

56th Session of the International Tropical Timber Council and Associated Sessions of the Committees: 9-13 November 2020

Amidst the COVID-19 pandemic, the 56th session of the International Tropical Timber Council (ITTC) and the Associated Sessions of its four Committees met virtually for the first time. The Council adopted five decisions and approved financing projects, pre-projects, and activities. The decisions cover:

- the adoption of the International Tropical Timber Organization (ITTO) Biennial Work Programme for 2021-2022;
- the next phase of the ITTO's New Financing Architecture, instituting a programmatic approach to financing and streamlined project cycle;
- the extension of the current ITTO Strategic Action Plan (SAP) through 2021 so the ITTO Secretariat can prepare and present a new draft SAP; and
- the selection of the next ITTO Executive Director.

The Council also debated whether to extend the treaty governing the ITTO, the International Tropical Timber Agreement, 2006, which is due to expire in December 2021 unless extended or renegotiated. During the discussion, everyone who spoke indicated support for extending the Agreement for another five years, but some Member States need time to complete domestic and legal consultations before they could formally agree on such a decision. This decision was postponed until ITTC-57.

ITTC-56 also discussed the preliminary findings of the Biennial Review and Assessment of the International Timber Situation, reviewed ITTO's ongoing policy work, and heard a report on the impacts of COVID-19 on ITTO operations and procedures.

To address the challenges of a five-day virtual meeting involving Member States across many different time zones, the agenda was streamlined, the daily Council sessions were limited to two or three hours, the four committees did not meet in parallel sessions but rather in abbreviated form, and the thematic market discussion normally featured at every Council session was cancelled.

A Brief History of the ITTC

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 is also assisted by the Informal Advisory Group (IAG), which meets just prior to Council sessions to produce recommendations that the ITTC may wish to consider, a Trade Advisory Group (TAG), a Civil Society Advisory Group (CSAG), and the Expert Panel for the Technical Appraisal of Project Proposals (EP).

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. ITTA, 1994 also established the Bali Partnership Fund to assist Producer members in achieving the Year 2000 Objective on sustainable forest management.

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

ITTC-48: The 48th session of the ITTC met in November 2012 in Yokohama, Japan. The Council announced funding of USD 9 million for 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 (SAP).

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

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

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

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

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

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

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

ITTC-56 Report

ITTC-56 Chair Björn Merckell (Sweden) opened the session on Monday, 9 November 2020. ITTO Operations Director Sheam Satkuru explained to delegates how the virtual Council session would be conducted.

In his opening remarks, Merckell expressed confidence that the virtual Council session would prove successful. He said COVID-19 pandemic has negatively affected the tropical timber sector, with production, exports, demand, and employment down and global supply chains disrupted. He noted the preliminary findings of an ITTO report suggesting that the tropical timber sector is likely to recover to pre-crisis volumes only by 2026, with Latin America most affected, followed by South East Asia. Saying crises also give rise to opportunities, he suggested ITTO is well placed to assist in the recovery of the tropical forest sector by providing sound information on tropical timber markets, promoting success stories on SFM, landscape restoration and legal and sustainable supply chains, and funding country-driven projects.

In a videotaped message, Takumi Hayashi, Deputy Mayor, City of Yokohama, Japan, expressed regret that COVID-19 had prevented delegates from attending the Council in person in the ITTO host city, and said his city looks forward to hosting the Council again in the future.

Organizational Matters: Chair Merkell announced that Kheiruddin Rani (Malaysia) had been nominated by the Producer caucus as ITTC-56 Vice-Chair. Merkell presented the provisional agenda (ITTC(LVI)/1 Rev.1), which delegates approved.

Executive Director Dieterle reported that the membership of ITTA, 2006 remains at 38 Producers and 36 Consumers.

Merkell drew attention to the distribution of votes for the 2020-2021 biennium approved at ITTC-55 and provided in the annex to document ITTC(LVI)/1 Rev.1.

Merkell invited the Council to consider the lists of observers for admission (ITTC(LVI)/Info.3 and ITTC(LVI)/Info.4) according to the review of procedures related to admission of observers undertaken at ITTC-51, noting there were no new observer applicants. With no objection raised, he formally admitted the 22 observers listed in ITTC(LVI)/Info.3.

Report of the Credentials Committee

Credentials Committee Chair Aysha Ghadiali (US) reported to the Council on the review of delegates' credential throughout the week. On Monday, the Committee had accepted the credentials of 39 Member States and the EU. She encouraged all other delegates to submit their proper credentials to the Secretariat as soon as possible. By Friday, this number had risen to 44 Member States and the EU.

She also noted that eight member states had delegated their representation of interests and votes: Croatia, the Czech Republic and Finland to the European Commission; Greece, Italy, Romania, and Slovakia to Germany; and Spain to either Germany or the European Commission.

Ascertainment of the Quorum

The Secretariat reported on the ascertainment of quorum throughout the week, explaining that in order for a quorum to exist at the virtual session, 19 Producer countries representing two-thirds of the 1,000 Producer votes (667) and 20 Consumer countries representing 667 votes must be logged in on the day quorum is assessed. Quorum was not achieved until Wednesday.

On Friday, the Secretariat reported attainment of quorum with 21 credentialed Producers logged in representing 673 votes, and 25 credentialed Consumers logged in representing 821 votes. With quorum attained, Chair Merkell declared that ITTC-56 could adopt decisions.

Implications of the COVID-19 Pandemic on ITTO Procedures

On Monday, the Secretariat and Chair Merkell briefed the Council on the implications of the COVID-19 pandemic on ITTO procedures. They explained that the IAG had recommended holding a virtual segment of ITTC-56 since "due to the serious exigencies of the pandemic" they could not meet in person, but to treat it as much as possible as any other ITTC session. The Secretariat explained that the ITTO examined how other international organizations have run their virtual sessions in 2020 and chose the Kudo platform for a two-hour virtual session each day with simultaneous interpretation, followed immediately by a virtual Bureau session. She said there remains the possibility of

holding another Council session in March 2021 in person or as a hybrid session, if at all feasible given the state of the pandemic. She pointed out this option could be discussed under the agenda item on date and venues of future Council sessions. She noted all Council documentation had been posted online and delegates had been asked to provide comments in writing before the Council session began.

