenges include a limited number of species being harvested, limited industrialization, and a marginal place in world timber production. Ways to address these issues, he said, include supporting the international market for sustainably managed tropical timber, such as through lobbying, and improving access to domestic markets, such as through reducing taxes or encouraging public procurement in producer countries to buy legal and sustainably managed wood.

Ernie Koh, Executive Director, Koda, and Secretary General, ASEAN Furniture Industries Council, said there will continue to be increases in freight and material costs, leading to increased prices for wood furniture. He highlighted that as access to shipping containers is limited, many factories have reduced output, and that although demand for wood furniture has remained high, there is difficulty in meeting this demand.

Sigit Pramono, Ministry of Environment and Forestry, Indonesia, discussed international trade challenges facing the Indonesian timber sector. He highlighted interventions from the Government of Indonesia to help the sector cope with COVID-19 impacts, including removing value-added tax (VAT) and reducing custom tariffs on wood veneer, and streamlining procedures for issuing new permits. He also expanded on ways forward for licensing and certification of timber in Indonesia, including for small- and medium-sized enterprises.

Jan Hoffmann, Division on Technology and Logistics, UNCTAD, noted six reasons why freight rates are likely to remain higher than over the previous decade, including: COVID-19, which has led to container ships spending 12% longer in port than in pre-COVID-19 times; the shipping cycle; consolidation of freight carriers, leading to decreased competition in the sector; decarbonization of the sector, resulting in lower shipping speeds and increased energy costs; the question of whether there will be a sufficient amount of ships, if ships are moving more slowly due to decarbonization; and increases in risk premiums due to the volatility of the global economy.

Barney Chan presented the Trade Statement prepared by the TAG. He underscored the severe impact the COVID-19 pandemic had on the tropical timber market, but said while Consumer countries are starting to recover, and demand is increasing, many Producer countries are still battling the virus. As a result, prices are driven up on the supply side for a number of factors, as discussed during this session. He lamented the severe supply chain disruptions, but noted it provides an opportunity to rethink utilization of recycled timber, timber from rehabilitated forests, and young timber from plantations. He noted, however, that significant research and development will be needed to come up with new engineered products acceptable to markets. He also outlined new EU regulations concerning products related to deforestation, and underscored the importance of adopting the proposed ITTO SAP 2022-2026.

The Producer spokesperson underscored the concrete data provided on the impact of COVID-19 on the tropical timber trade market. He said there are lessons to be learned, the pandemic is still ongoing, and similar situations may arise again. He underscored the importance of developing domestic markets to counter the effects of high shipping costs and other factors impacting timber exports.

PERU expressed concern over freight rates increases. The US underscored a lack of truck drivers, which is hampering the US supply chain for the tropical timber market, and noted legislation and action to try and mitigate this issue. She queried which of the government interventions showcased are the most effective.

Report of the Fifty-sixth Expert Panel for Technical Appraisal of Project Proposals: John Leigh (Peru) presented this agenda item (ITTC(LVII)/5). He noted that as a result of COVID-19, the review process was carried out electronically between June and July 2021. He outlined the mandate of the EP, the common criteria used, and the scoring system used. He also provided an overview of the virtual process used by Panel members.

He said 14 proposals—nine projects and five pre-projects—had been received for review, with three from Latin America, five from Asia-Pacific, and six from Africa. Of those, 79% of the projects involved reforestation and forest management activities, 14% involved forest industry activities, and 7% involved economics, statistics and markets-related activities.

The EP concluded that five projects should be recommended to the Council and its Committees, seven required essential modifications or revisions and resubmission to the Panel, and four were not recommended.

COLOMBIA commented they have a project awaiting finance that was approved under category one, noting that it has been resubmitted a few times as it had been in sunset at least twice before, and asked for the support of the ITTO and the delegates to finance the project. The Secretariat underscored that the new financing architecture tries to address this problem.

The Producer spokesperson expressed concern at the lack of financing for some projects. He said the lack of funding can lead to producers' lack of motivation to participate in ITTO and Council activities. The EU said there is a need for further discussion on how to adapt ITTO programmes and activities to funding realities. He suggested there could be a "selling" of the projects to other funders or donors to ensure that the work undertaken to prepare the proposals are not lost or wasted.

Committee on Reforestation and Forest Management: The 55th session of the CRF was conducted by Chair Aysha Ghadiali (US) on Monday to consider: policy work; new projects and pre-projects; completed projects and pre-projects; ex-post evaluations; and review of projects, pre-projects, and BWP-based activities in progress (CRF(LV)/1).

The Secretariat provided brief updates on five items under policy work:

- Promotion of Smallholders' FLR in West Africa, saying the project had been extended to December 2021 due to COVID-19;
- Development of training curricula for Central African countries on LSSC, saying four training modules were developed for countries in the Congo Basin;
- Dissemination of the ITTO Guidelines for FLR in the Tropics, saying three webinars had been organized in Latin America and the Asia-Pacific to help disseminate the Guidelines;
- Joint ITTO-Convention on Biological Diversity (CBD) Collaborative Initiative for Tropical Forest Biodiversity, saying

the memorandum of understanding had been renewed until 2025 to support biodiversity conservation and SFM; and

- Adapting the 2006 ITTO Criteria and Indicators for SFM to the African context, saying the countries involved suggested others systematically assess SFM using the adapted criteria and indicators.

The Producer spokesperson welcomed the adaptation of the criteria and indicators for SFM, but lamented that their use is voluntary, suggesting monitoring and follow-up to assess if the criteria and indicators are being implemented. The US welcomed the collaboration and partnerships undertaken in the policy work, saying the US will continue to support the dissemination of guidelines and encouraged the Secretariat to continue to do so.

The Committee said one project and two pre-projects had been approved under the time-bound electronic no-objection procedure (ITTC(LVII)/5):

- 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;
- Study for the Restoration and Sustainable Management of Gallery Forests in the Mono Delta Biosphere Reserve in Benin; and
- Study for Capacity Building of Private and Community Tree Farmers in Benin.

