

Summary of the Fifty-Fourth Session of the International Tropical Timber Council and Associated Sessions of the Four Committees: 5-8 November 2018

The fifty-fourth session of the International Tropical Timber Council (ITTC-54) and the Associated Sessions of its four committees met at the headquarters of the International Tropical Timber Organization (ITTO) in Yokohama, Japan, from 5-8 November 2018. Nearly 150 delegates from 33 of the 74 member countries of the International Tropical Timber Organization (ITTO), as well as observers from the private sector, civil society, and regional and international organizations, took part in the discussions.

Throughout the week, delegates convened in the fifty-second sessions of the Committee on Economics, Statistics and Markets and the Committee on Forest Industry, and the Committee on Reforestation and Forest Management, to approve new projects, review projects and pre-projects under implementation, hear final reports on completed projects, and select projects for *ex-post* evaluations. The thirty-third session of the Committee on Finance and Administration also took place, with a focus on proposals for revitalizing ITTO's financing architecture and resource mobilization strategies.

Delegates further engaged in substantive discussions on various policy topics that informed the selection of priority themes to be taken up in 2019. The Annual Market Discussion, convened under the auspices of the Joint Committees and focusing on experiences in promoting investment in tropical timber industries fed into these discussions. For the first time at an ITTC session, a panel discussion on gender took place, which addressed how to enhance the role of women in achieving ITTO's objectives.

Revising the process of selecting candidates for ITTO Executive Director (ED) took up much of the time, with several lengthy consultations in the caucuses as well as informal contact groups to resolve the issue of whether to adopt regional rotation—in addition to qualifications—as a core principle. During the closing session on Thursday, delegates eventually accepted the proposal that the next ED should come from a Producer country, enabling the Council to adopt the decision.

ITTC-54 adopted six decisions. In addition to endorsing 15 projects, pre-projects, and activities for the 2018 project cycle recommended by the three Committees, delegates agreed on:

- further measures and legal actions regarding the financial impairment;

- ITTO's policy to combat money laundering and terrorism financing;
- amendments to staff regulations and rules;
- financial architecture and fundraising; and
- selection of the ITTO ED.

On the final day, participants took part in a field excursion to observe sustainable forest and water management projects in Doshi village, which supplies water to the City of Yokohama and is located in the vicinity of the Fujisan World Heritage Center.

A Brief History of the International Tropical Timber Council

The International Tropical Timber Agreement (ITTA) was negotiated under the auspices of the UN 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.

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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 on issues for consideration and decision on: Economics, Statistics and Markets (CEM); Reforestation and Forest Management (CRF); Forest Industry (CFI); and Finance and Administration (CFA). The Council also is 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 (TAG), a Civil Society Advisory Group (CSAG), and the Expert Panel for the Technical Appraisal of Project Proposals.

Key Turning Points

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. The 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 the ITTA, 1994 in 2003 and was adopted in Geneva on 27 January 2006. The ITTA, 2006 builds on the 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 from 5-10 November 2012 in Yokohama, Japan. The Council announced funding of USD 9 million for sustainable forest management (SFM) and to support trade in sustainably harvested tropical forest resources. The Council also approved the ITTO 2013-2018 Strategic Action Plan.

ITTC-49: The 49th session of the ITTC met from 25-30 November 2013 in Libreville, Gabon. The Council discussed the revised Principles and Guidelines for the Sustainable Management of Natural Tropical Forests, the establishment of a regional office for Africa, and strategies on resource mobilization and knowledge management. The Council decided, *inter alia*, to call for applications for the ED position and organize a regional workshop on SFM and forest education in Latin America.

ITTC-50: The 50th session of the ITTC met from 3-8 November 2014 in Yokohama, Japan. The Council 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. Delegates

were also unable to reach agreement on admission of observers, but adopted a decision to create a working group to examine related procedures.

ITTC-51: The 51st session of the ITTC met from 16-21 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 to consider rotation in the framework of the selection of the ITTO ED.

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

ITTC-54 Report

On Monday, 5 November 2018, Gerhard Breulmann, ITTO Secretariat, welcomed delegates and introduced the speakers for the opening session.

ITTC Chair Zhang Zhongtian said the ITTO has taken strong measures to improve its internal governance and is primed for a global push for sustainable supply chains. He urged member countries to support the ITTO with voluntary contributions.

Alain-Richard Donwahi, Minister of Water and Forests, Côte d'Ivoire, outlined key forestry policies and projects in his country, including a target to increase forest cover from 11 to 20% by 2030.

Félix Ngoma, Ambassador of the Republic of Congo to Japan, on behalf of the Minister for Forest Economy and the Environment, highlighted the importance of recognizing the essential roles of local and indigenous peoples and women in sustainable forest and land management in his country and, reiterating its commitment to ITTO, invited ITTO ED Dieterle to visit forest plantations in Congo.

Benito Owusu-Bio, Deputy Minister of Lands and Natural Resources, Ghana, described his country's efforts to improve SFM and biodiversity conservation, including through: the Ghana Forest Investment Program; improving institutional coordination within governments and with other stakeholders; and involving the private sector in forest plantations.

Katsunori Watanabe, Deputy Mayor, City of Yokohama, Japan, welcomed ITTO-54 delegates to Yokohama, and noted its water-forest conservation efforts for over 100 years in Doshi village, the water source of Yokohama City and an ITTO-54 field trip destination.

Koji Hongo, Deputy Director-General, Forestry Agency, Ministry of Agriculture, Forestry and Fisheries, Japan, discussed his country's experience in restoring forested landscapes and building demand for sustainably managed forest products. Welcoming the ITTO's ongoing reform process, he reported on efforts underway to explore modalities for resuming Japan's contribution starting in 2019 and invited other partners to resume their voluntary contributions.

Hiroto Mitsugi, UN Food and Agriculture Organization (FAO), highlighted improving sustainable timber production and linking it to sustainable value chains in the context of forest landscape restoration for, *inter alia*, food and employment security, sustainable cities, ecological footprint reduction, and climate change mitigation. He reported on recommendations from the 2018 session of the FAO Committee on Forestry to promote SFM, halt deforestation, restore degraded forest, and substantially increase forest coverage globally to achieve Sustainable Development (SDG) 15 (Life on land). Mitsugi called for substituting less environmentally sustainable products, such as plastics, with sustainably produced and traded wood, and highlighted collaboration with ITTO on sustainable value chains in tropical timber.

Gerhard Dieterle, Executive Director, ITTO, reported on progress moving beyond crisis recovery into strategizing for ITTO's future. He noted international support for wood and wood products replacing some fossil fuel-based ones in a global circular economy, saying that a strong message on sustainable forestry and legal supply chains will be crucial for maintaining the possibility of keeping global warming to 1.5°C and achieving multiple SDGs. He reported the addition of a CSAG panel on ITTC-54's agenda.

In her address, delivered on Wednesday, Marjolijn Sonnema, Vice-Minister for Agriculture, Ministry of Agriculture, Nature and Food Quality, the Netherlands, stressed her country's commitment to the ITTO, highlighting its efforts on: a circular economy; promoting SFM from a wider policy perspective; and the Amsterdam Declaration on Partnerships for Forests. She called for ITTO to lead the world's efforts to attain the forest-related SDGs.

Council Sessions

The Council met throughout the week to consider issues concerning operational, project, and policy work.

Organizational Matters: ED Dieterle confirmed that quorum was attained for the session. He reported that Venezuela had joined the ITTO in October 2018, bringing the membership to 36 Producing, and 38 Consuming members.

Chair Zhang presented the provisional agenda (ITTC(LIV)/1 Rev.1), which was adopted without comment. Zhang also noted the distribution of votes for the 2018-2019 biennium provided in the annex to the agenda.

Statement by the Executive Director: During the opening session on Monday, ED Dieterle stressed the unique role of productive forests for, *inter alia*, economic growth, poverty reduction, climate change mitigation, biodiversity, and clean water. He said public and political acceptance of tropical timber will further erode without green supply chains, highlighting the Global Green Supply Chain (GGSC) initiative, led by a group of Chinese timber firms, as a promising development. He outlined a prospective ITTO role in, *inter alia*:

- awareness-building on the role of productive forests and supply chains in forest landscape management and a circular economy;
- exploring fiscal and taxation incentives for investing in SFM;
- supporting information, data, and skills throughout green supply chains; and
- piloting innovative tracking and verification technology.

Observing that the decline of ITTO funding began long before the financial impairment, he called for a reorganization of projects along business lines in order to improve the logic of the Organization's work and said ITTO should be able to garner USD 30-40 million per year to support producer countries.

In the ensuing discussion, the EU welcomed the Executive Director's vision and highlighted the need for cooperation and partnership, including on the UN Strategic Plan for Forests, the SDGs, the EU Circular Economy Package and a new EU sustainable finance plan. She announced a EUR 300,000 contribution for implementation of the BWP in 2019, as well as a pledge from Germany to contribute EUR 1 million for a teak management project in the Mekong region. She reemphasized the importance of enhancing the role of women in ITTO to meet SDG 5 (gender equality).

Japan emphasized the importance of expanding the ITTO's funding base. He pointed to the country's 2017 Clean Wood Act as promoting the use and distribution of wood and wood products made from timber harvested in compliance with the laws and regulations of Japan.

Costa Rica, supported by Mexico, called for Consumers and donors to further support ITTO's work on technical assistance and capacity building, noting the difficulty Costa Rica faces as a small developing country in ensuring SFM.

The US, echoing the EU, underscored the importance of collaborative partnership with FAO and other international organizations to move forward with more creative thinking to create an impact.

Peru, as Producer spokesperson, supported by China, welcomed the ED's efforts to enhance the focus on SFM and its contribution to the SDGs, calling for this approach to be integrated in the ITTO's objectives and programmes.

Vietnam said it has emerged as one of the top global wood product exporters and appreciated ITTO's support for his country's pursuit of timber legality and SFM.

Report of the Informal Advisory Group (IAG): On Monday, ITTO Vice-Chair John Leigh introduced the IAG report on the status of ratification of the ITTA 2006 (ITTC(LIV)/2) and implementation of decisions dealing with the impairment of ITTO funds. The item was closed without comment.