Impairment of ITTO Funds

On Monday, the Secretariat presented an oral report on the implementation of decisions 5(LII), 6(LII), 7(LIII) and 2(LIV) on impairment of ITTO funds, noting the decisions had called on ITTO to exhaust all legal remedies against the parties responsible for the impairment. She explained that they lost a case in Japan against the investment adviser involved, but an appeal was filed in October 2020 with the Supreme Court of Japan. She explained the Supreme Court may take up to four months to rule on whether the appeal is admissible. She also reported that third party notices have been served against two former ITTO staff members implicated in the impairment.

Report of the Informal Advisory Group

On Monday, Chair Merkell introduced the IAG report (ITTC(LVI)/2). He noted that it had met three times in 2020 and recommended modalities and a draft agenda for a virtual ITTC-56. He explained the IAG recommended limiting ITTC-56 decisions to non-controversial subjects with a strong chance of achieving consensus, and as a result proposed six draft Council decisions on:

- projects, pre-projects, and activities;
- the BWP for 2021-2022;
- further extension of the ITTO SAP 2013-2018;
- extension of ITTA, 2006;
- implementation of ITTO's NFA; and
- matters related to Article 14 of ITTA, 2006, regarding the recruitment, selection, and term of the ED.

He observed that the draft decision on the NFA is just a placeholder for language that is currently being negotiated between the Producer and Consumer caucuses. He asked all amendment proposals for any draft decision to be sent to the Secretariat for distribution to delegates.

The US, on behalf of Consumers, reported Consumers had drafted language for an NFA decision that followed the recommendations of the AHWG on Financing, which the Consumers had shared with the Producers. Peru, on behalf of Producers, acknowledged they had received the new draft, underscored the importance of the issue, and said Producers would discuss the draft at their next caucus meeting.

Statement by the Executive Director

In his statement to the Council on Monday, Executive Director Dieterle suggested the organization has huge potential to provide solutions to the challenges posed by COVID-19 to the tropical timber sector, and that the pilot programmatic approach to fundraising offers the right mix of thematic priorities and organizational orientation to address those challenges.

He reported ITTO has submitted several funding proposals, including two totaling EUR 31 million to support women and local communities in meeting livelihood needs through forest landscape restoration in four African countries and Indonesia, one involving the German Environment Ministry's International

Climate Initiative (BMU-IKI), one to the EU for EUR 10 on promoting legal and sustainable supply chains (LSSC), and one to the German Environment Ministry for the incorporation under ITTO of the Global Timber Tracking Network with the assumption that other donors will join as partners.

Dieterle outlined ITTO efforts to take an active role in the Collaborative Partnership on Forests on topics such as forest education and promotion of the ITTO Guidelines for Forest Landscape Restoration in the Tropics approved by ITTC-55. He also highlighted ITTO's recent study on incentives for green-growth value-chain investments in tropical forests, the Global Green Supply Chain initiative, and a feasibility study on the use of blockchain technology for timber and other forest products.

He briefed the Council on efforts to become accredited with the Global Environment Facility (GEF) and Green Climate Fund (GCF), and the pursuit of a new Memorandum of Understanding (MoU) with the Convention on Biological Diversity (CBD).

Dieterle cautioned against changing leadership during the ITTO's rebuilding process, which may affect institutional stability and sustainability. He reiterated his proposal to ITTC-55 to extend his term as ED for two more years, but said he was ready to step aside and let an Officer-in-Charge take over until a new ED can be elected.

The Producers thanked the ED for a "brief but complete report." He noted the fall in recent years in payments of assessed contributions by Consumer countries. He acknowledged the importance of efforts to get funds from the GEF and international organizations such as the Food and Agriculture Organization of the UN (FAO) that would take advantage of ITTO's comparative advantages. He stressed the need for more ITTO activities and assistance that reflect Producer priorities, including enhancing their management capabilities in timber production, trade, and project financing. As for the Director's remark about institutional sustainability, the spokesperson observed that sustainability should be based on "strictly following rules and regulations, which the Producer caucus insists on."

The European Commission thanked the ED for the comprehensive report. He stressed the importance of institutional stability while funding decisions by donors are pending, especially regarding "building back better" after the pandemic, and the need for strong ITTO leadership over the next 12-24 months. He said ITTC-56 decisions will be important for ITTO's stability and sustainability for years to come.

CSAG praised the work of the ED and Secretariat during 2020, especially given the challenges posed by the pandemic. She called for maintaining ITTO's continuity, both in terms of Secretariat staffing and leadership.

Extension of ITTA, 2006

On Tuesday, the Secretariat introduced its explanatory note explaining the procedures for extending ITTA, 2006 (ITTC(LVI)/Info.11). She explained that Article 44 of the Agreement says ITTA, 2006 shall remain in force for 10 years after its entry into force, i.e., 7 December 2021, unless the Council decides to extend, renegotiate, or terminate it. She noted the IAG had recommended extending the Agreement rather than undertake renegotiation. She explained that Article 12 of ITTA, 2006 allows for the Council to decide to extend the Agreement by consensus, or failing that, through a special majority vote. She said an extension would be for five years, or until 7 December 2026. She cautioned that an extension decision should be made by mid-

November 2021 at the latest to allow sufficient time to notify the Agreement's depository, the UN Treaty Office, so ITTA, 2006 is not reported as lapsed.

Producers said that while the caucus had not yet adopted a formal position on the matter, they favored extension over renegotiation, since ITTA, 2006 had met Producers' major objectives, renegotiation was time-consuming and expensive, and the UNCTAD Legal Adviser had said the minor changes in rules of procedure Producers now desired could be decided by the Council without renegotiating the Agreement.

Consumers indicated their readiness to extend ITTA, 2006, but noted several of their members required completion of domestic consultation processes before they could take the decision at the 2021 ITTC session.

Benin, Cameroon, Colombia, Costa Rica, Gabon, and Ghana indicated they preferred extension over renegotiation, but some noted they would need to undertake domestic consultations before the decision could be taken by the Council. Togo suggested undertaking an assessment of the first 10 years of the Agreement before deciding to extend it.

Chair Merkell summarized that most Member States appear ready to extend the ITTA, 2006 at a future Council meeting, but consensus does not exist to do so at ITTC-56.

Implementation of ITTO's New Financing Architecture, Phase I

Progress Report on New Funding Received under the Programmatic Approach and New Funding Opportunities: On Tuesday, ED Dieterle presented a progress report on new funding received under the ITTO's new programmatic approach and new funding opportunities (ITTC(LVI)/Info.9). He noted that voluntary contributions had declined since 2011, not due to the impairment *per se*, although that may have accelerated the decline. Dieterle also noted a decline in assessed contributions paid since 2015.