Chair Ghadiali noted one pre-project had been declined. The CRF considered reports and declared completed three projects on:

- Community Forest Development in Gabon;
- Initiating the Conservation of Cempaka Tree Species (*Elmerrillia spp*) through Plantation Development with Local Community Participation in North Sulawesi, Indonesia; and
- Capacity Building for Sustainable Management of Tropical Dry Forests on the North Coast of Peru.

One pre-project on Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo was declared complete.

The Committee then considered an ex-post evaluation report on the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity (CRF(LV)/4). The evaluation was conducted under the Thematic Group on Biodiversity Conservation and Conservation Areas, and assessed 16 projects. Lessons learned, the Secretariat said, included that capacity building of government officials is necessary for improving conservation area management, and the needs of local communities must be understood prior to implementation.

The US noted the consultants' recommendation for a communication plan and suggested this be included in the ITTO's communication strategy going forward. She asked whether the majority of funding came from the CBD or the Global Environment Facility (GEF). The Secretariat said this is the "first generation" of the initiative, but said there was some financial support, and looks forward to seeing what the "second generation" will bring so more members can benefit from the initiative.

INDONESIA noted the value of this collaboration for his country. JAPAN underscored the value of such collaborations, saying it demonstrates the value of ITTO's expertise and contribution to the conservation of biological diversity through enhanced communication to the global community.

The Secretariat noted that ex-post evaluations under the Thematic Group Evaluation on Forest Rehabilitation, Landscape Restoration, and Secondary Forest Management (CRF(LV)/5) was rescheduled to 2022, because of the ongoing COVID-19 situation. He further stated that, in preparation for 8th Session of the Tokyo International Conference for African Development (TICAD-8) to be held in 2022, a special ex-post evaluation will be carried out on selected ITTO projects in Africa to assess their achievements, with the aim to identify relevant findings and outcomes for future forest-related initiatives carried out by the Government of Japan in Africa.

Regarding projects under implementation, Chair Ghadiali asked the Secretariat to liaise directly with the executing agencies should there be any issues regarding project implementation. She said this is due to the limitations of the virtual meeting and the resulting insufficient time. The Secretariat then reported on the implementation of selected projects in progress and on projects awaiting implementation. Chair Ghadiali further noted that there are 14 projects currently awaiting financing for implementation and encouraged Committee members and other donors to finance these projects. The Secretariat also provided updates on two projects: Increasing Commercial Reforestation Competitiveness in Costa Rica, which has received full financing; and Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia, which has received partial funding.

The Committee recommended two projects for termination due to non-submission of the relevant documents, including the final financial audit reports: Development of the National Reforestation Policy and Afforestation Strategy Consistent with Liberia 3C-Approach; and Enabling Customary Landowners to Participate Effectively in Community Forest Management Schemes Within Six Pilot Areas of Papua New Guinea.

The project entitled Sustainable, Mixed and Pure Forest Plantation Development in the Transitional Zone of Ghana's Biakoye District Assembly, Employing Poverty Reduction Strategies submitted an acceptable final financial audit report and will be reported as complete at ITTC-58 in 2022.

Delegates also heard brief updates on pre-projects under implementation.

On BWP-based activities, delegates heard updates on four projects:

- Capacity building for the implementation of LSSC by stakeholders in the Congo Basin countries;
- Capacity Building on Forest and Land Fire Management in Indonesia;
- Forest Fire Prevention and Response in Tropical Forests and Forest Plantations in Peru; and
- Support for Women's Groups with the Restoration of Forest Landscapes in the Prefectures of Blitta and Lacs, Togo.

Siti Syaliza Mustapha (Malaysia) was elected as the Chairperson of the CRF for 2022.

Committee on Economics, Statistics and Markets and

Committee on the Forest Industry: The jointly held 55th sessions of the CEM and CFI, chaired by Zahrul Muttaqin (Indonesia), convened Tuesday to consider: new and in-progress projects and pre-projects; completed projects and pre-projects; selection of projects for ex-post evaluation; and policy work (CEM-CFI(LV)/1). The Committee declared the following projects and pre-projects approved under the time-bound electronic no-objection procedure to accept EP ratings (ITTC(LVII)/5):

- Promotion of Sustainable Domestic Wood Consumption in Vietnam; and
 - Capacity-Building of Woodworking Artisans in Southern Benin
- One project was not approved: Strengthening the Competitiveness and Sustainability of the Forest Value Chain through Eco-Efficiency.

Regarding ongoing policy work, the Secretariat and consultants presented on: access to markets; forest and timber certification in ITTO Producing Members; and Independent Market Monitoring of Forest Law Enforcement, Governance and Trade (FLEGT)-licensed timber in 2021.

On access to markets, the Secretariat provided an update on four major legislative instruments: the EU Timber Regulation; the US Lacey Act Amendments; the Australia Illegal Logging Prohibition Act; and the Japan Clean Wood Act. He also provided an update with regards to the Korean, Chinese and Vietnamese markets.

On forest and timber certification, the Secretariat provided an update on the two international certification schemes: the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). He noted that while the PEFC is the largest scheme globally, more ITTO producing members are certified through the FSC.

Consultants Sarah Storck and Rupert Oliver provided an updated on independent market monitoring (IMM). Oliver stated that the FLEGT process has achieved considerable reach and influence in global forest products trade and this needs to be built on. He also noted that, for market development, FLEGT licensing is not a silver bullet. Storck presented the conclusions from surveys, consultations and special studies, saying that EU operators value the "zero risk" status of FLEGT-licensed timber and give preference where other commercial product criteria are equal. She also noted inconsistent messaging and lack of endorsement and promotion has created confusion about the value of FLEGT Licensing, and has affected market development.

The Committee elected Ana Tyler (New Zealand) as Chair of the CEM-CFI in 2022.

Committee on Finance and Administration: On Wednesday, CFA Chair Teresa Guila Nube (Mozambique) opened the Committee meeting. She said the CFA documents were made available ahead of time for comments. The Secretariat said the issues for deliberation at the Committee session, which are contained the draft Committee report, include:

- approving the biennial administrative budget 2022-2023;
- approving financial reports for 2020 prepared in accordance with the ITTO rules and procedures;
- reappointing Ernst and Young Japan as the auditors for the financial year 2021;
- taking note of the list of disclosures required by the financial rules;
- endorsing the policy for the Secretariat to immediately recommend for termination projects and activities that do not comply with contractual obligations for financial reporting for two consecutive years;
- creating an open-ended member-led working group where technical questions on the new policies and other technical matters introduced at this meeting can be discussed with the Secretariat intersessionally, and adopting the policies on a no-objection, interim basis; and
- adopting the proposal for the percentage of health insurance premiums to be subsidized by the organization, with immediate effect.