ITTO Biennial Work Programme (BWP): Progress report on implementation of the BWP: On Tuesday in plenary, ED Dieterle reported on the status of implementing the 2018-2019 BWP (ITTC(LIV)/4, 5 and 6). He noted that seven activities had been funded from the core operational budget, while the Secretariat was seeking voluntary contributions amounting to just over USD 8 million for a further 19 activities. He highlighted ongoing work on: strengthening participation of the private sector in the work of ITTO; independent market monitoring of licensed timber under the EU's Forest Law Enforcement, Governance and Trade (EU-FLEGT) initiative; operationalizing the GEEW Policy Guidelines; the ITTO Annual Market Discussion; and enhancing teak management.

Werner L. Kornexl, World Bank, presented on financial incentives for green value chain investments in tropical forests. Stressing that international transfers such as REDD+ (Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries) and official development assistance (ODA) are not sufficient to deal with illegal trade in timber and wildlife, he outlined a number of challenges in promoting SFM, including: complexity of the forest sector tax; difficulties with fiscal enforceability; and contradictory incentives across land use sectors. He then called for fiscal policies to be an integral component of a smart policy mix to reduce deforestation and emphasized that a range of fiscal instruments, such as improving incentives from export and import taxation on deforestation, are proven and available to help support sustainable forest management.

The Secretariat provided an update on an initiative to build a legal and sustainable forest product supply chain, outlining workshops in 2018 involving leading Chinese timber companies that are part of the GGSC platform. ED Dieterle added that the Chinese companies are major intermediaries and it is envisaged that the platform will ultimately involve hundreds of major producing and consuming country businesses. In response to questions from Germany and the US, he stressed the importance of improving governance and traceability throughout the value chain and suggested the TAG could enhance coordination with other green supply chain initiatives.

In the ensuing discussion, Costa Rica emphasized that low carbon prices globally serve as a disincentive for SFM in many developing countries. Discussing the GGSC initiative, China suggested that as a link between Producing and Consuming countries the initiative could become a pilot on how to achieve better prices and complements existing mechanisms for legality such as EU-FLEGT.

Enhancing Cooperation between ITTO and CITES: On Tuesday, Milena Sosa-Schmidt, Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Secretariat, reported on joint activities in the framework of its EU-supported project on supporting the sustainable management of endangered tree species and conservation of the African environment. She explained that one component of the project was subsequently recast as the CITES Tree Species Programme (CTSP), enabling CITES to benefit from ITTO's expertise with respect to international trade in tropical tree species. She highlighted a recently concluded Memorandum of Understanding aimed at building on this work, under which ITTO will, *inter alia*, support the assessment of project proposals, participate in the CTSP Advisory Committee, carry out a study on regional trade patterns and routes of CITES tree species in Asia, and facilitate links between the CTSP team and EU-FLEGT facilitators in countries that have signed a Voluntary Partnership Agreement (VPA). Sosa-Schmidt also highlighted a new Project Cooperation Agreement that will extend ITTO's current focus on CTSP projects in Asia to the Latin American and African regions.

Responding to the presentation, delegates from Malaysia, Thailand, and Cambodia highlighted newly approved CITES projects to be implemented with ITTO technical support. The US expressed its continued support for the Collaborative Programme, noting that ITTO's participation helps ensure that implementation is technically sound and has broader support. The EU highlighted their EUR 7 million contribution to the CTSP and stressed their regard for ITTO as a key partner.

Revision of the ITTO Restoration Guidelines: On Tuesday, the ITTO Secretariat presented an update on the 2002 ITTO Guidelines, noting they were formulated in collaboration with members of the Collaborative Partnership on Forests. He said the forest landscape reforestation (FLR) Expert Group Meeting will be held on 14-18 November 2018 in Bangkok, Thailand, to review lessons of selected FLR projects and scope of new FLR guidelines.

Jurgen Blaser, consultant, presented on the analysis of ongoing FLR programmes and revision of ITTO restoration guidelines. He described that the ITTO's Guidelines 2002 were developed to build a knowledge base for forest restoration of degraded forests and secondary forest management and a basis for best management practices. He outlined potential revisions for the new ITTO/Collaborative Partnership on Forests (CPF) Guidelines 2019, including the need for: a simpler structure; merging overlapping principles; and making it more applicable to stakeholders. Blaser then requested delegates to consider: the potential focus on tropical forest landscapes; definition of FLR; mainstreaming FLR in national development plans; and cost-effective monitoring schemes.

Colombia stressed the country's target to restore one million hectares by 2020 and called for more support on the relevant ITTO projects to achieve it. Guatemala said the country still needs technical assistance on generating national instruments, criteria, and guidelines for FLR.

The EU, echoed by Cambodia, proposed the new Guidelines to take into account the role of private sector and green investment in FLR.

Communications and Outreach: On Thursday, the Secretariat reported on ITTO's communications and outreach related work, including:

- a revamped, user-friendly ITTO website;
- publication of the ITTO 2017 Annual Report and the ITTO newsletter;
- active utilization of social media; and
- information dissemination activities at forest-related international and regional conferences.

He highlighted the importance of implementing a communications strategy as a part of the ITTO Strategic Action Plan and BWP 2018-2019 to optimize the use of ITTO knowledge but, noting lack of funds, called on delegates for financial support.

Delegates, welcoming the new website, urged members to utilize and promote ITTO's outreach materials to relevant stakeholders, including the private sector.

ITTO Fellowship Programme: On Thursday, Kumiko Tanaka, ITTO Secretariat, outlined that since 1989 the Fellowship Programme (ITTC(LIV)/5) had awarded 1371 fellowships to young or mid-career people, from a diverse range of countries, enabling them to access world-class training. She reported 18 fellowships were awarded in 2017, noting that funding had increased after two years of decline. She stated that a 2016 impact assessment had found the great majority of respondents giving positive feedback.

Adi Estela Lazos Ruíz, an awardee from Mexico, outlined that her supported study in Rio de Janeiro had contributed to her ability to subsequently conduct a PhD at the University of Brasilia, generating a highly beneficial network of Mexico-Brazil academic exchanges.

Delegates viewed a film highlighting the work of a Colombian fellowship recipient, who is contributing to work in the

Colombian tropical dry forests quantifying the hydric status of plants and assessing strategies that around 300 drought-resistant tree species. Colombia noted the film showed how seriously Colombia takes the commitments it makes to the ITTO.

John Leigh, Chair of the Selection Panel, presented the Panel's report (ITTC(LIV)/6), noting the Panel had received 116 applications for 2018, of which 49 were pre-selected. He reported that the Panel recommended the Council award 22 fellowships, subject to the availability of funds, 36% of whom are women, with 46% from Africa, 18% from Asia and the Pacific, and 36% from Latin America and the Caribbean.

Panel on the Role of Women in Achieving ITTO's Objectives:

This panel, moderated by Sheam Satkuru, ITTO Secretariat, convened on Thursday. Satkuru invited panelists to reflect on their experiences as women leaders in the forest sector, focusing, *inter alia*, on whether their gender has served as an asset or constraint in their work, and what ITTO can do to enhance opportunities for women in areas such as small and medium forestry enterprises and community forestry as well as within the organization itself.

In a video message, Rosalie Matondo, Minister for the Forest Economy, Republic of Congo, stressed the important role of women in forest resources management, especially in wood energy production and its contribution to climate change mitigation. She highlighted her role as ambassador on validating the roadmap for more effective participatory forestry in Central Africa and ensuring its implementation. She then called for ITTO and its members to renew their commitment to strengthen cooperation on inclusive forest management.

Cecile Bibiane Ndjebet, Founder and President, African Women's Network for Community Management of Forests, lamented that despite their contribution to sustainable use of forest resources, women in the West and Central African region are primarily found at the "bottom of the pyramid" in the formal forestry sector. Noting that none of the 14 ITTO objectives set out in ITTA 2006 refers to women, she highlighted a number of recommendations to the Council, ITTO members, and the Secretariat, including on the need to:

- increase visibility and promote effective use of GEEW at different levels;
- systematically collect gender disaggregated data; and
- integrate GEEW in ITTO guidelines on SFM and forest landscape restoration.

She suggested a role for CSAG and TAG in producing annual scorecards to monitor progress, and called on the Secretariat to include GEEW capacity-building activities within the BWP.

Delphine Ahoussi, President, MALEBI Africa, thanked Japan and the US for supporting a women-led agroforestry project to restore a gazetted forest in Côte d'Ivoire, highlighting some achievements as:

- improved food security and food safety for neighboring communities;
- recognition by the government for the project's contribution to community development; and
- contribution to progressive reforestation.

Adi Estela Lazos Ruíz, "Women from Jamapa," Mexico, highlighted progress achieved by two ITTO-funded activities to restore coastal mangrove ecosystems in the Vera Cruz state of Mexico. She described how the project has contributed to increased income for families in deprived rural areas, and built women's confidence, organizational skills, and voice through the establishment of a network of "casa de la mujeres" (house of women) where rural women can socialize, exchange ideas,

receive training, and engage in new productive activities such as jewelry making.

Françoise van de Ven, Secretary-General, Union des Forestiers Industriels du Gabon et Armenagistes (UFIGA), said that during her career working in Belgium and Africa the timber industry has become much more prepared to accept women's contributions. She said that in Gabon women still tend to work mainly at the end of the production chain, ensuring product quality and in administration, and they excelled in these roles. She said the African forestry industry should get women involved in more varied capacities.

Jennifer Conje, US Forest Service (USFS), said the USFS is becoming increasingly gender diverse and noted it is currently headed by a woman. She highlighted a female "hotshot" crew who parachute into the middle of a forest fire to get it under control and explained that USFS has a programme that aims to address bullying and harassment to encourage all staff to be more accepting of diversity.

Progress Report on the Implementation of the ITTO

Thematic Programmes: On Thursday, the Secretariat reported that only five projects in this category are ongoing due to a lack of funding. He said that four of these have finalized their field work and are very close to being completed. He highlighted two projects that concluded in 2018: a capacity-building project in Sanggau, Indonesia, and a REDD+ demonstration projects programme in Liberia. He also indicated benefits from an ongoing project where all participating countries have agreed on metrics for monitoring deforestation, logging, and land use change in the Pan-Amazonian Forest, which has enabled forest cover maps to be produced.

Biennial Review and Assessment of the International

Timber Situation in 2017-2018: On Tuesday, Frances Maplesden, consultant, outlined preliminary findings from the 2017-2018 Biennial Review and Assessment of the World Timber Situation, noting the report was based on information provided to date by ITTO member countries through the Joint Forest Sector Questionnaire (JFSQ), and supplemented by other sources where necessary.