He reported about USD 7 million was raised in 2019 and 2020 under the programmatic approach:

- USD 2.39 million in 2019 from the German Federal Ministry of Food and Agriculture (BMEL) for the Programme on LSSC for Tropical Wood and Forest Products;
- USD 2.2 million in 2020 from Japan for the Emergency Forest Fire Project in Indonesia and Peru;
- USD 1.24 million in 2019 from BMEL for the Regional Teak Program in the Mekong Region;
- USD 723,000 in 2020 from the Japan Forest Agency for LSSC-related activities in China, Myanmar, and Viet Nam;
- USD 316,000 in 2019 from the Japan Forest Agency for LSSC-related activities in Congo Basin countries;
- USD 124,000 in 2020 from BMEL for the Global Forest Education Survey undertaken by ITTO, FAO, and the International Union of Forest Research Organizations; and
- USD 90,000 in 2020 from a Japanese Buddhist organization, Soko Gakki, for local community and climate adaptation activities in Togo.

Dieterle outlined funding proposals totaling USD 40 million currently awaiting decisions, including:

- a proposal to BMEL for the transfer of the Global Timber Tracking Network to ITTO, whose sum would depend on how many other donors participate;
- a proposal to the EU under the EU Action Plan to Protect and Restore the World's Forests, for a sum yet to be determined;

- a proposal to the BMU-IKI for EUR 16 million for a FLR project in West Africa;
- a proposal to BMU-IKI for EUR 15 million on development of the bamboo economy in Indonesia.

He also mentioned discussions initiated with Macau about support for building LSSC capacities for tropical enterprises, trade associations, and governments.

Costa Rica inquired when the Secretariat expected to know when these funding proposals might be ready for implementation. Dieterle responded that turnaround would be quick once approved, but the ITTO could not control when donors such as BMEL or the EU decided to approve funding.

Dieterle closed by reporting the status of eight action points he saw as necessary to fully realize the programmatic approach, noting three had been completed and would be outlined by the Co-Chairs of the AHWG on Financing in their presentation. He identified remaining tasks as:

- developing an overarching description for the operationalization of the programmatic approach;
- integrating the programmatic approach in ITTO's Financing Architecture;
- developing a hierarchical set of criteria and outcome measurement indicators;
- developing a fundraising toolbox; and
- integrating the programmatic approach into ITTO's financial management and accounting system.

Saying SFM is not possible without investment in improving sustainable management of the timber trade, Peru observed that in recent years ITTO had focused too much on governance and law implementation initiatives and less on improving management capabilities in industry and accessing markets. Dieterle responded that is exactly what the ITTO is trying to address now with a whole supply chain approach, grounding forest restoration and management on economic grounds, not just in the name of protecting biodiversity or combating climate change. He suggested that ITTO's new FLR Guidelines are a good example of how global benefits must be rooted in local benefits and income generation.

Indonesia asked why the ITTO national focal points had not been consulted about a pending funding proposal to BMU-IKI on bamboo that might involve his country. Dieterle replied Indonesian authorities had been consulted but the proposal is only at the concept stage now, and if it moved forward the focal point would certainly be involved.

Progress Report on Engagement with the GEF and Others:

On Tuesday, Executive Director Dieterle outlined efforts to engage the GEF and other organizations (ITTC(LVI)/Info.9). He reported engaging the GEF and seeking opportunities as either an accredited or non-accredited partner. He said the GEF was very interested in ITTO's work on LSSC and how that might dovetail with the GEF's efforts to take deforestation out of global commodity supply chains. The GEF indicated that ITTO's becoming an accredited implementing or executing agency complicates matters, and suggested ITTO should seek an alliance with one or more currently accredited implementing agencies. He asked ITTO member governments serving on the GEF Council to help make the case for the ITTO.

Dieterle said the ITTO continues to seek accreditation with the GCF and sought member governments' advocacy there as well.

He expressed optimism the MoU to renew joint ITTO-CBD collaborative efforts on tropical forest biodiversity would be finalized by the end of 2020. He reported a similar MoU initiative targeting the UN Framework Convention on Climate Change has been stymied by the COVID-19 pandemic.

Noting more and more global funding is concentrated in the GEF and GCF, Japan urged the ITTO to follow up on past decisions related to completing the accreditation process with GCF and to continue engaging with such multilateral funds to help raise its international profile and thus help diversify its funding base and exposure. She observed the GEF commodity chains initiative, for example, is a "huge open door opportunity" for non-accredited partners and the ITTO should take full advantage of its unique links with market participants to highlight its global relevance to this initiative.

Update on Meetings of the Advisory Board on the Programmatic Approach: On Wednesday, Chair Merkell reviewed the ITTC-55 mandate given to the Board until the end of the NFA pilot phase and noted the Board met virtually in April and October. He reported the Board discussed several financing methods, how to deal with ITTC-approved projects awaiting funding, and how to address the impacts of the pandemic. He noted that draft ITTC-56 decision on Phase II of the NFA may include language further defining the role of the Board.

The US suggested that the decision include terms of reference for the Board.

Report of the Ad Hoc Working Group on Financing: On Wednesday, AHWG Co-Chairs John Leigh (Peru) and Jennifer Conje (US) presented the report of AHWG (ITTC(LVI)/9 and TTC(LVI)/Info.10). Leigh outlined the recommended objectives for the NFA's four programmatic lines:

- LSSC;
- conservation of biodiversity and ecosystem services;
- FLR and resilient livelihoods; and
- emerging issues and innovation.

Noting that ITTO is seeking funding from the GEF and CGF, Côte d'Ivoire suggested that the proposed objectives did not sufficiently emphasize the linkages to climate change. Executive Director Dieterle explained that the AHWG discussed this matter extensively but decided that it is a horizontal issue across all programmatic lines, and if ITTO wishes to access GCF or BMU-IKI, this is how it has to be reflected. He suggested that climate change was one example of where new indicators might be needed.

Indonesia underscored that the objectives should be pursued systematically to ensure all are implemented in practice and none are neglected.

CSAG expressed regret the objectives do not more explicitly address gender and suggested programmatic line #3 (FLR and livelihoods) should stress livelihoods more. Chair Merkell noted that ITTO has gender guidelines already, "so the issue is not lost." AHWG Co-Chair Conje explained programmatic line #3 references the new ITTO FLR Guidelines, which explicitly address both gender and livelihoods. Co-Chair Leigh added that all proposed projects must demonstrate how they are in line with ITTO's gender, environmental, and social standards.