The EU queried the cost implications for adopting the new policy document and the revisions to the health insurance scheme.

PERU queried the travel amounts staying similar between 2021-2023, despite travel in 2021 being hampered due to the COVID-19 pandemic. On organizing costs for Councils, he queried why these are not part of the core budget. The Secretariat responded that when the budget was formulated for 2021, it was approved in 2019 prior to the pandemic. On Council session organizing costs for meetings outside of Japan, he said this is part of the core budget.

Following the discussion, the CFA report (CFA(XXXVI)/9) was adopted and forwarded for the Council's consideration.

The Secretariat noted Vice-Chair Björn Merckell (Sweden) was elected as CFA Chair for 2022.

Matters related to Article 19 of the ITTA, 2006 on the Administrative Account

The Secretariat presented this agenda item on Wednesday, saying they are proposing ameliorative measures to allow the Secretariat more flexibility to access the WCR should they have insufficient funds to cover administrative costs (ITTC(LVII)/6). He lamented this situation arose because there have been late, or non-payment of, contributions. He noted they encourage payment of dues by offering a discount structure, as well as implementing penalties and write-offs for arrears.

He said the current WCR is made up of shared funds from late payments after the year of assessment, and can be used to meet administrative budget shortfalls. He stressed the WCR does not fund projects or activities. He noted decision 2(XXXIV) in 2003 authorizes the ED to transfer, if and as necessary, an amount not exceeding USD 300,000, in the case of shortfalls from members' contributions. Providing an overview of transfers from the WCR, he said the Secretariat thinks USD 300,000 is insufficient, especially in the face of increasing non-payment of contributions. He summarized suggestions to counter these issues:

- increase the amount that can be utilized annually from the WCR to meet the shortfall of Administrative Account Funds from USD 300,000 to USD 1 million annually;
- create a more attractive discount scheme to encourage payment of contributions;
- update the write-off scheme for arrears; and
- clarify relevant policies and incorporate them into the financial rules.

The Producer spokesperson expressed concern that the requested amount from the WCR is too high, and suggested that approval be limited to 2022 on an exceptional basis. He noted there would also have to be conditions for such an approval. He stated that the solutions put forward by the Secretariat do not address structural issues around non-payment, and a more complete solution needs to be found. He underscored the necessity of a "smart solution" to allow producer countries to resolve their payment situations. Supported by the US and JAPAN, he suggested establishing an *ad hoc* working group to work intersessionally to determine how to address this problem.

The EU agreed that the increase in approval limit should be temporary and be set lower than the Secretariat's suggestion, proposing USD 600,000 as the temporary limit. She stressed a more permanent solution to the situation must be found. She suggested an enhanced discount scheme could be beneficial. She supported establishing a payoff scheme for members in arrears and expressed concern at the number of members who have arrears greater than five years.

The US said it does not support the direct write-off of arrears and will work with members and the Secretariat to find a way to address this, including through the payment over time. They further supported an enhanced discount scheme.

JAPAN, with AUSTRALIA and the US, favored increasing the limit for accessing the WCR permanently. She said they did not necessarily support an enhanced discount scheme. AUSTRALIA urged addressing the institutional issues of non-payment.

The Secretariat thanked members for the general support. He said USD 200,000-300,000 more will be needed to meet this year's expenses, and they would like to be able to access USD 600,000 for 2022. He also provided an overview of the arrears systems for newer participants.

Extension of the ITTA, 2006

The Secretariat introduced this agenda item on Monday (ITTC(LVII)/7). She noted that at ITTC-56 parties requested more time for consultations, so the decision to extend the ITTA, 2006 was deferred to ITTC-57. She said the Council may decide to extend the agreement for five years, until 2026, stressing that a decision needs to be taken by Friday, 3 December, so that the UN Treaties Office is informed timeously, and the agreement does not lapse.

The Consumer spokesperson, Luke Thompson (US), expressed his caucus's readiness to extend the agreement. The Producer spokesperson said that while there are issues with the ITTA, 2006, it is not an appropriate time to renegotiate the agreement, so they support its extension.

Many Members, including COLOMBIA, the EU, INDONESIA, MALAYSIA, and the US, supported extending ITTA, 2006, and considered how to address negotiating a new agreement.

The EU, supported by SWITZERLAND, suggested establishing a roadmap for the next five years, which could include an assessment of the relevance and added value of ITTA, 2006, and inform the decision on whether to renew the ITTA, 2006 for a second time, or amend or completely renegotiate the agreement. She suggested the decision on whether to renew, amend or renegotiate should be ready to be taken a full two years before the expiration of the first renewal period.

The US, supported by JAPAN, NEW ZEALAND, and PERU, suggested establishing an *ad hoc* working group to discuss elements or expectations of the roadmap as proposed by the EU, saying it may be premature to establish the working group at the current session due to limited time. The US said it did not have an established position on whether to negotiate a new ITTA and did not support any statements at the current juncture on whether to renegotiate or not.

The Secretariat said the issues around whether to establish an *ad hoc* working group or develop a roadmap will be considered by the Bureau. The Chair noted agreement on the issue and thanked delegates for their support to extend the ITTA, 2006.

Matters related to Article 14 of the ITTA, 2006 regarding the Selection, Election and Recruitment of the Executive Director of ITTO

Chair Rani introduced this agenda item on Monday, and invited the Co-Chairs of the selection panel to present their report (ITTC(LVII)/8).

Selection Panel Co-Chair Anna Tyler (New Zealand) described the process undertaken by the selection panel to assess and compile a shortlist of candidates for the position. She said it was a three-stage screening process that ensured the shortlisted candidates had sufficient communication skills and were capable candidates for the

position. Three candidates were selected for the short list: Sheam Satkuru (Malaysia), Francisco Souza (Brazil), and Yuri Octavian Thamrin (Indonesia).