Discussing some data gaps, she said responses were received from 75% of consumer countries and 42% of producer countries, with only 10 countries providing full information on all JFSQ categories. Among key trends, she noted:

- an overall drop in tropical log exports in recent years;
- a shift to Africa as the key source region, with an attendant rise in trade between Africa and Asia; and
- a shift in import demand "from West to East," primarily to China and India, and more recently Vietnam.

She concluded by outlining emerging market issues, including:

- "contagion effects" of China's downturn on tropical wood;
- the impact of new preferential trade agreements on wood products;
- the decline in tropical hardwood availability and quality; and
- changing design trends and consumer preferences.

Improving ITTO's Financing Infrastructure and

Fundraising Strategies: ED Dieterle introduced this topic, noting ITTO funding for activities has declined since 2008 and some member countries have not recently benefitted from ITTO projects. He pointed to the need for new income sources at a larger scale. He recalled the Council had established the *Ad Hoc* Working Group on Financing Infrastructure and Fundraising Strategies (AHWG-FIFS) in 2017 to consider options and make proposals on financing infrastructure and fundraising strategies.

Alexander Knapp, CEO, AKCGlobal Group, explained that the nature of ODA has changed from being majority non-earmarked funds to being mainly competitive grants put to tender by bilateral or multilateral development agencies. He noted that over the next four years there are likely to be USD 50 to 70 million in competitive tendered grants, which may be a good match for the ITTO's skillset.

Jennifer Conje, Vice-Chair, AHWG-FIFS, reported on the group's meeting in Peru from 3-5 September 2018. She identified seven participants from: the CSAG, the EU, the US, Cameroon, Japan, Mexico, and Indonesia, but noted a lack of TAG representation. She noted short-, medium- and long-term recommendations, including, *inter alia*, developing and piloting an additional fundraising track focused on competitive tenders and contracts, reviewing its effectiveness after three years, developing "service lines" for marketing ITTO strengths and goals, and suspending the project cycle for 2019.

Rotation in the Framework of the Selection of the Executive Director: Discussion of this item opened in plenary on Monday. Chair Zhang invited representatives of Producer and Consumer groups to provide their perspectives. Peru, on behalf of Producers, recalled that Decision 10 (LIII) accepted the principle of rotation after three years of debate at Council meetings and their focus at this meeting would be to determine how to operationalize that principle, consistent with the ED being of the highest professional standard. New Zealand, on behalf of Consumers, urged a decision at this meeting, noting the critical importance of appointing the most qualified candidate for the position of ED.

On Tuesday, New Zealand clarified Consumers' understanding that all options in the *Ad Hoc* Working Group report to ITTC-53 (ITTC(LIII)/13) are still open for consideration, including Option 3, which proposed, *inter alia*, that selection is based on individual qualifications with no predetermined rotation. She reported emerging agreement on a four-year term with a possible two-year extension.

Peru cautioned that the Consumer preference for Option 3 contradicts Decision 10(LIII) specifying that the principle of rotation is accepted. He expressed Producers' preference for Option 1b, with rotation between Producers and Consumers and internal rotation among the Producer group on a geographical basis as established in the ITTA 2006.

On Wednesday, in a plenary session of the Council, Chair Zhang proposed establishing a contact group to prepare a draft decision, taking into account two principles: selecting the best talent to guide ITTO and rotation.

Producer countries, warning that failure to resolve this issue might create a governance crisis for ITTO, said they were inclined to accept the Chair's proposed approach. They noted, however, that this would mean taking the principle of rotation as an agreed starting point, recalling that Decision 10 (LIII) had accepted the principle of rotation.

Delegates agreed to establish a contact group to discuss broadly what should be reflected in a Council decision with a view to bringing back a proposed way forward.

Resuming discussions in Council on Wednesday, Chair Zhang invited the contact group Co-Chairs to report on their progress.

New Zealand, on behalf of Consumers, noted that a preliminary draft that summarizes key elements of the group's position was in progress, including: the need to select the best suitable ED; acknowledging the principle of rotation; and an option for four year-term with possible two-year extension.

Peru, on behalf of Producers, highlighting the positive signal of the discussion moving forward, reiterated that Option 3 does not include rotation options. He emphasized their support for the previous ITTC decisions on the principles of the qualifications and rotations, which the Council has already agreed to, and that they should therefore not be reopened at this Council session.

China encouraged delegates to make efforts to reach an agreement, noting that "the worst scenario is having no result." Japan supported China, but cautioned that the Council should not make a "disastrous decision" on the ITTO's future.

During the closing plenary on Thursday the Producer spokesperson, supported by Cameroon and Ghana, complained that they did not recognize the draft decision as what they had agreed in the contact group and suggested adding that the next ED should be from a Producer country.

After a break for caucus consultations, Producers presented an alternative version of the decision adding this desired amendment and deleting two paragraphs: the first listing efficiency, competence, and integrity as the paramount consideration in the selection of the ED; and the second noting that this decision is without prejudice to future Council decisions or renegotiation of the ITTA, 2006. Consumers decried what they considered to be a violation of procedure but eventually accepted the proposal that the next ED should come from a Producer country and agreed to delete the paragraph on prejudice.

Credentials: On Thursday, Chair Christine Dawson (US) reported that the Credentials Committee accepted the credentials of 33 countries and the EU as attendees of ITTC-54 and ascertained voting rights. She said the Report of the Credentials Committee would be made available to everyone. The report was adopted.

Joint Committee Session

The Joint Session of the Committees met throughout the week to consider issues concerning operational, project and policy work.

Report of the Expert Panel for Technical Appraisal of Project Proposals: On Tuesday, Jobst-Michael Schroeder, Chair of the Expert Panel, introduced the agenda (ITTC-JC(LII)/1) and reported on the Panel's 2018 meeting (ITTC/EP-53). He explained that 39 proposals for projects and pre-projects were assessed, of which 16 were recommended for immediate approval by the Council. He further reported that the Panel recommended, *inter alia*, that proponents:

- seek guidance from the countries' focal points;
- get in-depth analysis by all parties to the project; and
- make use of a searchable data tool, "Project Search."

He also reported that the Panel had recommended that the ITTO should:

- reinforce the role and involvement of the focal points;
- seek to shorten the timeframe from proposal submission to project implementation;
- review the Guidelines for Environmental and Social Risks and Impact Assessment (ESIA); and
- consider developing a document on "Frequently Made Mistakes" as support to potential proponents.

Annual Market Discussion (AMD) 2018: Organized by the TAG, and chaired by Andre de Boer, Chair, Joint Committees, the AMD convened on Tuesday on the theme, "Sharing Experiences on Promoting Investment in Tropical Timber Industries."

Benoît Jobbé-Duval, Association Technique Internationale des Bois Tropicaux (ATIBT) outlined ATIBT's recent activities,

highlighting the launch of its “Fair and Precious” collective trademark, which certifies sustainable wood against ten SDG-aligned commitments.

Françoise van de Ven, UFIGA, set out the Gabon forestry industry’s initiatives, in light of other countries’ experience with FLEGT, to strengthen the regulatory framework for forest activities and environmental impacts.

Qian Meng, Chinese Academy of Forestry, gave a presentation detailing the Chinese private sector’s GGSC initiative. She noted the strong desire of the 12 major Chinese companies involved to secure reliable supplies of sustainably produced timber.

Eric de Munck, Netherlands Timber Trade Association and Timber Information Center, discussed the development of an action plan to strengthen tropical timber civil works since 2008. He highlighted the focus on, *inter alia*, innovative private sector promotion initiatives that include factsheets explaining environmental scores on Life Cycle Assessment and CO2 emissions; and how green supply chain creation supports a circular economy.

Cindy Squires, Executive Director, International Wood Products Association, emphasized the need for wood promotion campaigns to address: confidence issues such as legality and being fit for purpose; SFM; innovation; and capacity building for all players in the supply chain. Describing the CITES paper-based system as “broken,” she urged a move to electronic listings and suggested that new frontiers, including blockchain technology, could help enhance traceability.

Ngo Sy Hoai, Vice Secretary General, Vietnam Timber and Forest Products Association, spoke on promoting partnerships between the private sector and small households for sustainable production and marketing of planted wood in Vietnam. He reported on the status of the wood industry, products, and trade in Vietnam and the main challenges and issues facing them.

Gleisson Omar Tagliari, Director, Mato Grosso State Timber Production and Exportation Industries Center (CIPEM), Brazil, spoke on responsible production by forest guardians. He listed competitive advantages of Brazilian tropical timber, including a diversity of species with multiple uses and good forest product quality, but also noted challenges faced.

In the ensuing discussion, delegates agreed that certification schemes should be tailored to country and regional conditions. Jobbé-Duval called for expanded thinking on certification’s benefits in order to increase support for it.

Germany asked how to counter false declarations of legality. Squires responded that people want to be legal but do not always know how and that buyers frequently have no control. Hoai said that attempts to use up waste products means that pieces from many species may sometimes be found in one wood pallet.

In response to Australia, de Munck noted that government policies disadvantaging wood need to change when wood is a more environmentally sustainable product than other materials.

The US queried where ITTO can add value and called for private sector ideas on this. De Boer responded that TAG could make recommendations.

In response to New Zealand, Squires noted that blockchain technology to eliminate fraud in tracking and trading, cannot solve all problems since it is difficult to use when a product contains multiple species.

The Republic of Congo noted that some concessions have lost their certification because of what is done outside the concession. Van de Ven also noted that where numerous producers are part of a group certification, the loss of certification by one affects all.

Barney Chan, TAG Co-Chair, then presented the Trade Statement, noting that certification does not always mean legal verifiability and sometimes proof of due diligence can be up to 100 pages long.

Committee on Economic Information and Market Intelligence and Committee on Forest Industry

The jointly-held 52nd sessions of the CEM and CFI, co-chaired by Björn Merckell (Sweden) and Anna Tyler (New Zealand), met from Monday to Thursday.

Organizational Matters: On Monday, the Committees adopted the agenda (CEM-CFI(LII)/1) and organization of work. On admission of observers, members agreed to adopt the decisions approved by the Council without comment.

New Projects and Pre-Projects: Co-Chair Tyler opened discussion on this item on Monday. The Secretariat introduced three new projects approved under the time-bound electronic no objection procedure to accept Expert Panel ratings, in line with recommendations of the Expert Panel (ITTC/EP-53). The Committees approved the three projects:

- promoting plantation of locally endangered tree species in Indonesia;
- building partnerships among actors involved in the acacia and eucalyptus value chain in Vietnam; and
- sustainable utilization of non-timber forest products by local communities in Nusa Tenggara, Indonesia.