Conje walked delegates through the four different funding scenarios under the streamlined project cycle, and how the "Virtual Informed Feedback Loop" (VIFL) created by ITTC-55 should function. She explained the VIFL will enable ITTO member governments to provide quick feedback on any funding agreements ITTO might propose with potential donors. Conje pointed out that the VIFL had already been utilized in 2020 regarding a funding proposal involving the German government.

Conje added that no revisions to the ITTO financial rules or project manuals are envisioned at this time during the NFA pilot phase, but may have to be undertaken when the Council takes a decision on formalizing the adoption any new procedures. She also noted that Council Decision 5(LIV) requires the ED to submit a review of its implementation to ITTC-58, including the long-term effectiveness and feasibility of the pilot approach. She said the AHWG advised the ITTC to decide at its 57th session how to structure the review.

Delegates praised the work of the AHWG and expressed general satisfaction with the development of the NFA pilot phase.

Producers cautioned that the NFA will only work if there is prior identification of viable funding sources and donor countries show willingness to provide funding. Noting that ITTO is competing for funds that are increasingly earmarked for climate- and biodiversity-related work, TAG underscored that member governments “have to do their part” and actively support Secretariat efforts with agencies such as the GEF and GCF. He volunteered TAG advice and assistance in pursuing any funding opportunities involving trade elements.

The US noted that the NFA puts more pressure on Council members to take a more active role in identifying and pursuing funding opportunities. She urged immediate implementation of the programmatic approach, with the understanding that it is still in its pilot phase and adjustments may be required later on aspects such as the role of the EP. She discounted the need for developing new criteria and indicators and noted that the AHWG did not recommend revising financial and accounting rules during the pilot phase. She suggested that the Secretariat provide ITTC-57 with an outline of how to assess the pilot phase.

Switzerland agreed that new criteria and indicators are not needed and suggested building on existing ones and using existing toolboxes, only inventing new elements where really needed. He inquired on the outlook for finalizing and operationalizing the other elements envisioned for the NFA.

Côte d’Ivoire and Indonesia asked about the status under the NFA of projects already approved by Council for funding but faced sunset, with the latter noting 31 projects facing sunset in his country. Conje explained that existing projects will go into a project database, but still be subject to existing ITTO sunset rules. She said the AHWG has recommended resurrecting sunset projects as funding concept notes under the new system.

ITTO Biennial Work Programme

Current BWP: On Thursday, the Secretariat presented a progress report on the implementation of the ITTO BWP 2018-2019 (ITTC(LVI)/4 Rev.1 and ITTC(LVI)/Info.14). He reported that full funding had been received for 12 activities, partial funding for 11, and no funding for the following three:

- restoration, conservation, and sustainable use of mangrove ecosystems;
- an international conference on halting deforestation and increasing forest area; and
- the status of tropical forest management 2019 report.

He noted during 2019-2020 USD 8,030,000 had been sought for the BWP, and USD 8,663,161 was received, explaining that two activities—on fire prevention and management and on LSSC—had received more funding than expected. He briefly outlined the implementation status of select BWP activities.

ITTO Fellowship Programme: On Thursday, the Secretariat presented the reports on the ITTO Fellowship Programme (ITTC(LVI)/5) and the ITTO Fellowship Selection Panel (ITTC(LVI)/6). She said the Panel met electronically in 2020 and recommended awarding 20 ITTO Fellowships to promote human resource development and strengthen professional expertise in tropical forestry and related disciplines, with the newest group comprising 14 from Producers and one from Consumers, 45% of which are women, for a total value of USD 145,000. Sweden pledged USD 20,000 to the programme, the US pledged USD 20,000, and Japan pledged USD 30,000.

Draft ITTO BWP 2021-2022: On Thursday, the Secretariat presented the draft BWP 2021-2022 (ITTC(LVI)/7 Rev.1 and ITTC(LVI)/Info.15), noting it would organize 24 activities requiring financing into five groups covering field-oriented activities, normative work, collaboration, communications and outreach, and analytical, statistical and other recurring work. He said these would require USD 1,860,000 in core operational costs and USD 4,346,760 in voluntary contributions.

While expressing appreciation for the Secretariat’s attempt to assign programmatic lines to the BWP activities, the US suggested the assignments were inconsistent and may need to be revised. She also asked for clarifications about the proposal in the BWP for ITTO to take over from the European Forest Institute (EFI) the management of the Global Timber Tracking Network (GTTN), including whether ITTO would simply coordinate the GTTN or actually manage its reference and service provider databases.

The Secretariat agreed that managing the GTTN will be complex and technical and acknowledged that the Secretariat does not have the in-house capacity to continue the development of the database, so it would have to work with contractors. He noted that the Secretariat has already met with the EFI on this proposal, and the proposal will only go forward if other donors join Germany in funding it.

Indonesia asked how the BWP might be fine-tuned to address the impacts of the COVID-19 pandemic on tropical forest management and the tropical timber trade. Dieterle said the Secretariat had held many discussions about how to respond to COVID-19 and pointed out the study on COVID-19 impacts on the tropical forest sector and elements included in the BMU-IKI project proposals.

The Secretariat promised Indonesia “to take the comment onboard” and consider how COVID-19 can be addressed in the development of relevant activities in the BWP.

Progress Report on the Implementation of the ITTO Thematic Programmes

On Tuesday, the Secretariat introduced the progress report (ITTC(LVI)/8), commenting that there is little to report since most activities under the Thematic Programmes are finalized by now and in any event would soon be largely replaced by the NFA’s programmatic approach to funding. He also noted the last pledges for the Thematic Programmes were received in 2014, so there have been no calls for proposals recently.

He reported that 79 projects had been funded, 31 for the thematic programme Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests, 29 for Forest Law Enforcement, Governance and Trade, 14 for Trade and Market Transparency, and five for Community

Forest Management and Enterprises. Of these 79, 71 had been completed, three had been terminated, four had sunsetted, and one is still awaiting receipt of its final financial audit report.

Biennial Review and Assessment of the International Timber Situation in 2019–2020

On Friday, the Secretariat outlined preliminary findings from the 2019-2020 Biennial Review and Assessment of the World Timber Situation (ITTC(LVI)/10 and ITTC(LVI)/Info.8 Rev.1), 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.