The Producer spokesperson requested a question-and-answer session with the three candidates. The Consumer spokesperson suggested this be held during the Council session to maximize transparency. The caucuses agreed to hold a question-and-answer during a closed joint meeting of the caucuses.

ITTC-57 Vice-Chair Jesse Mahoney (Australia) invited the three candidates to provide a 15-minute presentation to the Council on their vision and plans as ITTO ED. Sheam Satkuru presented four objectives at the core of her candidacy: supporting members in an effective COVID-19 recovery; ensuring sustainably managed tropical forests are central to discussions such as climate, biodiversity, and the Sustainable Development Goals (SDGs); focus on reengaging members of the organization so that they are invested in the process; and fundraising and resource mobilization.

Francisco Souza identified two target objectives as part of his vision: promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests; and promote the sustainable management of tropical timber-producing forests. He said he would, among others, strengthen financial management, administration, governance and learning to strengthen the ITTO.

Yuri Thamarin underscored his commitment to be an ED that does his job honestly, professionally, and productively. He highlighted prudent, cost-effective and cost-efficient financial management as key. He said he would ensure the Secretariat will work together as a team and use innovative methods where possible. He also noted under his leadership, the ITTO will support member countries to recover from COVID-19. He said he will explore collaborative partnerships with other organizations such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the International Monetary Fund. He stated his vision is to ensure the ITTO is more solid, productive, and innovative in achieving its goals.

On Tuesday, the Producer and Consumer groups met in a closed joint caucus session to hold a question-and-answer session. The caucus groups then met Tuesday through Thursday to try and reach a consensus. On Thursday, the Producer spokesperson said the Producers had gathered members' positions, but had been unable to reach a consensus. He also noted that Francisco Souza had withdrawn his candidacy. Indonesia requested a special vote.

The Consumer spokesperson questioned whether there was a quorum. The Secretariat said that while quorum had been met in the morning, when the call for a vote was made there was no quorum. He said this means the vote will be indicative, as any decision will not be binding. Following a break, the Secretariat conducted a practice vote, followed by the "indicative vote." There were a number of abstentions during the voting round, and in the end, there was no result as the threshold for a two-thirds majority of members casting votes had not been met. Members decided to return Friday to find a way forward.

On Friday, the Secretariat announced quorum had been attained. As both Producer and Consumer countries were expected to meet to try to reach consensus, INDONESIA announced their candidate, Yuri Thamarin, had withdrawn. Sheam Satkuru (Malaysia) was then elected as ITTO ED by consensus for a four-year term.

ITTO Strategic Action Plan 2022-2026

On Wednesday, Jennifer Conje (US), on behalf of the SAP Working Group, presented the proposed ITTO SAP 2022-2026 (ITTC(LVII)/9, ITTC(LVII)/10). She provided an overview of the working group modalities, saying that this new SAP will replace the current SAP, which was extended to 2021. She summarized the SAP development process, noting that feedback from members was not as robust as they had hoped.

She said the SAP 2022-2026 aims to:

- highlight the ITTO's contribution to, among others, the SDGs;
- recognize that COVID recovery may preoccupy the tropical forest sector for the SAP's duration;
- serve as a transitional guidance document between 2022 and the launch of a process to renegotiate ITTA, 2006; and
- coincide with the extension of ITTA, 2006 to 2026.

She said the SAP provides a new mission statement for the ITTO, outlining ITTO's role "To facilitate discussion, consultation, international cooperation and policy development on the expansion and diversification of international trade in tropical timber from sustainably and legally harvested forests and on the sustainable management of tropical forests."

She noted four strategic priorities:

- governance, investment, LSSC, sustainable forest management;
- contributions to economies and resilient livelihoods;
- deforestation, restoration, biodiversity, ecosystem services; and
- trade statistics and information.

She also highlighted four cross-cutting strategies:

- capacity building in member countries;
- ITTO operational effectiveness;
- COVID-19 recovery; and
- gender equality.

She said there were 38 associated targets, which could support more than one strategic priority or cross-cutting strategy.

On the Implementation Framework, she said the SAP directs the Council to set an "Indicative five-year resource mobilization goal" within one year of adopting the SAP, stating intersessional work will be needed to develop cost estimates for ITTC-58.

On Monitoring and Review, she said the SAP calls for annual reporting on progress in implementation, and calls for a review of its effectiveness in 2026.

She also provided a brief overview of the working group's recommendation to ITTC-57.

INDONESIA expressed the hope that the ITTO will secure adequate funding necessary to implement the SAP. He emphasized the importance of reviewing the SAP midway through the implementation, or when feasible, and called for removal of a reference to agriculture being the main driver of deforestation, saying it presents an unbalanced view.

JAPAN said it supports the proposed SAP as it reflects the programmatic approaches the ITTO now uses and includes emerging issues in the tropical timber field. She suggested it be closely linked to the communications strategy, cooperation with other international bodies, and proposed text to include reference to resource mobilization. The EU said it was pleased to see that there is going to be work on resource mobilization and, with PANAMA, welcomed the new mission statement.

The US said it believes the SAP makes clear ITTO's role. He also supported the proposed intersessional work. PANAMA cautioned that there would have to be engagement with members in arrears.

Progress Report on the Implementation of the ITTO Biennial Work Programme 2021-2022

This agenda item was taken up on Wednesday (ITTC(LVII)/11). The Secretariat presented an update on the implementation of the BWP 2021-2022. He noted that there are 40 activities under the BWP, divided into two parts. Part One contains 24 activities that require financing, from voluntary contributions, the core budget or other sources, and Part Two contains 16 administrative and financial activities not requiring financing.

He reflected on the financing status of the 24 activities under Part One of the BWP, saying four are fully funded, six are pending funding, and the remainder have partial funding, including those funded by the core budget. He stated that those funded by the core budget only have partial funding due to a late or non-payment of members' contributions. He said for 2021-2022, USD 4,346,760 voluntary contributions had been sought, but only USD 2,090,692 had been received. He then provided a brief overview of the implementation status of selected BWP activities.