Review of Projects and Pre-Projects in Progress: On Monday, the Secretariat introduced a status report on projects, pre-projects, and activities approved for financing and implementation (CEM-CFI(LII)/2). He reported that nine projects remain pending due to lack of financing, with seven approaching the “sunset” clause limit in early 2019 and two others in 2022. He further noted the possibility of extending sunset clause projects for 2019 if the project cycle is suspended.

Report on Completed Projects and Pre-Projects: On Monday, following a status update from the Secretariat (CEM-CFI(LII)/3) and presentations by the country implementing partners, the Committees approved two completed projects on:

- development of a business management services programme for micro, small and medium enterprises in Guatemala; and
- the “1000 Bamboo Village” project on sustainable utilization of bamboo resources in Indonesia.

Selection of Projects for Ex-Post Evaluations: On Monday, the Secretariat announced that no projects under CEM or CFI had been selected at ITTC-53 for *ex-post* evaluation due to lack of funds. He pointed out that if the Committees wanted them, project donors would have to fund the evaluation, which normally requires USD 15,000-25,000 for a single project.

Policy Work: The Committees addressed policy work on Monday.

Market Access: The Secretariat summarized recent developments, including: enforcement efforts against countries in non-compliance with the EU Timber Regulations; the US Lacey Act, which bans trafficking in illegal wildlife, including plants and plant products; the 2017 entry into force of Japan’s Clean Wood Act, which addresses the illegal timber market; and the reform of Australia’s 2013 Illegal Logging Prohibition Act.

The US suggested inclusion of other countries’ legislative development processes. Japan described its Forest Agency’s support to the ITTO Secretariat to collect information on forestry legality in Brazil, Ecuador, Lao People’s Democratic Republic, the Philippines, and Thailand. The Committees agreed that Japan

and the ITTO Secretariat will present this work and its progress at the 2019 CEM-CFI committee sessions.

Forest and Timber Certification: The Secretariat reported on progress in forest certifications in 2017, noting a 7.9% increase from 2016. He said that two international certification schemes continue to be of main relevance to ITTO members: the Forest Stewardship Council (FSC), including its Chain of Custody Certificate; and the Programme for the Endorsement of Forest Certification. The Republic of Congo highlighted Central Africa's leading efforts on SFM and its fight against illegal logging. The Committees approved the Secretariat's proposal to include a German-supported project on conservation and sustainable management of teak forests and legal and sustainable supply chains in the Mekong region in the 2019 Policy Work agenda.

Selected Data and Analysis from Elements for the ITTO Biennial Review and Assessment of the World Timber Situation: Highlighting preliminary findings on secondary processed wood products, Frances Maplesden, consultant, noted that import demand has followed trends in housing starts, so the US recovery has helped the market while in the EU the trade has been relatively subdued. She cautioned that tropical and non-tropical wood products are not distinguished in trade statistics, secondary products may be exported from countries that import primary products, and figures for secondary wood products consumption in tropical countries are not reliable, so drawing accurate conclusions can be difficult.

Independent Market Monitoring Progress Report: Sarah Storck and Rupert Oliver, consultants, provided an update on the use of funds in this project, for which the ITTO is the implementing agency. Storck reported that the project was undertaken in 2014, in conjunction with the European Commission, suspended as a result of the financial impairment and restarted in 2017, and should run through 2021. Oliver noted there has been a long-term trend of slow growth in Indonesian exports of wood, apart from paper, as well as products to the EU, with recent influencing factors, including: currency movements; a robust EU market; Brexit uncertainty; and commencement of FLEGT in November 2016. He stressed that FLEGT has strong potential to underpin long-term market development as its robust sustainability provisions become better known. The consultants outlined recommendations calling for: a targeted promotion programme for licensed wood products, involving the private sector; consistent EU enforcement of FLEGT to assure market advantage for licensed timber; a wider geographic spread of participants; and more supportive member state public procurement and fee regulations.

In the ensuing discussion, Indonesia noted the market for licensed wood is increasing, albeit at 1% per annum, but expressed concern about fallout from US-China trade tensions, which would have complex impacts on both US-EU and China-EU trade. Germany called on more market participants to get involved in FLEGT licensed timber arrangements, saying that Germany is continuing to detect a number of false declarations. He further noted that getting Vietnam involved was challenging but important.

In response to a question from the Chair regarding VPAs in place in Africa, the Secretariat indicated several African countries are waiting to see if FLEGT provides a marketing advantage. He said 15 countries have negotiated VPAs with the EU and they are looking to move beyond FLEGT's teething problems and differentiate their wood from other suppliers.

Elections of Chair and Vice-Chair for 2019: Following consultations by the Producer and Consumer caucuses, the Committees confirmed the election of Bruno Mfou'ou Mfou'ou (Cameroon) as Chair of CEM for 2019 and Mohd Kheiruddin Mohd Rani (Malaysia) as Chair of CFI. Catherine Karr-Colque (US) was elected Vice-Chair of the CEM-CFI for 2019.

Dates and Venues of the 53rd and 54th Sessions: On Monday, delegates agreed that 53rd and 54th sessions of the Committees will be held in conjunction with ITTC-55 and ITTC-56, respectively.

Recommendations to the Council: The Committees agreed to make a recommendation to the Council on the urgent need to provide money to unfunded projects, with Germany calling for ensuring that market discussions get increased time in Council meetings.

Report of the Session: On Thursday, the Committees accepted the draft report (CEM-CFI(LII)/4) for submission to the Council, taking note of Japan's request for Appendix C on market access to be amended to reflect the obligations for all businesses to check the legality of traded timber under its Japan Clean Wood Act.

Committee on Reforestation and Forest Management

The 52nd session of the CRF, chaired by Dambis Kaip (Papua New Guinea) and Jobst-Michael Schröder (Germany) as Vice-Chair, convened Tuesday through Thursday.

Organizational Matters: On Tuesday, the Committee adopted the agenda (CRF(LII)/1).

On admission of observers, Chair Kaip explained that the Council's endorsement of the admission of observers (ITTC(LIV)/Info.3 Rev.1) also applies to the CRF.

New Projects and Pre-Projects: Chair Kaip outlined, and the Committee took note of, new projects and pre-projects approved as listed in the report by the Expert Panel for Technical Appraisal (ITTC/EP-53), namely:

- a master plan for the repositioning of forest management as a competitive land use in Costa Rica;
- an innovative tenure conflict resolution model in implementing SFM in Indonesia;
- increasing commercial reforestation competitiveness in Costa Rica;
- improving local governance for landscape restoration in Peru;
- integrated management of natural resources and biodiversity in the Tacaná Volcano in Mexico and Guatemala, Phase II;
- gender mainstreaming on actions to control deforestation and forest degradation in the Congo Basin;
- piloting sustainable management systems for secondary natural forests in the Bajo Calima community of Colombia;
- development of improved plant material for teak reforestation in Togo;
- enhancement of the participatory bushfire prevention and management system in Togo;
- bamboo as an alternative for the rehabilitation of degraded forest lands in the San Martin Region of Peru;
- promotion and sustainable management of community forests in Togo;
- formulation of a project proposal on strengthening forest research in Guatemala;
- developing a decision support system for private forest governance in Java, Indonesia;
- exemplary indigenous species reforestation with legally registered land ownership in Ghana;
- fighting ecosystem deforestation in Mexico's Caribbean Coast;

- reduction of the vulnerability of mangrove ecosystems to combat climate change in Cameroon; and
- typical cases on the conversion of planted tropical forest to natural tropical forest in China.

Review of Projects and Pre-Projects in Progress: On Wednesday, the Secretariat reported that: 23 projects are currently under implementation; an additional one on enabling customary landowners to participate in community forest management schemes in Papua New Guinea is awaiting the signing of an agreement to initiate activities; and 21 approved projects are still awaiting full financing. He highlighted a proposal to terminate a project on building the capacities of forestry training members of the network of Central African Forestry and Environmental Training Institutions due to continued lack of funding. Japan, the largest donor of this project, stressed the need to be accountable to Japanese citizens, and asked for completion of the project and submission of its final financial audit report.

Report on Completed Projects and Pre-Projects: Opening discussion of this topic on Wednesday, Chair Kaip invited the Secretariat to highlight achievements of eight completed projects;

- rehabilitation and restoration of degraded forests in post-conflict Côte d'Ivoire;
- capacity building for Clean Development Mechanism forestry in the framework of SFM in Ghana;
- community forest management as a sustainable alternative for the Maués State Forest in Amazonas, Brazil;
- sustainable indigenous mahogany timber production in Ghana, Phase II;
- management of forests established through community rehabilitation of degraded forests in Ghana, Phase II;
- promoting biodiversity conservation in the transboundary ecosystem between Indonesia and Sarawak State in Malaysia, Phase III, Indonesia;
- development of guidelines for buffer zone management by local communities, Malaysia; and
- rehabilitation of degraded forest land by local women's groups in Côte d'Ivoire.

Closing the discussion, Chair Kaip announced that no pre-projects have been declared completed.

Selection of Projects for Ex-Post Evaluations: The Secretariat reported that 13 projects were selected for *ex-post* evaluation by the Committee at ITTC-49 and ITTC-50, and that four selected thematic group evaluations were not conducted due to funding constraints resulting from the ITTO financial impairment. He said that the list of *ex-post* evaluations 2015-2016 was extended to 2018-2019 at ITTC-51, with a focus on forest rehabilitation, landscape restoration, and secondary forest management, and noted that this thematic group assessment with some other completed projects in restoration will be conducted in 2019 in cooperation with the International Union of Forest Research Organizations (IUFRO) and other relevant organizations subject to the availability of funds. In this regard, the Secretariat highlighted potential cooperation with the Secretariat of the Convention on Biological Diversity (CBD) on the ITTO initiative of tropical forest and biodiversity. This agenda item was closed without comments.

Policy Work: Chair Kaip opened discussion of this item on Tuesday, with subsequent presentations of key policy topics suggested by the ITTO Secretariat. Committee sessions on Tuesday and Wednesday also highlighted progress on ongoing projects relating to some of these topics, as well as relevant activity areas of the BWP 2018-2019.