He noted that responses to the JFSQ, already low among Producers, had dropped in 2020 from both Producers and Consumers compared to 2019, from 20 to 17 for the former, and 34 to 28 for the latter. He suggested the Council may wish to urge greater response rates to the JFSQ, since low responses affect data, and take action against those members who have not responded for two years in a row, as per Article 27/5 of ITTA,2006.

He highlighted that the next Biennial Review would include an India market study and a study on conversion factors focusing on tropical timber (weight to volume).

He noted preliminary data on the impacts of COVID-19, saying tropical primary wood products have been more affected than temperate wood products, particularly logs and sawnwood, with world trade in primary wood products overall dropping 14% in 2020 compared to 2019 in value terms, but 17% for primary tropical wood products.

He then reviewed the preliminary findings on the production of and trade in tropical industrial roundwood, tropical sawnwood, tropical plywood, and secondary processed wood products. He highlighted a number of market issues affecting the sector beyond the general economic downturn and uncertainty, including:

- intensification of protectionist trade barriers;
- elimination of illegally logged wood from supply chains in China and Viet Nam;
- a decline in tropical hardwood availability and quality;
- design trends;
- consumer preferences; and
- climate change.

He explained the finalized Biennial Review, incorporating the updated 2020 data, is slated for release in July 2021. In an aside, he noted that ITTO currently is trying to model COVID-19 impacts on the tropical timber trade and the prospects for its recovery, which it will include in a larger study of incentives for SFM slated for release in early 2021.

In the ensuing discussion, Producers said the Review showed the need for stronger emphasis in the ITTO on helping Producers improve their competitiveness in global markets and improve the value of their output, since market developments impact conservation and SFM efforts.

Peru asked for more detail on secondary processed wood products, particularly exports. The Secretariat responded more data is expected in the final Review.

CSAG urged all Member States to submit their data “urgently and regularly.” He said SFM is key to addressing supply chain and consumption issues in tropical timber. He urged the Council to mandate a status assessment of SFM in the tropics and pledged CSAG’s help in conducting any such assessment.

Indonesia raised concerns about the figures mentioned regarding his country and suggested it was a definitional issue. The Secretariat replied that data differences sometimes were not so much a definitional question as a matter of conversion factors employed, which is part of the reason why the Secretariat is undertaking the study on conversion factors. He suggested continuing the discussion with Indonesia bilaterally.

Ghana suggested the Review needs to also provide data on domestic consumption of tropical timber, since in many countries the middle class is growing, leading to greater domestic consumption of timber products.

Special Account and Bali Partnership Fund

On Thursday, Chair Merrell opened this item, noting that it had been decided that the Panel on Sub-Account B of the Bali Partnership Fund would not meet during this Council session, so no report would be presented. He asked for pledges, opening with USD 20,000 from Sweden for the ITTO Fellowship Programme.

Other pledges were offered on Friday. The US announced a total of USD 480,000 in pledges, covering: the Fellowship Programme; dissemination of the FLR Guidelines; enhancing cooperation between ITTO and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); electronic training modules for the private sector; and special projects in Cambodia, Ghana, and Peru, allowing all three projects to be activated.

Japan pledged USD 3 million, with USD 2.2 million earmarked for emergency fire prevention and management, USD 20,000 for the dissemination of the FLR Guidelines, USD 30,000 for the ITTO Fellowship Programme, and USD 50,000 to support community forest programmes in Cambodia.

China pledged USD 100,000 for LSSC activities under the BWP, stressing the importance to China of ensuring the legality of its tropical timber imports.

Selection, Election, and Recruitment of the Executive Director of ITTO

Delegates met on Thursday and Friday in closed session to discuss whether to extend the term of Executive Director Dieterle, which expires in March 2021, and to consider a draft decision on selection, election, and recruitment of the ED proposed by the Producers. Delegates decided not to extend Dieterle’s term and approved the draft decision with modification of the language on procedures for extension of term of office for the ED.

Relevant Committee-related Agenda Items

Report of the 55th Expert Panel for Technical Appraisal of Project Proposals: On Thursday, the Secretariat presented the Report of the 55th EP (ITTC(LVI)/12 and ITTC(LVI)/Info.13). He noted the Panel could not meet in person as it normally would, so it adopted a virtual assessment procedure that allowed electronic screening of project and pre-project proposals in September-October 2020.

He reported that 16 project and two pre-project proposals were assessed, seven in Latin America, six in the Asia-Pacific and five in Africa, with 72% involving reforestation and forest management, 17% the forest industry, and 11% economics, statistics, and markets. He reviewed the mechanics of the virtual process, the assessment criteria used, and the scoring system.

He said the Panel rated 10 projects as commended, six requiring essential modifications or revisions and resubmission to the EP, one requiring a pre-project proposal, and one not recommended.

Committee on Economics, Statistics and Markets and Committee on the Forest Industry (CEM-CFI): The jointly held 54th sessions of the CEM and CFI, chaired by Catherine Karr Colque (US), convened Wednesday and Thursday to consider: new and in-progress projects and pre-projects; completed projects and pre-projects; selection of projects for ex-post evaluation; and policy work (CEM-CFI(LIV)1 Rev. 1). The Committee declared the following projects and pre-projects approved under the time-bound electronic no-objection procedure to accept EP ratings (ITTC/EP-55):

- support for certification of national teak plantations in Benin;
- strengthening forest monitoring and extending traceability system coverage in Panama;
- strengthening technical and business management in the timber forest industry of Peru; and
- a feasibility study on processing and valorizing timber in Togo.

CEM-CFI noted 10 projects already approved by the Council that have not yet received funding and would sunset in 2021. It heard a report on and declared complete one project on the development and testing of the National Forest Stock Monitoring System with improved governance capabilities in the Philippines. The Secretariat pointed out that while funding now exists to do ex post evaluations, the pandemic makes it difficult to access the field. He suggested the Secretariat submit a list of candidates for ex post evaluation at the 2021 session of the CEM-CFI. The Committees agreed.

Regarding ongoing policy work, the Committees heard three presentations on Thursday by the Secretariat and consultants on: access to markets; forest and timber certification in ITTO Producing Members; and forest law enforcement, governance and trade voluntary partnership agreement (VPA) independent market monitoring (IMM) (CEM-CFI(LIV)/Info.1 Rev.2).