ITTO Fellowship Programme: The Secretariat presented progress on the ITTO Fellowship Programme (ITTC(LVII)/12) since ITTC-56. She said it had allowed 1427 forestry professionals to pursue professional development. It mainly supports short-term training activities or study and demonstration tours. She noted total funds to date equal USD 14.4 million. The primary donors, she noted, were Japan, the US, the Netherlands, Australia, Sweden, Finland, and the UK. She announced a total of USD 143,000 is available to be awarded in December 2021. She stated that the Secretariat estimates that to maintain the Programme at the current level of 20-30 awards per year, USD 200,000 would be needed in 2022. She noted the 2022 selection panel will be appointed in spring 2022.

The Producer spokesperson called for Consumer countries to increase their donations to the Fellowship Programme.

Draft Communications Strategy: The Secretariat presented the draft communications strategy (ITTC(LVII)/16). He noted it is essential to develop a robust communications strategy to boost the ITTO's role in forest dialogues and thought leadership on policy, as well as support fundraising activities. He said the Secretariat engaged a communications agency to develop a communications strategy. He outlined opportunities for the communications strategy, such as amplifying the wealth of technical expertise, and publicizing the Fellowship Programme. Challenges, he said, include that SFM is poorly understood, and that web content in French and Spanish needs to be as robust as the English content.

He said the messaging goals in the strategy are to: explain the global environmental crisis and how world's tropical forests can be part of the solution; define sustainable forestry as key for ensuring tropical forest conservation and mitigating climate change; and affirm ITTO as the "go-to partner" for sustainable forestry. He also provided examples of messaging, gave an overview of communication tactics, and discussed the resources needed for the strategy.

The Producer spokesperson expressed concern with the lack of funding for publications, saying that these publications, such as the tropical forest update, should be a priority as they raise the profile of the organization. On the draft communications strategy, he urged developing the image of the organization to highlight ITTO's programmes and activities globally.

PERU urged expanding knowledge at all levels. Barney Chan, TAG, underscored the role of press releases and other updates to showcase ITTO's relevance in other areas such as climate change.

Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations

On Thursday, the Secretariat said this item was discussed at the IAG with a view to accelerating and enhancing interactions with other organizations, with a focus on fundraising activities (ITTC(LVII)/13). She said ITTA, 2006 had been negotiated under UNCTAD, and the Common Fund for Commodities has previously funded several ITTO projects, but in 2016 it switched to a loan, as opposed to a grant, model, which is not consistent with the nature of ITTO projects and activities.

On implementing Decision 8(LV) on implementing ITTO's new financing architecture, the Secretariat detailed engagement with other organizations, including the GEF, CBD, and the Green Climate Fund (GCF). Other collaborative activities, she noted, include the Collaborative Partnership on Forests, CITES, and global green supply chains. She described the catalytic role ITTO projects have played, stating they have been upscaled and expanded, but the commensurate funding does not go to ITTO. She emphasized this important aspect of ITTO's role in implementing small, but well-developed and thought-out projects. She urged appropriately recognizing ITTO's catalyzing role. She further urged that members secure a role for ITTO as an implementing or executing agency in these larger projects, in lieu of funds not going to the ITTO.

JAPAN noted the intention to adopt the SAP 2022-2026, and urged capitalizing on this moment and to promote the SAP and the communication plan to raise ITTO's visibility and fundraising capability. PERU noted that not all collaborative efforts have been successful, and suggested engaging with those organizations that have experience with project financing for multilateral agreements.

The US said this highlights ITTO's valuable work to coordinate and cooperate with external entities to leverage and amplify the impacts of ITTO activities. This work, she said, should align with the SAP 2022-2026 and should include both traditional and non-traditional partners and resources. The EU said this type of collaboration is of value to fundraising activities and improving ITTO's credentials as a valuable partner.

Implementation of ITTO's New Financing Architecture, Phase II

The Secretariat presented this agenda item on Thursday (ITTC(LVII)/14). He outlined the summary of the operative elements of Decision 4 (LVI), saying the NFA was developed to address the issue of approved projects that fail to obtain funding. He outlined which elements had been implemented, stating they issued an open call for concept notes, and received 12 valid submissions. He said future activities under the BWP will also be developed as concept notes for the concept note/project database. He noted the development of the formal terms of reference for the NFA advisory board, which are proposed for adoption at the current Council session.

He said the Secretariat proposed, and the IAG agreed, to postpone the review of the newly implemented programmatic approach until at least 2023. He suggested that this review also include a review of the future of the regular project cycle, which continues to run in parallel to the programmatic approach.

The US said it continues to support the goals of the programmatic approach and encourages their use in the communications strategy. He supported the delay in reviewing the programmatic approach. The Producer spokesperson said the architecture has resulted in a pilot process to determine the programmatic approach's

efficiency. He lamented that just over half of the concept notes were successfully screened and published.

COLOMBIA expressed concern at the lack of funding for projects of national interest. She lamented that Colombian projects have generally not been funded since 2013, and questioned what benefit there is to being a member of the ITTO, especially as contributions can be high. The US urged patience, especially as this programmatic approach is still in its infancy and may need a few years to provide tangible results.

GHANA urged reconsidering the sunset policy given the large amount of projects about to be in sunset. JAPAN suggested the Secretariat make more efforts to secure funds outside of traditional donor sources as these are often impacted by levels of arrears. CONGO noted efforts to get more officials involved in forestry and said they are making an effort to pay their arrears.

COSTA RICA urged greater collaboration with the private sector, saying that within both the public and private sectors the forest sector is key. He said a lack of financing could lead to a lack of credibility. CHINA encouraged donor countries to increase their project funding, and suggested the Secretariat develop more sources to mobilize necessary funds for projects.

Special Account and Bali Partnership Fund

Pledges to the Special Account and the Bali Partnership Fund: On Thursday, the Chair called on members to announce pledges. The US pledged over USD 500,000, including for a pre-project on the Study for Capacity Building of Private and Community Tree Farmers in Benin; and for a project on 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.

JAPAN said they cannot officially announce the bulk of their planned pledges as these are still subject to parliamentary approval. He said USD 100,000 was being pledged to the project on, among others, Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia.

Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF): The Secretariat presented the report of the Panel on Sub-Account B of the BPF (ITTC(LVII)/15). He noted the total balance of the BPF Sub-Account B and the unearmarked fund as of 1 October 2021 is USD 116,082.60. He said an amount of USD 60,000 is being allocated to the ITTO Fellowship Programme for 2022. He said USD 56,082.60 is being allocated to the project, Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia.