Update of the ITTO Guidelines for Forest Landscape Restoration: Introducing this topic on Tuesday, the Secretariat stressed the need to consider socio-economic aspects for the new FLR Guidelines' development. Jürgen Blaser, consultant, provided an overview of the report (CRF LII/4) and invited delegates' comments on the overall framework of the new FLR Guidelines.

Benin and Mexico stressed the need to identify various forms of reforestation, including forest fire management. Japan suggested further discussing the specific target audience and a focus on tropical forest management as core ITTO business. Cambodia, supported by Thailand, emphasized that the new Guidelines should focus on productivity of forest landscapes and private sector engagement in forest plantations.

Germany, echoed by Thailand, underlined the importance of avoiding production of a single and lengthy set of FLR guidelines, given countries' differing circumstances.

Mexico and Guatemala, underscored the need for the Guidelines to be understandable to local people, noting the importance of ecosystem services and social aspects of forest landscapes. Togo said ITTC-55 will have a presentation on conservation of harvested forests related to this topic. Finland stressed the role of gender and women's empowerment. The Secretariat and Blaser took note of these suggestions.

Prevention and Management of Fire in Tropical Timber-producing Forests: The Secretariat provided an update of activities in this area, noting that the objective is to enhance synergies between ITTO forest fire projects and international mechanisms. He highlighted preparations for the international wildland fire conference in Brazil next year, on the theme "Facing fire in a changing world."

Noting the importance of this issue, Benin lamented that a fire management project was closed due to lack of ITTO funding and called for its revitalization to prevent further erosion of long-term SFM achievements in the country.

Developments in the United Nations Framework Convention on Climate Change (UNFCCC) regarding Forests and their Potential Implications for Tropical Forests and the World Tropical Timber Economy: On Tuesday, Makino Yamanoshita, Institute for Global Environmental Strategies, described the status of forest issues in the international climate change discussions. She stressed that the recent Intergovernmental Panel on Climate Change (IPCC) Special Report "Global Warming of 1.5°C" signals the need to: halt deforestation; enhance afforestation and reforestation at massive scale; ensure effective governance of carbon removals; and scale up and speed up REDD+ implementation.

In the ensuing discussion, Cambodia cautioned that the current focus on halting deforestation within climate and REDD+ processes risks contributing to increased degradation, as insufficient attention is paid to livelihoods of local communities dependent on forest resources. Supported by Thailand, he called for a shift of terminology to recognize sustainable use and the role of planted forests in SFM, citing the regeneration of bird nest habitats by local populations in parts of Asia as a best practice example.

Emphasizing the need for additional resources, Benin stated that ITTO's role should be to help governments to access funding for SFM.

Restoration, Conservation and Sustainable Use of Mangrove Ecosystems: Discussion of this topic took place on Wednesday. The Secretariat reported that this activity is a follow-up to the

recommendations of the International Conference on Sustainable Mangrove Ecosystems held in April 2017 in Bali, Indonesia, which was co-organized by ITTO, the Government of Indonesia and the International Society of Mangrove Ecosystems, with support from many partners. He highlighted additional synergies achieved through the introduction of the conference outcomes at the UNFCCC Conference of the Parties (COP) 23 side event, “Mangroves in the Tropics: Realizing the Potential for Climate Change Mitigation and Adaptation.”

Progress in the Application of Criteria and Indicators for Sustainable Forest Management: On Tuesday, Chair Kaip invited the Secretariat to introduce background reports for a draft decision on this topic. Outlining the process so far, the Secretariat noted the current version of the guidance document seeks to integrate the original ESIA Guidelines, approved by CRF-50 in 2016, with the GEEW Guidelines adopted by the Council in 2017.

On Wednesday, Vice-Chair Schröder provided a status update, noting a lack of quorum for the proposed informal working group resulted in no decision forwarded to the Council and proposed taking up this issue at the next session.

The US asked for clarification on whether implementation of the existing guidelines would be continued in the interim. The Secretariat clarified that piloting of the ESIA Guidelines was underway, with a view to further improvements based on the lessons learned.

Asking who will pay for these guidelines, Cambodia noted the huge cost of fully implementing the proposed guidelines, including necessary public consultations and pre-feasibility studies. In view of funding uncertainties for proposed projects, he recommended basing projects on relevant impact assessments to avoid redundancy. In response, the Secretariat clarified that the proposed guidelines are voluntary, but encouraged countries to explore their use, highlighting that ITTO also offers some support for pre-project development.

On the review process, the US noted that this issue deserves more engagement and called for input from Producers and the Expert Panel to help advance the decision text during the intersessional period.

Collaboration on Criteria and Indicators for SFM: The Secretariat reported that planned activities for 2018, including organization of national workshops and collaboration with the African Timber Organization on Principles, Criteria and Indicators for the sustainable management of African natural forests, were not undertaken by the ITTO Secretariat due to lack of funding. He called for prioritization of the third regional workshop, due to take place in Latin America in 2019, to advance this body of work. In response to a question from Cambodia on the definition of forests in the ITTO publication, “Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests,” he noted that planted and community-managed forests are included in a complementary ITTO publication addressing the establishment and sustainable management of planted tropical forests.

Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity: On Wednesday, the Secretariat reported that 12 projects under the joint initiative were operational in 2018, with a total budget of more than USD 15 million mobilized from diverse donors. Among achievements, he highlighted the production of several toolkits and guidelines on sustainable use of forest resources. He drew attention to a draft decision on the synergies achieved under the project, to be discussed at CBD COP 14 in November 2018, in view of its contribution to forest-related Aichi Biodiversity Targets, among other global targets.

Elections of Chair and Vice-Chair for 2019: On Wednesday, the Committee approved Jobst-Michael Schröder (Germany) as Chair of the CRF for 2019. On Thursday, the Committee elected Bruno Enrique Arias Rivas (Guatemala) as the Vice-Chair for 2019.

Dates and venues of the 53rd and 54th Sessions: On Wednesday, delegates agreed that the 53rd and 54th sessions of the Committees will be held in conjunction with ITTC-54 and ITTC-55, respectively.

Other Business: Benin, noting his country’s financial crisis, requested support for revitalization of “sunset” projects on forest fire management and conservation of forest seeds to be revitalized. The Secretariat, acknowledging the importance of extending the ITTO support to these projects and calling for donor contributions, encouraged Benin to partner with other like-minded countries to develop project proposals.

Recommendations to the Council: On Wednesday, the Committee agreed to report the CRF’s recommendations on: policy work; the refinement of the 2016 ESIA Guidelines; and the need for financing to be made available as soon as possible for the projects and pre-projects.

Report of the Session: During its final session on Thursday, the Committee accepted the draft report (CRF(LII)/5) for submission to the Council, taking note of a suggestion by the US for delegates to review the Expert Panel’s comments on the 2016 ESIA Guidelines and Togo’s proposal for including amendments of the project formulation manual.

Committee on Finance and Administration

The CFA, chaired by Luke Thompson (US), met from Monday to Thursday. On Monday, the Committee commenced consideration of its agenda.

Organizational Matters: On Monday afternoon, the Committee adopted the agenda (CFAXXXIII/1) and informed the Committee that the following items would be discussed under the agenda item on “Other Business”: recommendations made the AHWG-FIFS and legal measures regarding the financial impairment.

Approved Biennial Administrative Budget for the Years 2018 and 2019: The Secretariat presented the Administrative Budget for the Biennium 2018 and 2019 (CFA(XXXII)/2 Rev.1) noting that there are no revisions to the budget agreed in 2017 (Decision 3(LIII)).

Review of Contributions to the Administrative Budgets: The Secretariat presented the review of members’ contributions to the administrative budgets (CFA (XXXIII)/3 Rev.1), noting that payments received to date from Producer members totaled USD 1.409 million, with a balance of USD 1.903 million yet to be paid for 2018 and that Consumer members had contributed USD 3.732 million with a balance of USD 79,000 still to be paid.

Current Status of the Administrative Account: The Secretariat presented the administrative account (CFAXXXIII/4 Rev.1), noting an expected deficit of USD 824,000 for the year, which would be deducted from the Working Capital Reserve. The US, supported by Brazil, expressed concern that the ITTO’s Administrative Budget had moved from surplus into deficit in 2018 and called for further economizing to streamline operations.

Resources of the Special Account and the Bali Partnership Fund (BPF): The Secretariat reported that the balance of funds in the Special Account and BPF (CFA(XXXIII)/5 Rev.1) totaled USD 5,701,185.85, of which USD 4,371,435.67 was already committed to projects or activities.

Chair Thompson reported USD 134,164 in Sub-Account B as of 4 November 2018. He announced two funding allocations, USD 16,510 to the Fellowship Programme, to fully fund the fellowship candidates, and USD 20,480 for increasing efficiency of acacia plantation and timber processing in Vietnam, to fully fund the project's operations. He said approximately USD 94,000 remain for future use.

Special Account: The US pledged a contribution of USD 500,000 to support:

- private sector participation in the Annual Market Discussion;
- activities to monitor tropical timber supply chains;
- cooperation for ITTO expertise to help CITES support SFM;
- continued civil society and private sector engagement in CSAG and TAG, respectively;
- capacity-building workshops for field-oriented activities under the BWP;
- local communities of the Mono Plain in Togo;
- increasing efficiency of acacia plantation and timber processing in Vietnam; and
- commercial forest competitiveness in Costa Rica.

She expressed appreciation for other donors' return to the ITTO.

Japan announced that it is in the process of resuming voluntary contributions, with the Foreign Ministry and Forest Agency submitting a proposal to the Finance Ministry. He said that completing the draft decision on rotation in ED selection would help that process.

The EU announced current consideration of additional funds of about USD 300,000 to support development of a new ITTO Strategic Action Plan and ITTO cooperation with the CPF, United Nations Forum on Forests (UNFF), and other entities. She said a final decision is expected by the end of 2018.

The Republic of Korea pledged USD 100,000 for enhancing capacity of local communities and forest administration to implement community forestry in Cambodia, USD 100,000 for enhancing the implementation of landscape management in Sumatra, Indonesia, and USD 150,000 to support revision of the ITTO Guidelines for Forest Landscape Restoration.

China reported a pledge of USD 100,000, which had already been received in ITTO's account, and said that it would inform Council when a decision is made about its use.

Germany pledged USD 1.2 million to the teak project.