On Thursday, the Committees heard presentations by the Secretariat and consultants on access to markets and forest and timber certification in ITTO Producing Members. On market access, the Secretariat summarized recent developments involving: the guidance document for the EU Timber Regulations; implementation of the US Lacey Act; the statutory review in 2019 of Australia's 2012 Illegal Logging Prohibition Act; implementation of the Japan Clean Wood Act; implementation of the Korean Revised Sustainable Use of Timber Act; the third amendment of the Chinese Forest Law in 2019; the VPA between Viet Nam and the EU; and an increase in tropical timber species in CITES Appendix II.

On certification, the Secretariat reported that combined Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification certified forest area of ITTO Producing Members reached 32.2 million hectares (6.1% of world total) in 2019, and chain of custody certification for those countries reached 7.9% of the world total. He noted that the FSC accounted for a greater share, around 60%, of certified forests in ITTO Producing Members.

On IMM, consultants Sarah Storck and Rupert Oliver explained the IMM information system and methodology and reported on a special study looking at current market conditions and distribution channels for wood furniture exported by VPA partner countries and direct competitors into the EU. They also detailed a special study looking at the possible influence of the

Viet Nam and Indonesia VPAs on investment decisions pre-2020. They concluded by saying the studies suggest there may be new opportunities for wood products with credible demonstration of legal and sustainable supply supported by effective communication strategies.

Committee on Reforestation and Forest Management (CRF): The 54th session of the CRF was conducted by Vice Chair Aysha Ghadiali (US) on Thursday to consider: new and in-progress projects and pre-projects; completed projects and pre-projects; selection of projects for ex-post evaluation; and policy work (CRF(LIV)1 Rev.1). The Committee declared the following projects and pre-projects approved under the time-bound electronic no-objection procedure to accept EP ratings (ITTC/EP-55):

- protection and restoration of forested water catchment, regulation, and recharge areas in the Upper Salinas River Watershed in Guatemala;
- promoting conservation and community-based management of mangrove ecosystems through integrating adaptation and migration action in Karang Gading and Langkat Timur Laut Reserve in Indonesia;
- management of Upper Baram Forest Area for conservation and sustainable development with involvement of local communities in Malaysia;
- management of Sungai Menyang Conservation Area in Malaysia;
- restoring productivity in post-logging hill forests by enrichment planting in Sarawak, Malaysia; and
- development of a project for the reevaluation, restoration, and sustainable development of the Quina tree and associate native species of the Western Montane forests in Peru.

The Committee noted 18 projects and one pre-project already approved by the Council that have not yet received funding, and Vice Chair Ghadiali urged donors to arrange financing before these projects sunset.

CRF considered reports and declared completed two projects, one on capacity building for strengthening transboundary biodiversity conservation of the Tanintharyi Range in Myanmar, the other on rehabilitation and sustainable management of sacred forests on wetland sites designated to be of international importance under the Ramsar Convention in Benin.

The Committee heard reports on two projects that have not yet submitted their final financial audit reports and recommended their termination: on community forest development in Gabon and on sustainable, mixed, and pure forest plantation development in the Transitional Zone of Ghana's Biakoye District Assembly. Japan stressed the importance of submitting final financial audit reports and requested the Secretariat to continue seeking them from Gabon and Ghana. The Secretariat promised to continue seeking the reports and to reflect Japan's request in the CRF report.

The Secretariat reported that two ex post evaluations under the Thematic Group on Forest Rehabilitation, Landscape Restoration, and Secondary Forest Management and three under the Thematic Group on Biodiversity Conservation and Conservation Areas are still underway and will be reported in 2021. He also agreed to offer a new list of candidates for ex post evaluation at ITTC-57.

The Secretariat updated the Committee on ongoing policy work in four areas:

- promotion of smallholders' FLR in West Africa;

- development of training curricula for Central African countries on LSSC;
- dissemination of the ITTO Guidelines for FLR in the Tropics; and
- the Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity.

The Secretariat reported that first two have been delayed due to COVID-19 and will have to be extended into 2021. Regarding the FLR Guidelines, three regional workshops are planned in 2021-2022. As for the ITTO-CBD Initiative, the Secretariat reported that a new MoU was under negotiation and should be concluded soon.

The US stressed the importance of the dissemination and implementation of the FLR Guidelines for the UN Decade on Ecosystem Restoration due to be launched in 2021.

Committee on Finance and Administration (CFA): On Thursday, CFA Chair Katharina Kuehmeyer (Austria) told the Council that the CFA had completed all of its work electronically before ITTC-56 convened, with members submitting their comments in writing that would be reflected as interventions in the committee report. She noted there had been few comments, primarily from Japan and the US, and these have been reflected in the draft committee report on its 35th session (CFA(XXXV)/8) uploaded to the ITTO website.

After checking to see if any additional comments might be forthcoming, she asked for the report to be uploaded to the ITTO website for the Council review before adoption. She welcomed incoming CFA Chair Teresa Guila Nube (Mozambique) and said the Consumer caucus has indicated that it will nominate someone for CFA Vice Chair.

Reports of the Associated Sessions of the Committees: On Friday, the three Associated Committees presented the report of their sessions. CEM-CFI Chair Colque presented CEM-CFI(LIV)/4, noting the Committee had very fruitful discussions despite the time constraints. She particularly praised the IMM discussion and recommended providing more time for it next year in order to allow more discussion. The report was adopted.

CRF Vice Chair Ghadiali presented CRF(LIV)/4, noting the Committee had useful discussions. The report was adopted.

CFA Chair Kuehmeyer presented CFA(XXXV)/8. She noted the CFA recommended that the Council approve the financial report for FY2019, continue using Ernst & Young Japan as ITTO's auditor, endorse the list of sole providers and the list of bad debt write-off, and adopt the new project audit framework with immediate effect. The report was adopted.

Dates and Venues of ITTC-57 and ITTC-58

On Friday, Chair Merkell asked the Secretariat about the status of discussions with Asia-Pacific Producer countries about hosting ITTC-57 in 2021. The Secretariat reported that while Viet Nam had indicated interest in doing so, it had not confirmed a hosting commitment. Chair Merkell asked if another Producer in the Asia-Pacific region wished to host, but none offered. The Council agreed to convene its next session from 2-7 November 2021 in the ITTO host city, Yokohama, Japan.

The Secretariat reported that it had not yet agreed with Yokohama about dates and the host contribution for ITTC-58, so the Council instructed it to continue discussions with Yokohama with a view to setting a date for ITTC-58 at ITTC-57.

Election of Chairperson and Vice Chairperson of the Council for 2021

On Friday, the Council approved Kheiruddin Rani (Malaysia) and Jesse Mahoney (Australia) as ITTC-57 Chair and Vice Chair, respectively.