Reports of the Committees

On Friday, the four committees presented the reports of their sessions. CEM-CFI Chair Muttaqin presented CEMCFI(LV)/3, providing a summary of discussions. He highlighted projects and policy work, noting policy work for both committees will be included for discussion at ITTC-58. The report was adopted.

CRF Chair Ghadiali presented CRF(LV)/7, saying the CRF recommended that the ITTO Guidelines for FLR continue to be promoted at national and international levels, including at the World Forestry Congress in May 2022. The report was adopted.

The Secretariat presented on behalf of the CFA Chair. He noted that the CFA recommended that the Council approve, among others,

the financial report for FY2021, and immediately recommend for termination projects and activities that do not meet contractual obligations for financial reporting for two consecutive years. The report was adopted.

Election of Chairperson and Vice-Chairperson of the Council for 2022

On Friday, the Council approved Jesse Mahoney (Australia) and Nurudeen Iddrisu (Ghana) as ITTC-58 Chair and Vice Chair, respectively. Saying the ITTO holds an important place among multilateral agreements, Mahoney said he looks forward to guiding members through ITTC-58.

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

The Secretariat announced that ITTC-58 will take place in Yokohama, Japan, from 7-12 November 2022. VIET NAM indicated interest in hosting ITTC-59 in 2023, but noted they were still undertaking domestic consultations. The Secretariat said they are working with Viet Nam on this matter.

Decisions and Report of the Session

On Friday, the Council adopted eight decisions.

Projects, Pre-projects, and Activities: Decision 1(LVII) endorses the approval of five new projects and pre-projects. It reinstates the approved status of six projects. It authorizes financing for immediate implementation of the projects, pre-project, and activities as listed in the decision's annex, and the financing for immediate implementation of all other approved projects, pre-projects, and activities as soon as earmarked funds are available in the Special Account or in the BPF Account. It further:

- urges members to consider financing those approved projects, pre-projects, and activities for which funds are not immediately available;
- appeals to members to make unearmarked contributions to the Thematic Programmes Account and the Special Account;
- further appeals to members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B, to finance projects, pre-projects, and activities; and
- requests the ED to continue consultations with potential donors to secure financing for those projects, pre-projects, and activities for which funds are not immediately available.

Administrative Budget for the 2022 and 2023 Financial Biennium: Decision 2(LVII) approves and adopts the Biennial Administrative Budget for the fiscal years 2022 and 2023, as contained in CFA(XXXVI)/2 Rev.1, in the amount of USD 7,031,320 and USD 7,104,295, respectively.

Management of the Administrative Budget for 2021-2022: In Decision 3(LVII), the Council:

- authorizes the ED to transfer, if necessary, such as in emergency situations, an amount not exceeding 10% of the budget from the WCR, with immediate effect, to meet any shortfall of funds to implement the work programme, as long as expenditures stay within the specified annual budget;
- requests the ED to report to the CFA on a timely basis with regard to any drawdowns from the WCR, and to take measures to ensure that such drawdowns are restored from contributions as soon as possible;

- requests members to pay as early as possible, and in full, their contributions to the administrative budgets, including for 2021 and 2022, as well as all arrears in contributions from previous years, to prevent further depletion of the Organization's savings by using the WCR to meet the shortfall in contributions;
- urges the Secretariat to continue to undertake appropriate cost saving and efficiency measures, as necessary, under the administrative budgets for 2021 and 2022; and
- establishes a virtual intersessional group made up of six Producer members and six Consumer members to make recommendations on any change to the threshold for annual use of the WCR by the ED without Council approval, propose ways to prompt members to pay contributions to the administrative budget, explore ways to adapt the ITTO budget to the long-term trends in payment of contributions, and prepare a report for consideration at ITTC-58.

Extension of the ITTA, 2006: In Decision 4(LVII), the Council:

- decides in accordance with Article 44(2) of the ITTA, 2006, that the Agreement be extended for a period of five years with effect from 7 December 2021 until 6 December 2026;
- decides to establish an inclusive virtual intersessional working group with a maximum of ten representatives each from the Producer and Consumer caucuses to assess the need for renegotiation or further extension of the ITTA, 2006. The working group is to submit a report, including recommendations, for consideration at ITTC-58; and
- authorizes the ED to utilize an amount not exceeding USD 50,000 from the WCR to meet the costs of the working group.

Adoption of the ITTO Strategic Action Plan 2022-2026: In

Decision 5(LVII), the Council, *inter alia*:

- adopts the ITTO SAP 2022-2026 contained in the annex to this decision;
- requests the ED to publish and widely disseminate the ITTO SAP 2022-2026, and identify the resources necessary for achieving the targets contained in Tables 2 and 3 of the SAP annexed to this decision; and
- requests the ED to develop, in consultation with the Advisory Board, an "indicative five-year resource mobilization goal" and related resource mobilization strategy, taking into account the outputs of the work related to the NFA, to be presented for adoption at ITTC-58.

Appointment of the ED: In Decision 6(LVII), the Council

decides:

- to appoint Sheam Satkuru as ITTO ED for a period of four years, with a contract of employment to be signed no later than 1 January 2022 for a start date no later than 1 April 2022. The term of the appointment may be extended for up to two years, if approved by Council;
- the appointment will be at the UN Assistant Secretary-General level and includes benefits in accordance with the most recent ITTO Staff Regulations and Rules, such as removal expenses, home leave travel every 24 months, children's education grant, rental subsidies, among others;
- the ED shall be subject to the ITTO Staff Regulations and Rules in so far as they can be applied to her/him;
- the ED shall be subject to Regulation 7.4a, which sets the retirement age as prescribed by the UN, currently 65 years;
- the ED shall be subject to the ITTO provisions for early dismissal (for poor performance, misconduct or other violations); and

- the ED shall be subject to the Standards of Conduct set out in Decision 8(LII).