Auditor's Report for the Financial Year 2017: The Secretariat presented the Independent Auditors' Report (CFA(XXXIII)/6) and Management Letter (CFA(XXXIII)/CRP-1). He said the International Public Sector Accounting Standards had been adopted for the audit and that figures for financial performance changed significantly between 2016 and 2017 with a write-off of obligations under Decision 6/LII.

Amendment to the Provision on the Retirement Age in the ITTO Staff Regulations and Rules: The Secretariat announced a proposed increase in the ITTO's mandatory age of separation from 62 to 65 to match a 2018 increase in the UN's retirement age. Chair Thompson stated that language would be drafted for the CFA's consideration.

In the CFA session on Tuesday, delegates referred a draft decision on amending ITTO staff regulations and rules to the Chair's open-ended drafting group.

Anti-money laundering and counter terrorism financing policy: Chair Thompson stated that a decision on a new ITTO anti-money laundering and counter-terrorism financing policy (AML/CFT) (CFA(XXX)/9) was deferred from CFA-30 in

2015 due to the financial impairment. He suggested that the CFA recommend that Council adopt this policy in support of its application for Green Climate Fund (GCF) accreditation.

Election of Chair and Vice-Chair for 2019: The Committee elected Jorge Mario Rodríguez Zúñiga (Costa Rica) as Chair for 2019. The Vice-Chair for 2019 will be announced by the Consumer caucus at a later date.

Dates and Venues of the 34th and 35th Sessions: On Thursday, delegates agreed that 34th and 35th sessions of the Committees will be held in conjunction with ITTC-55 and ITTC-56, respectively.

Other Business: Discussions under this item opened on Monday and continued through the week.

Legal Measures Regarding the Financial Impairment: On the draft decision, which responded to Japan's request to reconfirm further measures and mandating legal actions regarding the financial impairment, the Secretariat clarified that an additional USD 50,000 for this activity would come from the Working Capital Reserve.

AHWG-FIFS Recommendations: On Monday, the EU asked for more information on the AHWG-FIFS's concept of competitive tendering by the ITTO, noting that any review mechanisms should be widely inclusive. She supported AHWG-FIFS recommendations on, *inter alia*, suspending the project cycle for 2019, ITTO becoming an implementing agency for the Global Environment Facility (GEF) and GCF, and approaching non-traditional donors.

The Secretariat said ITTO must partner with larger organizations to benefit from GCF funding and that several other non-traditional sources will be investigated in 2019, including several large Middle Eastern wood-consuming countries, philanthropic organizations, and the Global Forest Financing Facilitation Network. In response to Peru, she stated that GCF's recently expanded agenda includes carbon sequestration and storage and reduction of carbon emissions, matching ITTO's current sustainable production and consumption efforts and, with adoption of the AML/CFT, ITTO will have complied with all GCF procedures.

In response to a question from Switzerland on whether ITTO should bid for bilateral projects, Chair Thompson noted that countries need ITTO's technical assistance so they can derive economic benefits and fulfill environmental objectives at the same time.

The US, supported by EU and Australia, noted there are several clearly beneficial AHWG-FIFS recommendations that should be acted on immediately, including on identifying strategic partnerships, continuing with GEF and GCF accreditation procedures, and identifying non-traditional donors.

The US, supported by Mexico, rejected calls for significantly more detail to be provided before exploration of this pilot funding pathway. Peru noted that many questions are emerging on the proposal and called for AHWG-FIFS to consider this further.

Togo, supported by Mexico, proposed limiting the number of projects the Expert Panel can approve and putting a tax on wood and wood products transactions as ways of improving the ITTO's funding situation.

The Secretariat noted that projects already undergo a rigorous selection process by the Expert Panel and that it would be legally problematic for the ITTO to require that taxes collected by individual countries be directed to the ITTO.

On Thursday, delegates discussed at length a third draft decision on a pilot for a competitive tender/contracting

fundraising approach. Substantial issues that emerged during drafting discussions included the following:

- The question of whether the Secretariat should pursue proactive development of contracts and participate in tenders for contracts. After the Secretariat's explanation that all funding is actually provided through contracts, delegates accepted reference to contracts but toned down a reference to participating in tenders.
- The question of whether the proposal for ITTO's pursuing tendering activities with a specialist consultant would mean significant Secretariat staff time being taken up. Delegates ultimately accepted Secretariat advice that the consultancy envisaged building internal capacity related to fundraising efforts as necessary.
- Adding new text that the Secretariat should report annually the income, direct expenses, and allocated indirect expenses associated with carrying out the pilot, for determining the success of the pilot programme.
- Whether there should be references to broader existing funding sources, such as arrears of member contributions and voluntary contributions for projects.
- Whether the AHWG-FIFS should be continued or a new advisory group set up. The Committee ultimately agreed to extend the mandate of the AHWG-FIFS as currently structured.

On Wednesday, delegates discussed review provisions for the measures proposed in the draft decision. They agreed that review provisions should cover all elements of the decision, not simply participation in international development project tenders. Peru called for, and delegates agreed, to annual review of implementation progress, although the Secretariat noted that it would take two complete financial years before returns on initial effort would be evident.

Providing an overview of funding for these activities, the Secretariat explained that of the USD 300,000 originally intended to cover the work of the AHWG-FIFS, USD 183,000 remains. She said costs include extending the group's mandate, running the project cycle in 2019 if not suspended, and consultant assistance as needed. Delegates agreed on a new paragraph requesting the ED to develop a yearly estimated budget on any additional funding requirements, if needed, to be reviewed at every Council session. They also agreed to augment current funding with USD 50,000 from the Working Capital Reserve.

Rotation of ED Selection: On Thursday, the Committee considered the financial implications of a draft decision going to Council on selection of the candidates for the position of the ED. The Secretariat confirmed that an allocation of USD 50,000 has been made through the Working Capital Reserve to meet the expenses of an *ad hoc* working group as proposed in the draft decision.

Recommendations to the Council: The Committee agreed to recommend that the Council:

- approve the Financial Reports for 2017 (CFA(CCCIII)/6);
- appoint Ernst & Young Japan as auditors for the financial year 2018;
- endorse the list of sole providers as contained in Annex 1 of CFA(XXXIII)/4 Rev.1; and
- take actions to secure resources to achieve ITTO's objectives.

Report of the Session: On Thursday, the Committee accepted the draft report (CFA(XXXIII)/7) for submission to the Council, taking note of Japan's request, supported by the US, to add a recommendation on amending audit rules to allow for longer contracts to match accepted best practice in the private sector. The

Committee also, at Japan's request, added references to discussion of the impact of the strong yen on the apparent size of ITTO's operating deficit.

Closing Plenary

The closing plenary convened on Thursday afternoon.

Reports of the Associated Sessions of the Committees:

CEM-CFI: Presenting the CEM report (CEM-CFI(LII)/4), Chair Merckell reported that the two committees had reviewed five ongoing projects and five projects pending financing and held substantive discussions on four policy areas. He further reported a lively discussion on tropical timber promotion, and recommendations to release funding for pending projects and allow sufficient time for substantive discussions at future sessions of the Council.

On CFI discussions (CEM-CFI(LII)/4), Co-Chair Tyler noted the successfully completed bamboo project in Indonesia, which has created a platform to strengthen collaboration and scale up results. She highlighted the addition of a new project to enhance conservation and sustainable management of teak forests in the Greater Mekong sub-region, with funding from Germany.

CRF: Chair Kaip presented the Committee's report (CRF(LII)/5), highlighting the Committee's progress and achievements. He noted the Committee reviewed 15 items, including eight completed projects and policy work on the refinement of the 2012 FLR Guidelines and the 2016 ESIA Guidelines.

CFA: Presenting the Committee's report (CFA(XXXIII)/7), Chair Thompson said that overall there are positive signals that the ITTO's financial performance is getting back on track. He noted that the financial and audit reports were assessed as meeting international standards and highlighted that, in addition to its regular work, the Committee translated into action the valuable recommendations of the AHWG-FIFS.

Delegates adopted the three Committee reports as presented.

Election of Chair and Vice-Chair for 2019: The Council approved John Leigh (Peru) as Chair for ITTC-55 and agreed that the Consumer Caucus will advise at a subsequent time who they will nominate for Vice Chair.

Dates and Venues of ITTC-55 and ITTC-56: Togo confirmed that ITTC-55 will take place in Lomé, Togo, from 2-7 December 2019. Japan announced Yokohama as the venue for ITTC-56 with dates to be determined at a later stage.

ITTC-54 Decisions and Report of the Session: The Council adopted six decisions, of which five were approved without amendment. After extensive consultations, ITTC-54 also agreed on a decision on selection of candidates for the position of ITTO Executive Director.

Projects, Pre-projects and Activities: Decision 1(ITTC(LIV)/11) states that the Council endorses the approval of 15 projects, pre-projects, and activities through the time-bound electronic no-objection procedure and makes funding available for implementation. The Council authorizes financing of projects, pre-projects, and activities for:

- support to the local communities of the Mono Plain for the promotion and sustainable management of community forests in Togo and increasing commercial reforestation competitiveness in Costa Rica, both of which were approved during the 2018 project cycle;
- increasing efficiency of the acacia plantation and timber processing industry in Vietnam, enhancing capacity of local communities and forest administration to effectively implement

a community forestry programme in Cambodia, and enhancing the implementation of landscape management in Riau Province of Sumatra Island in Indonesia, approved at earlier sessions;

- twelve activities approved for the BWP 2018-2019; and
- other activities, including the secondment of a programme officer from the Korea Forest Service, FLR Guidelines, and a study on Japan's Clean Wood Act.

Reconfirmation of Further Measures Regarding the

Financial Impairment: Decision 2 (ITTC(LIV)/12) requests the ED, without prejudice to any legal recourse that ITTO may have, to further continue his efforts in requesting the former ED and two former staff members involved in the loss of USD 18.2 million of ITTO funds, without declaration of liability, to contribute to meeting the financial shortfall, including by returning to ITTO its contributions plus interest to their Provident Funds. The decision further requests the ED, if so professionally advised according to developments in the ongoing court case, to maintain ITTO's ability to pursue further legal action by initiating a third party notice to former ITTO employees as necessary and without delay. The decision further requests and authorizes the ED to use the remaining funds authorized under Decision 4 (LI.1), as well as an additional amount not exceeding USD 50,000, to take all necessary and appropriate legal actions against responsible parties in this matter.