Kheiruddin told the Council he was comforted by the way ITTC-56 was ending with understanding and cooperation between the caucuses, perhaps because of prior agreement that the virtual session would not address controversial issues with minimal chance of achieving consensus. He expressed hope that ITTC-57 would continue the cooperative atmosphere even though all issues will be back on the table. He highlighted two concerns about ITTO: the large number of approved projects facing sunset, and the arrears in payment of assessments by Producer countries.

Decisions and Report of the Session

On Friday, the Council adopted five decisions, of which four were approved without amendment and one with a minor editorial amendment.

Projects, Pre-projects and Activities: Decision 1(LVI) (ITTC(LVI)/13) states that the Council endorses the approval of 10 new projects and pre-projects and reinstates the approved status of a project in Costa Rica on increasing commercial reforestation competitiveness. The decision approves financing during 2020 for three projects in Cambodia, Ghana, and Peru approved at earlier sessions, as well as the financing for immediate implementation of all the other approved projects, pre-projects, and activities as soon as earmarked funds are available in the Special Account or in the Bali Partnership Fund Account. The decision also approves financing for six activities under the extended 2018-2019 BWP and eight activities under the BWP for 2021-2022.

ITTO Biennial Work Programme for 2021-2022: Decision 2(LVI) (ITTC(LVI)/14):

- adopts the BWP as contained in an annex to the decision;
- authorizes the ED to seek voluntary contributions to finance implementation of its activities;
- requests the ED to implement and/or facilitate the implementation of those activities;
- requests the ED to ensure that future activities funded outside the core budget are formulated as Concept Notes and included in the database, or as Council decisions, in order to assess member priorities and donor interest and financing, prior to being incorporated into the BWP;
- requests the Secretariat to indicate in the BWP how each activity aligns with the programmatic lines; and
- requests the ED to report to ITTC-57 and ITTC-58 on progress in implementing the BWP.

Further Extension of the ITTO Strategic Action Plan 2013-2018: Decision 3(LVI) (ITTC(LVI)/15) notes that COVID-19 caused delays in ITTO's work during 2020, so further extends the implementation period of the 2013-2018 SAP through 2021, while requesting the ED to develop in a timely manner the next SAP for consideration by ITTC-57.

Implementing ITTO's New Financing Architecture – Phase II: Decision 4(LVI) (ITTC(LVI)/16): adopts the goals and objectives of each of the four programmatic lines as contained in an annex to the decision. It streamlines the project cycle by:

- adopting the project concept note as contained in an annex to the decision;

- requesting the ED to launch an annual call for project concept notes at least six months before the annual EP meeting, in addition to special calls for concept notes when specific funding opportunities arise;
- requesting the Secretariat to develop a concept note and project proposal database as soon as possible;
- applying the current qualification criteria and sunset provisions for projects to the concept notes, in order to manage the volume and relevancy of the proposals; and
- applying existing financial rules and project manuals during the NFA pilot phase.

The decision also:

- acknowledges the different funding scenarios under the Programmatic Approach as outlined in an annex to the decision;
- requests the ED to issue a first open call for concept notes and small project proposals under financing scenario 4 (annual/biannual open call for concept notes/proposals) as soon as possible, and potentially more calls under the other three financing scenarios, based on emerging funding opportunities;
- requests the ED to ensure that future activities funded outside the core budget are formulated as concept notes and included in the database, or as Council decisions, in order to assess member priorities and donor interest and financing, prior to being incorporated into the BWP;
- requests the Secretariat to indicate in the BWP how each activity aligns with the programmatic lines;
- requests the Secretariat to provide Member States with necessary information in a timely manner under the VIFL to ensure transparency and adequate time to provide feedback;
- requests the ED to continue convening the Advisory Board and engaging with funding mechanisms, including the GEF and its partners ahead of the GEF-8 replenishment;
- requests the Advisory Board to develop formal terms of reference for its work, to be considered by ITTC-57;
- requests the Secretariat to propose to ITTC-57 the structure and approach for the review of the implementation of Decision 5(LIV) in 2022, including the long-term effectiveness and feasibility of the pilot approach; and
- requests the ED to report to ITTC-57 on progress made and challenges encountered in implementation of this decision.

Matters Related to Article 14 of the ITTA, 2006, Regarding the Recruitment, Selection, and Term of the Executive Director:

Decision 5(LVI) (ITTC(LVI)/17) adopts a vacancy announcement contained in an annex to the decision and requests the Secretariat to immediately advertise the announcement. It also:

- adopts the process contained in an annex to the decision for the Selection Panel and procedures for the selection of the candidates for the position, and calls for the selection process to be initiated at least nine months prior to ITTC-57;
- adopts a process outlined in an annex to the decision for the extension of the ED's term;
- decides that the selection process, candidate appointment, and conduct of the selected ED once hired is subject, but not limited, to: ITTA, 2006; most recent ITTO Staff Rules and Regulations; decision 8(LII); decision 6(LIV); decision 10(LIV) and this decision;
- applies the retirement age prescribed by the United Nations to the ED; and

- decides any Council decision electing an ED is to be accompanied by a decision on the appointment of the ED detailing the terms of employment, including start date and end date, retirement age restrictions, adherence to the Standards of Conduct for the ED (Decision 8(LII)), in adherence to the most recent Staff Rules and Regulations.

Closing Statements

The Consumer spokesperson noted that despite the many challenges posed by the pandemic during 2020, the ITTC managed to continue working and reached key decisions by consensus. He suggested this bodes well for the future of ITTO. His caucus expressed appreciation for the hard work of Executive Director Dieterle since 2016, which has made ITTO stronger and more stable today.

The Producer spokesperson praised the goodwill shown by all throughout ITTO's 2020 work, which could serve as an example for other international organizations. He thanked the Secretariat and Executive Director Dieterle for enabling the Council to be convened despite the difficulties posed by the pandemic. He announced his retirement as Producer spokesperson, saying he felt the Organization has improved significantly over the past three years and was confident it would continue to improve.

The European Commission praised the hard work undertaken to "keep the Organization afloat." He acknowledged a preference for continuing the reform process under Gerhard Dieterle until a new ED could be selected. He expressed confidence any officer-in-charge appointed once Dieterle's term ended would be capable but stressed that operating without a top-level official usually affected fundraising. He acknowledged this concern was not shared by others, so the EU decided not to stand in the way of achieving consensus on a decision for the selection of a new ED, even if it means gaps in ITTO leadership in 2021. He said the EU would monitor how the ED selection is handled as an indicator of the direction ITTO will go in the near future.