Matters Related to Article 15 of the ITTA, 2006 on

Cooperation and Coordination with other International Organizations: In Decision 7(LVII), the Council, *inter alia*:

- requests the ED to further pursue the measures in the annex to this decision for effective ITTO involvement in international and regional organizations and fora, in particular with regard to the GCF, the GEF and the recently established Forest, Agriculture and Commodity Trade (FACT) Dialogues under the UN Framework Convention on Climate Change (UNFCCC), taking into account the expected mutual benefits and timing of relevant international and regional events, and to provide progress reports to the Council;
- requests the ED to undertake measures that support the implementation of the new SAP 2022-2026, including through measures identified within the approved budget of the Administrative Account, and to seek voluntary contributions from members to support the measures identified in the annex to this decision;
- encourages members to seek ways to assist ITTO and/or member countries to access funding sources through country-driven programmes, which could help realize ITTO priorities through funding some of the smaller pilot projects approved by ITTO that could be upscaled later with funding from the GEF or others;
- authorizes the ED to offer ITTO co-sponsorship, pending availability of funds, to any country-led initiatives on issues relevant to ITTO objectives, including measures outlined in the annex to this decision, and urge member countries to engage with their respective country focal points of these organizations to realize mutual synergies;
- requests the ED to seek voluntary contributions from members of USD 100,000 to meet the costs of implementing this decision in 2022-23 and to report to the Council on funds raised and their use during this period; and
- review the effectiveness and benefits of undertaking such measures and update, as needed, the measures contained in the annex to this decision at ITTC-58, in view of progress made and developments in relevant international and regional events.

Adoption of the Terms of Reference for the Decision 4(LVI)

Advisory Board and the Timeline and Terms of Reference for the Review Under Decision 5(LIV) on the Pilot Programmatic

Approach: In Decision 8(LVII), the Council:

- adopts the formal terms of reference for the work of the Advisory Board, as contained in the annex;
- requests the ED to prepare a second progress report on the implementation of the pilot programmatic approach for consideration at ITTC 58; and
- postpones the review of the implementation of Decision 5(LIV) until at least 2023, and take a final decision on the timing and terms of reference of the review at ITTC-58.

Closing Session

Chen Hin Keong, TRAFFIC, presented the Civil Society Advisory Group (CSAG) statement, urging regular combined CSAG-TAG sessions during future Council meetings.

Congratulating Sheam Satkuru on her election as ITTO ED, thanking members for their hard work, and thanking the Secretariat for its support, Chair Rani closed the meeting at 10:50 pm Japan Standard Time (UTC+9).

A Brief Analysis of ITTC-57

The 57th session of the International Tropical Timber Council and Associated Sessions of the Committees (ITTC-57) opened against a backdrop of uncertainty. A new, more virulent strain of COVID-19 had emerged, and was already causing travel disruptions and cancellations of large multilateral meetings. Closer to home, the International Tropical Timber Organization (ITTO) had been without an Executive Director (ED) for nearly a year, and the growing number of late payments and arrears of contributions has negatively affected operations. In addition, the International Tropical Timber Agreement (ITTA), 2006 was set to expire four days after the close of the meeting, with no decision on whether to extend the agreement.

The Council was thus tasked with resolving these uncertainties. While the top of the agenda was the decision to extend ITTA, 2006, along with the election of the new ITTO ED, delegates also had to adopt the new Strategic Action Plan (SAP) 2022-2028 along with the more perfunctory, but no less important, agenda items including budgets, committee reports, and cooperation with other organizations. Over the course of five days, the Council took some important steps to help reaffirm the ITTO's position as a leader in the governance and sustainable management of tropical timber.

This analysis assesses the decisions taken at ITTC-57 and examines how they reinforce ITTO's role in the sustainable management and development of tropical forest goods and services.

Running a Tight Ship

Funding has long been an issue at the ITTO—both core funding and project funding. The issue around core funding was underscored by Officer-in-Charge Steven Johnson's remarks to the Council, when he noted that over the course of 2021 there had been times when the Secretariat wondered if they would be able to keep the lights on. This is largely due to the late or non-payment of members' annual contributions. Johnson remarked that while some of this could be due to the lack of trust in the organization following the scandal around the impairment of funds, the situation has been getting worse as time goes by.

As Johnson pointed out, this is not a new issue, but it is a stressful one and makes the ITTO's work far more difficult. He said while they run a tight ship, the next step in cost-saving measures would be to lay off staff—something they want to avoid in an already capacity-constrained organization. To counter this, he suggested the Secretariat be allowed greater latitude to access the working capital reserve (WCR). This, he noted, will give them some flexibility to make sure they can keep the lights on without losing capacity.

While most members were willing to give the Secretariat greater latitude with the WCR, there was debate over whether it should be done on a temporary or permanent basis. Some cited standard practice in other international organizations as a reason to allow greater access on a more permanent basis. Others, however, suggested the Secretariat continue to look for cost saving measures in its daily operations. What was ultimately agreed was that the Secretariat would be allowed increased access to the WCR but limited to 10% of the annual budget, less than the 15% or approximately USD 1 million sought by the Secretariat and some members. At the same time, a working group will be established to, among others, make recommendations on any change to the

threshold for annual use of the WCR, and explore ways to adapt the ITTO's budget to reflect the long-term trends in payment of contributions.

While this measure was welcomed, the issues around project funding also needed to be addressed. At ITTC-57, some Producers complained about lack of funding for projects and pre-projects, saying that these often go into sunset, end-up being resubmitted, and then lapse again. To address this, ITTO recently embarked on a new financial architecture that focuses on programmatic lines as opposed to seeking general contributions.

It did not seem that Producers were wholly convinced that the new financial architecture is working, but as some Consumer countries implored, there is a need to give it time. It is still in its infancy and may take a while to see results. Testament to this line of thinking was that following this discussion, the US pledged over USD 500,000, approximately USD 300,000 of which is for projects and concept notes that have been submitted. It also underscored the observation that there is a growing trend for traditional donors to move away from disbursing unearmarked funds to providing earmarked funds for specific projects and activities. Participants also observed that the new ED will have to work hard to diversify sources of funding for projects and activities.

Determining the Course

The decision to renew the ITTA, 2006 proved quick and uncontroversial. At ITTC-56, members indicated their preference to renew but needed to first undertake domestic consultations. They came to ITTC-57 ready to take that decision.