ITTO Anti-Money Laundering and Counter Terrorism

Financing Policy: Decision 3 (ITTC(LIV)/13) adopts the AML/CFT, which is contained in Annex 1; requests the Secretariat to publish the policy as an annex to the ITTO Financial Rules and Regulations and to implement it; and calls for periodic review and, as needed, update of the AML/CFT policy to reflect experience gained and new developments in the field.

Amendment of Staff Regulations and Rules of the ITTO:

Decision 4 (ITTC(LIV)/14) on amendment of staff regulations and rules of the ITTO, states that the Council decides to amend the Staff Regulations and Rules (ITTC(LII)/18 Annex), reflecting most revisions to the UN Staff Regulations on January 2018 (ST/SGB/2018/1), including the increase in mandatory age of separation to 65 years to all staff members and the compensation package, which automatically applies to ITTO. Peru, on behalf of Producers, suggested the Council carry out additional efforts to establish a regional balance with the ITTO Secretariat's staffing. The Secretariat took note of this suggestion.

Enhancing the Financing Architecture and Fundraising of the Organization: Decision 5 (ITTC (LIV)/15) on enhancing the financing architecture and fundraising of the Organization, *inter alia*, requests the ED to:

- pilot an additional fundraising approach focused on pro-active development of proposals with potential sources of funding and/or participate in tenders that address/contribute to the ITTA's objectives and the ITTO's strategic priorities, taking into consideration the need for transparency, and opportunities for member engagement;
- report annually to Council on implementation progress of this decision, and request the Secretariat to include associated revenue, direct and indirect costs in the financial report for each of the next three calendar years, and undertake a review of implementation in 2022, including the long-term effectiveness and feasibility of the pilot approach;

The decision further authorizes, *inter alia*, the Secretariat to engage appropriate short-term fundraising and/or marketing specialist(s) to build and supplement internal capacity related to the ITTO's fundraising efforts. The decision also extends for

one year the AHWG-FIFS' mandate, established in accordance with Decision 9(LIV), to: closely collaborate with Secretariat, to develop a proposal for a new "streamlined project cycle" concept to be presented at ITTC-55; and assist in the development of appropriate themes to be used in fundraising proposals.

Selection of Candidates for the Position of Executive Director of the ITTO: Decision 6 (ITTC(LIV)16) incurred long debate during the closing plenary on Thursday. An overview of the issues discussed is highlighted in the relevant section above.

In the decision, the ITTC agrees:

- that the paramount consideration in ED appointment is to secure the highest standard of efficiency, competence, and integrity, as set out in the recruitment notice;
- that from among qualified candidates final selection should take into due consideration the rotation between Producer and Consumer caucuses for the term of appointment, commencing with the Producer caucus for the selection of the next ED;
- that the term of future EDs is four years with the option to extend up to another two years upon Council approval;
- to establish an *ad hoc* working group of three Producer and three Consumer members to: review and revise, as needed, the terms of reference and procedure for the selection panel and procedures for selection of candidates according to the highest standard of efficiency, competence and integrity as set out in the recruitment notice, including formulation of criteria related to significant management experience, experience, and knowledge in relevant fields, conflict of interest, provisions for early dismissal, and compliance with obligations of the ITTA, 2006; propose a formal process, if appropriate, for extension of the ED's term; and report its work and recommendations to ITTC-55 for consideration.

It further decides to:

- authorize up to USD 50,000 from the Working Capital Reserve to meet expenses related to the proposed working group; and
- emphasize that this decision is intended to address the unique organizational requirements of ITTO and does not constitute a precedent for other international organizations or processes.

Closing Statements: In her statement, a CSAG representative appreciated the inclusion of the CSAG-branded panel discussion on the role of women in supporting the achievement of ITTO's objectives, urged the Council to add a CSAG plenary event to the regular Council agenda. She recommended that the Council prepare a decision for the Secretariat to conduct regular monitoring and evaluation in collaboration with CSAG on progress towards implementation of the ITTO guidelines, emphasizing the roles of sustainability and legality as a step towards SFM.

UNFF emphasized the importance of the UN Strategic Plan for Forests for 2017-2030 and its goals and targets, in particular a target to increase forest area by 3% worldwide by 2030, which signifies an increase of 120 million hectares, and highlighted its synergies and shared vision with the ITTO objectives. Noting that the next UNFF meeting will take place on 6-10 May 2019 in New York, she called for strengthened cooperation, coherence, and coordination between UNFF and ITTO members, the Secretariat, and its stakeholders at all levels.

ITTO Executive Director Dieterle welcomed the adoption of a Council decision on ITTO's financial architecture, stating it will enable the organization to explore innovative partnerships to advance its strategic objectives. He thanked the government of Japan and City of Yokohama for their unwavering support and acknowledged the many "helping hands," that contributed to the

organization of this session. He concluded by paying tribute to the work of the TAG and CSAG, as well as chairs of caucuses and committees for providing a solid basis for the coming year and looked forward to ITTC-55, to be held in Lomé, Togo.

ITTC-54 Chair Zhang Zhongtian declared the meeting closed at 9:35 pm.

A Brief Analysis of ITTC-54

Sustainability is the Starting Point

Sustainability was put under a microscope in Yokohama as, over the course of ITTC-54, cries of “It’s time to move beyond SFM!” were heard around the meeting and the Organization’s own financial sustainability continued to be in question due to the ongoing low level of voluntary contributions. This session brought an opportunity to discuss more effective ways of promoting environmental sustainability as an essential element of maintaining productive forests, but also to address the fact that for years there has been less funding available for the ITTO’s projects—which potentially contributed to the fact that only 33 of the ITTO’s 74 members made the long and expensive journey to Yokohama for ITTC-54.

This brief analysis will explore both sustainability concepts—SFM and financial sustainability—as they were discussed at ITTC-54.

Financial Sustainability – The End of an Existential Crisis in Sight?

While delegates at ITTC-53 in 2017 first heard the new Executive Director speak on his vision for improving ITTO’s financial viability, it was left to ITTC-54 to flesh out the details, particularly on financing. ITTO Executive Director Gerhard Dieterle laid out the facts bluntly for ITTC-54 participants from the outset: ITTO’s modes of financing to date, unearmarked official development assistance (ODA) and voluntary contributions from members, have all but dried up for the project work that has been valued by Producer members. The Secretariat pointed to data that showed this trend began well before the financial impairment was discovered in 2015.

The proposed approach to move the ITTO beyond its funding crisis, which was laid out by Executive Director Dieterle, would include not only seeking funding from both the Global Environment Facility and the Green Climate Fund, as has been envisaged for several years, but also open the possibility of some new financing paths that may cause some Producer worry about loss of control over their own project needs, although delegates warmly welcomed the notion that there are many millions of US dollars available that the ITTO can feasibly pursue.

Based on the work of the *Ad Hoc* Working Group on Financing Infrastructure and Fundraising Strategies (AHWG-FIFS) set up at ITTC-53, ITTC-54 considered whether to approve a proposal to develop and pilot an additional ITTO fundraising track that would entail ITTO tendering bids for contracts to implement projects formulated by other entities in competition with other implementing agencies, NGOs or consultancies. A presentation by an ITTO consultant suggested that core ITTO competencies in forestry project management would be highly competitive in bidding for contracts in the order of USD 50-70 million per annum under large-scale projects financed by bilateral and/or multilateral donors. The proposal initially generated a degree of controversy—in part due to the fact that the report of the

AHWG’s September meeting was not provided in advance—and also partly because Producer delegates were uncomfortable that ITTO expertise might be “hollowed out” with staff focusing more on winning contracts than on managing projects. Consumer countries also called for caution, seeking careful tracking of costs and benefits of the pilot project over the coming three to four years.

Ultimately, the Secretariat was given a green light and the approved decision allows the Executive Director to pilot a fundraising approach—additional to current modes of project funding that depend on individual donors’ interest in specific proposals submitted by Producer members—that is focused on proactive development of proposals with potential sources of funding and/or participation in tenders. The general response to the numerous questions raised during debate on this decision was that the pilot programme was necessary to produce information to answer the questions raised and demonstrate the viability of the approach.

Other suggestions were less problematic, such as a call for the AHWG to develop a proposal for a “streamlined project cycle,” which appealed to Producer countries in particular. Particularly for affected project proponents there is much to dislike about the current cycle that can take up to 18 months, at the end of which so many project proposals that are fully approved never receive funding. The Secretariat also proposed that projects be clustered in a more flexible, programmatic way, which could be more competitive in tendering for large scale contracts and would supersede the project “silos” that now exist.

Beyond SFM?

Assuming that the promise of vast improvement in the ITTO’s financial situation comes to fruition in coming years—increasing from around USD 2 million to up to 40 million per annum—the ITTO’s capacity to pursue its dual mission of expanding the international tropical timber trade and enhancing sustainable production will be strengthened.

But how strong is business’s commitment to the concept of sustainability? For over two decades much of the ITTO’s work has focused on achieving sustainable forest management (SFM). At ITTC-54, businesses reiterated complaints that ITTO’s mission of expanding the trade—as befits an organization established through a commodity agreement negotiated under the auspices of the UN Conference on Trade and Development—was receiving too little attention. While this might be interpreted as indicating that Producers may have given up the notion of producing tropical timber sustainably, several countries reiterated that the concepts of SFM and REDD+—with their focus on protecting natural forests—were unhelpful for countries looking to link SFM to poverty reduction objectives, especially for communities living in, or peripheral to forest areas, and that real sustainability requires a more holistic approach.

It became clear over the week that the vision of green supply chains first espoused by Executive Director Dieterle at ITTC-53 appealed to participants as a way to extend the concept of SFM to achieve “multiple wins” in economic growth, poverty reduction, water, and biodiversity benefits. Dieterle also stressed the significance of productive and sustainable forests as the starting point for green supply chains, and making a big contribution to the Paris Agreement’s target of a 1.5°C cap on global warming.

Green supply chains also extend SFM in another way: SFM was originally operationalized through international processes that developed criteria and indicators (C&I)—of which the ITTO

was a pioneer through its development of C&I for the sustainable management of natural tropical forests in the early 1990s. Out of this grew certification schemes seeking to actually measure the extent timber-producing forests were managed sustainably. Verification, through the EU's Forest Law Enforcement, Governance and Trade initiative and other regulations, brought in a legal element. One ITTC-54 participant observed that, in this context, green supply chains can be seen as a logical next step in ever more ambitious efforts to broaden and deepen sustainability, extending the concept beyond the forests themselves to the chain of custody through which logs and the wood products that come from them pass.

Industry representatives attending ITTC-16, held in Cartagena, Colombia, in 1994, universally opposed the then-nascent concept of SFM certification, and ITTO passed up an opportunity to influence the development of certification schemes. It is noteworthy, therefore, that so many ITTC-54 participants were supportive of the "Global Green Supply Chain" initiative involving some of China's largest companies, which the ITTO Secretariat has enthusiastically engaged with, not only co-convening workshops this year but also looking to help develop over the long term. The ED pointed to major Chinese companies as being very well placed to facilitate development of green supply chains, trading as they do in both wood and wood products, down the value chain with Producer countries and up the chain with Consumer countries. He also noted the contribution that green supply chains can make to emerging circular economy concepts, which over 1,100 world's leading experts and policymakers discussed in the World Circular Economy Forum held two weeks ago in the same venue.

Sustaining Relief

After several years of grappling with the financial impairment issue and the resultant tarnished reputation of ITTO there was a discernible sense of relief among ITTC-54 participants that the organization once again faces a future full of possibilities rather than existential threats. Compared to the conflict that characterized some recent ITTC sessions, major wrangling at ITTC-54 was largely confined to the principle of rotation in the selection of an Executive Director, which has hung over the organization since 2007. Fears had been expressed that this conflict might spill over into the more urgent discussion of the ITTO's funding infrastructure; it is a sign of the seriousness of the latter subject to the ITTO's own sustainability that delegates were finally able to come to a substantial agreement on how to proceed on Executive Director rotation, effectively signaling that further disagreement over this would not impede progress on the more substantial issues of sustaining an effective ITTO that can become a leader in sustaining productive tropical forests.

The meeting focused on sorting through the challenging issues of establishing a new approach to fundraising and the rotation of the Executive Director position. Having made substantial progress on these issues, the ITTO can now consider, in 2019, development of the next iteration of the ITTO's Strategic Action Plan (the current plan is due to expire next year after the one-year extension agreed at ITTC-53). Progress on fundraising in 2019 would certainly support a greater level of ambition for the next Plan. The ITTO is now in a much better position to pursue substantial and innovative funding hand-in-hand with leading the world into sustainable, holistic use, and stewardship

of tropical timber and the products made from it, as well as the environmental and other values that it can advance. It is now time for the ITTO to fulfill its potential. The world is watching.

Upcoming Meetings

Expert Group Meeting for Forest Landscape Restoration in the Tropics: ITTO has committed to the development of voluntary guidelines for the design and implementation of successful FLR in the tropics as a joint initiative of the CPF entitled "Fostering Partnerships to Build Coherence and Support for Forest Landscape Restoration." **dates:** 14-16 November 2018 **location:** Bangkok, Thailand **contact:** ITTO Secretariat **email:** rfm@itto.int **www:** <https://www.itto.int/events/event/id=5702>

Workshop on Reporting on Global Forest Goals and Targets of the UN Strategic Plan for Forests 2030: The UNFF Secretariat and FAO will convene a three-day workshop on reporting on progress made towards the achievement of the Global Forests Goals and targets of the UN Strategic Plan for Forests 2030. **dates:** 14-16 November 2018 **location:** Rome, Italy **contact:** UNFF Secretariat **phone:** +1 212 963 3401 **fax:** +1 917 367 3186 **email:** unff@un.org **www:** <http://www.un.org/esa/forests/events/mar-workshop-nov-2018/index.html>

UN Biodiversity Conference: The 14th meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD COP 14), the 9th Meeting of the Parties (COP/MOP 9) to the Cartagena Protocol on Biosafety and the 3rd Meeting of the Parties (COP/MOP 3) to the Nagoya Protocol on Access and Benefit-sharing are expected to address a series of issues related to implementation of the Convention and its Protocols. A High-Level Segment will convene from 14-15 November 2018. **dates:** 14-29 November 2018 **location:** Sharm el-Sheikh, Egypt **contact:** CBD Secretariat **phone:** +1-514-288-2220 **fax:** +1-514-288-6588 **email:** secretariat@cbd.int **www:** <https://www.cbd.int/conferences/2018>

Global Landscapes Forum 2018: The Global Landscapes Forum (GLF) is designed to produce and disseminate knowledge and accelerate action to build more resilient, climate-friendly, diverse, equitable and productive landscapes. **dates:** 1-2 December 2018 **location:** Bonn, Germany **contact:** Kamal C. Prawiranegara, Global Coordinator, Global Landscapes Forum **email:** K.Prawiranegara@cgiar.org **www:** <https://events.globallandscapesforum.org/bonn-2018/>

Katowice Climate Change Conference (UNFCCC COP 24): The Conference will include the 24th session of the Conference of the Parties (COP 24) to the UN Framework Convention on Climate Change (UNFCCC), along with meetings of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, the Subsidiary Body for Scientific and Technological Advice, the Subsidiary Body for Implementation, and the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement. COP 24 is expected to finalize the rules for implementation of the Paris Agreement on climate change under the Paris Agreement Work Programme. A High-Level Ministerial Dialogue on Climate Finance is expected to be held in conjunction with COP 24. **dates:** 2-14 December 2018 **location:** Katowice, Poland **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **www:** <https://unfccc.int/katowice>

55th Meeting of the GEF Council: The Council is the GEF's main governing body that meets twice annually to develop, adopt, and evaluate the operational policies and programmes for

GEF-financed activities. It also reviews and approves the work programme (projects submitted for approval). **dates:** 17-20 December 2018 **location:** Washington D.C., US **contact:** GEF Secretariat **email:** <https://www.thegef.org/contact> **www:** <http://www.thegef.org/council-meetings/gef-55th-council-meeting>

World Resources Forum 2019 (WRF 2019): Organized and hosted by the Public Waste Agency of Flanders (OVAM), Belgium, WRF 2019 will have the theme “Closing Loops – Transitions at Work.” **dates:** 24-27 February 2019 **location:** Antwerp, Belgium **contact:** OVAM **phone:** +32-15-284-284 **email:** info@ovam.be **www:** <https://www.wrf-antwerp2019.be/>

Fourth Session of the UN Environment Assembly (UNEA): The theme of the fourth session of the UN Environment Assembly is “Innovative solutions for environmental challenges and sustainable consumption and production.” It will be preceded by a meeting of the Open-Ended Committee of Permanent Representatives (OECPR) from 4-8 March 2019. **dates:** 11-15 March 2019 **location:** Nairobi, Kenya **contact:** UNEP **email:** beatpollution@unenvironment.org **www:** <http://web.unep.org/environmentassembly/>

14th Session of the UN Forum on Forests (UNFF 14): The 14th session of the UN Forum on Forests (UNFF 14) will discuss, among other topics: implementation of the UN Strategic Plan for Forests 2017-2030; monitoring, assessment and reporting; enhancing global forest policy coherence and a common international understanding of sustainable forest management; progress on the activities and operation of the Global Forest Financing Facilitation Network and availability of resources; and enhanced cooperation, coordination, and engagement on forest-related issues. **dates:** 6-10 May 2019 **location:** UN Headquarters, New York **phone:** +1-212-963-3401 **fax:** +1-917-367-3186 **email:** unff@un.org **www:** <http://www.un.org/esa/forests/>

CITES CoP18: The 18th meeting of the CITES Conference of the Parties will be held in Sri Lanka, directly following 71st meeting of the CITES Standing Committee (SC71) on 21 May 2019. **dates:** 22 May – 3 June 2019 **location:** Colombo, Sri Lanka **contact:** CITES Secretariat **phone:** +41-22-917-81-39/40 **fax:** +41-22-797-34-17 **email:** info@cites.org **www:** <https://cites.org/>

World Circular Economy Forum 2019: The third World Circular Economy Forum will be held in Finland. **dates:** 3-5 June 2019 **location:** Helsinki, Finland **contact:** Sitra **phone:** +358-294-618-991 **fax:** +358-9-645-072 **email:** sitra@sitra.fi **www:** <http://www.wcef2019.com>

IUFRO World Congress 2019: The 25th International Union of Forest Research Organizations (IUFRO) World Congress will convene on the theme “Forest Research and Cooperation for Sustainable Development.” The Congress will facilitate the exchange of knowledge and experiences on forest research and is expected to allow for greater participation among researchers from Latin America. **dates:** 29 September - 5 October 2019 **location:** Curitiba, Brazil **contact:** IUFRO **email:** info@iufro2019.com **www:** <http://www.iufro2019.com/>

7th International Wildland Fire Conference: This conference will convene on the theme “Facing Fire in a Changing World: Reducing Vulnerability of Landscapes and People by Integrated Fire Management.” **dates:** 28 October - 1 November 2019 **location:** Campo Grande, Brazil **contact:** International Association of Wildland Fire **phone:** +1-406-625-7059 **email:** info@iawfonline.org **www:** <https://www.iawfonline.org/>

ITTC-55: The 55th Session of the International Tropical Timber Council (ITTC-55) and sessions of the associated committees will take place in Togo. **dates:** 2-7 December 2019 **location:** Lome, Togo **contact:** ITTO Secretariat **phone:** +81-45-223-1110 **fax:** +81-45-223-1111 **email:** itto@itto.int **www:** <http://www.itto.int>

For additional meetings, see <http://sdg.iisd.org/>

Glossary

AHWG-FIFS	<i>Ad Hoc</i> Working Group on Financial Infrastructure and Financing Strategies
AML/CFT	Anti-money laundering and counter-terrorism financing policy
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 Flora and Fauna
COP	Conference of the Parties
CPF	Collaborative Partnership on Forests
CRF	Committee on Reforestation and Forest Management
CSAG	Civil Society Advisory Group
ED	Executive Director
ESIA	Environmental and Social Impact Assessment
FAO	Food and Agriculture Organization of the UN
FLEGT	Forest Law Enforcement, Governance and Trade
FLR	Forest landscape reforestation
GCF	Green Climate Fund
GEEW	Gender Equality and Empowering Women
GEF	Global Environment Facility
GGSC	Global Green Supply Chain
IAG	Informal Advisory Group
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
ODA	Official development assistance
REDD+	Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
SDGs	Sustainable Development Goals
SFM	Sustainable forest management
TAG	Trade Advisory Group
UFIGA	Union des Forestiers Industriels du Gabon et Armenagistes
UNFCCC	UN Framework Convention on Climate Change
UNFF	UN Forum on Forests
VPA	Voluntary Partnership Agreement