Less clear was the appointment of a new ED. At ITTC-56, delegates opted not to renew Gerhard Dieterle's appointment as ED, and decided to recruit a new candidate. This was, in part, the result of a 2016 deal struck between Consumers and Producers: an ED from a Consumer country would serve one term, thereafter the ED will be from a Producer country. Three candidates were shortlisted for the position— Francisco Souza (Brazil), and Yuri Octavian Thamrin (Indonesia), and Sheam Satkuru (Malaysia).

It was hoped that the new ED would be elected by consensus. There were also repeated calls from some members that the new ED should be elected on the principal of rotation, thus the appointee should be from the Asia-Pacific region. Further to this, delegates heard requests that the successful candidate should be from a country that has not held the post before. In this case, that would be Indonesia. The Council heard early on that Souza withdrew from the race, ensuring that the new appointee would be from the Asia-Pacific region. But it was less clear who it would be.

By Thursday evening it looked likely that a special vote would need to be taken. The Producer spokesperson reported late Thursday that consensus could not yet be reached. This was underscored by the move from Indonesia to call for a special vote. As it turned out though, there was no quorum, so although the special vote had to be taken, according to the rules of procedure, the outcome would not be binding. The Council was thus still at an impasse.

On Friday, it was still unclear how a decision would be reached. Ultimately, this issue was resolved when Indonesia announced that its candidate, Yuri Thamrin, had withdrawn his candidacy. Sheam Satkuru was thus elected by consensus. What many had thought could be a long and protracted saga was resolved largely amicably with a desire from members to get the organization moving forward on a successful course.

Early in the Council session, it was recognized that the successful candidate would have to take up the important task of resource mobilization, including fundraising from non-traditional sources. All three candidates underscored the importance of resource mobilization. Sheam Satkuru also underscored the need to re-engage both with members and with the international community to reassert the ITTO's expertise in the field.

The new Strategic Action Plan 2022-206 will be key to assisting the new ITTO ED in steering the ship. ITTC-57 delegates adopted the new SAP, which will guide the activities of the organization over the next four years. The SAP 2022-2026, along with the communication strategy—designed, among other things, to “elevate ITTO's role in forest dialogue”—provides a clear path forward for the organization and helps ensure that the steps taken are impactful.

Setting Sail

The ITTO has had a tumultuous seven years with uncertainty over funds, changes in leadership, and impacts from broader societal issues such as the COVID-19 pandemic. Nevertheless, it was clear at ITTC-57 that members value the role the ITTO has carved out for itself as a leader in the international governance of tropical forests.

Delegates worked hard to ensure that the decisions taken at ITTC-57 will allow the organization to continue to make progress. The New Financing Architecture for programmatic approaches to project funding is starting to reap results, increasing the ITTO's impact on the ground. More importantly, having a new ED at the helm, guided by the SAP 2022-2026, can reassure members and the broader community that the Organization has a clear path forward in an otherwise uncertain time, and will continue to reassert its place in the broader sustainable forestry discourse.

Upcoming Meetings

CITES SC 74: The 74th meeting of the Standing Committee to the Convention on International Trade in Endangered Species of Wild Fauna and Flora will meet either in person in France or hybrid format to prepare for the next meeting of the Conference of the Parties. **dates:** 7-11 March 2022 **location:** France (TBD) **www:** cites.org/sites/default/files/notifications/E-Notif-2021-069.pdf

Second Part of the UN Biodiversity Conference (CBD COP 15): The second part of CBD COP 15, the 10th meeting of the COP serving as the MOP to the Cartagena Protocol on Biosafety, and the 4th meeting of the COP serving as the MOP to the Nagoya Protocol on Access and Benefit-sharing are scheduled to reconvene in a face-to-face meeting in Kunming, China. COP 15 is expected to take a final decision on the post-2020 global biodiversity framework, as well as decisions on related topics, including capacity building and resource mobilization. **dates:** 25 April – 8 May 2022 (TBC) **location:** Kunming, China **www:** cbd.int/meetings/

XV World Forestry Congress: The XV World Forestry Congress will convene under the theme “Building a green, healthy and resilient future with forests.” The Congress provides an essential opportunity for the global forestry community to showcase the role of forests in the global sustainable development agenda. **dates:** 2–6 May 2022 **location:** Seoul, Republic of Korea **www:** wfc2021korea.org/

17th Session of the UN Forum on Forests (UNFF-17): UNFF-17 will discuss issues around, *inter alia*: reversing the loss of forest cover; enhancing forest-based economic, social and environmental benefits; mobilizing financial resources and strengthening scientific and technical cooperation; promoting governance frameworks to

advance implementation; and enhancing cooperation, coordination and coherence, for sustainable forest management. **dates:** 9-13 May 2022 **location:** UN Headquarters, New York (TBC) **www:** un.org/esa/forests

5th World Congress on Agroforestry: This meeting will be convened under the theme “Transitioning to a viable world.” It will provide an opportunity to stimulate an open and inclusive dialogue between various stakeholders from around the world, including farmers, researchers, advisors, policy makers, and representatives from government, civil society, and the private sector. **dates:** 17–20 July 2022 **location:** Quebec, Canada **www:** agroforestry2022.org/en

ITTC-58: The next session of the ITTC and associated sessions of the four committees will take place in 2022. **dates:** 7-12 November 2022 **location:** Yokohama, Japan **www:** itto.int

For additional meetings, see sdg.iisd.org

Glossary

BWP	Biennial Work Programme
CBD	Convention on Biological Diversity
CEM	Committee on Economics, Statistics and Markets
CFA	Committee on Finance and Administration
CFI	Committee on Forest Industry
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CRF	Committee on Reforestation and Forest Management
ED	Executive Director
EP	Expert Panel for the Technical Appraisal of Project Proposals
FLR	Forest landscape restoration
GCF	Green Climate Fund
GEF	Global Environment Facility
IAG	Informal Advisory Group
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
LSSC	Legal and sustainable supply chain
NFA	New Financing Architecture
SAP	Strategic Action Plan
SDGs	Sustainable Development Goals
SFM	Sustainable forest management
TAG	Trade Advisory Group
UNCTAD	UN Conference on Trade and Development
WCR	Working Capital Reserve