Australia said Dieterle had always shown "openness, professionalism and vision" and was confident that he was leaving the ITTO in a stronger position than when he began his term.

Executive Director Dieterle congratulated delegates on concluding a successful meeting under new conditions and technical challenges. While acknowledging virtual sessions cannot replace in-person meetings, he suggested they may become more common in the future and perhaps for some of ITTO's more technical exchanges might be better suited. He welcomed the Council's decision on the NFA, saying while he wished it had included more strategic points, it nonetheless should provide an excellent foundation to meet the ITTO's current and future challenges. He expressed disappointment that he would not continue to lead the reform process but wished ITTO a successful transition.

Chair Merkell hailed the adoption of the five "crucial" decisions, which he attributed to rebuilding trust between the caucuses and restoring the ITTO's "sense of family." Acknowledging that virtual sessions "have advantages," he said they also pose challenges, and he looks forward to seeing delegates again in Yokohama in November 2021. He closed the meeting at 10:24 pm JST (UTC+9).

A Brief Analysis of ITTC-56

The International Tropical Timber Council held its 56th session (ITTC-56) virtually with many participants keenly aware of the negative impacts of the COVID-19 pandemic on tropical forest management and the tropical timber sector. However, from the start delegates demonstrated determination to make ITTC-56 as productive, business-like, and positive as possible, while maintaining momentum toward strengthening the International Tropical Timber Organization (ITTO).

ITTC-56 could not be postponed because of four decisions that Member States had to address in 2020:

- The treaty underpinning the ITTO, the International Tropical Timber Agreement, 2006, expires in 2021 and the Council needed to decide whether to extend or renegotiate the treaty.
- The term of the current Executive Director (ED) expires in May 2021, and the Council had to decide whether to extend his term or select a new ED.
- The Council needed to decide on the next steps in development of ITTO's New Financing Architecture (NFA) to govern how the Organization raises funds and finances projects and activities.
- An ITTO Biennial Work Programme (BWP) for 2021-2022 had to be adopted to guide the ITTO's work over the next two years.

This brief analysis examines what ITTC-56 indicated about how the ITTO is coping with the COVID-19 pandemic and its attempts to maintain momentum in these challenging times.

The COVID-19 Challenge

The COVID-19 pandemic was never far from the minds of ITTC-56 participants. The Council session opened with the preliminary findings of an ITTO study on the impacts of the pandemic on the tropical forest sector and the tropical timber industry. While severe drops in consumption, production, employment, and trade hit the entire timber and forest products sector, tropical timber and products were hit even harder. Many enterprises are failing, especially small- and medium-sized enterprises, and unemployment, rising poverty, and reverse migration (from urban to rural) is putting new pressure on forests and their resources. Supply chains have been disrupted, and the resulting changes may completely reshape supply and value chains in the post-pandemic period. The bottom line, suggests the ITTO study, is that tropical timber may not recover until 2026.

The conclusions cited by many ITTC-56 participants during the week were threefold. First, when economic conditions in tropical forest regions and the communities and industry dependent on those forests deteriorate, sustainable forest management (SFM) is threatened. Second, during such a downturn and recovery, ITTO's assistance—market intelligence, studies, tracking tools, and advice on best practice and improving competitiveness—may be needed more than ever before. Third, with many Consumer countries talking about “building back better and greener,” ITTO's recent emphasis on ensuring legal and green supply chains may prove even more important for Producers than ever before.

COVID-19 also affected the Organization itself in a variety of ways, including a stoppage of field visits critical to project implementation and ex post evaluation, the postponement or cancellation of seminars and workshops, a slowdown in fundraising, and some mandated tasks, such as the preparation of a new Strategic Action Plan (SAP), incomplete. However,

for the most part the ITTO adapted nimbly. For example, the Expert Panel that screens project proposals successfully adopted a virtual review process. The Committee on Finance and Administration (CFA) completed its work electronically before ITTC-56 commenced, so its Chair only had to report the results to the Council. ITTC-56 itself ran smoothly and efficiently, and managed to adopt several major decisions by consensus, prompting some delegates to remark that perhaps other international organizations could learn from its example.

Taking Care of Critical Business

ITTC-56 succeeded virtually in no small part because delegates remained focused on the critical tasks at hand. While routine Council business was still conducted, such as approving projects, pre-projects, and activities for funding, reviewing policy work, adopting the financial audit report, and awarding fellowships, those tasks took a back seat to the discussions on extending ITTA, 2006, determining whether to select a new ED, approving the NFA's next steps, and adopting the BWP.

The question of whether to renew or renegotiate ITTA, 2006 has been discussed for years, but now the crunch time is approaching: the treaty expires on 7 December 2021 unless the Council decides to extend, renegotiate, or terminate it. In the past some Producers have grumbled that renegotiation might be required to address their grievances with ITTO. However, when the Council finally faced the question head-on, most countries preferred extending the Agreement for another five years over the expensive, time-consuming, and complex task of renegotiation. In fact, most ITTC-56 delegates made it clear the only reason they could not agree to it now was some have not completed statutory requirements for domestic consultations and legal reviews before committing to the Agreement for another five years. Hence, while the actual formal decision has been delayed until ITTC-57, which will meet just weeks before the Agreement expires, all seem confident that the Council will vote to extend it in time to inform the Agreement depository, the UN Treaty Office, before the treaty lapses.

The ED question was sparked because Gerhard Dieterle's four-year term expires in March 2021 and he petitioned the ITTC to extend it for another two years so that he might complete the ITTO reforms he has spearheaded since taking office. For their part, Producers have made it clear over the last four years that they want to adhere to the bargain struck when Dieterle took office: a one-term ED from a Consumer country, then the position reverts to Producers.

At ITTC-56, Dieterle cautioned against mid-course leadership changes, and this point was echoed by the European Commission. Other Consumer countries did not appear to share this concern, some because the reforms are well underway and others because the Organization performed well the last time ITTO was piloted by an Officer-in-Charge while awaiting a new ED. In the end Member States decided to elect a new ED and launch a selection process.

The NFA decision adopts new programmatic lines and objectives for financing efforts, approves the primary tool (the standardized concept note), and streamlines the project cycle. The decision also sets out the next tasks in implementing the NFA, including an assessment of the pilot phase to be conducted at ITTC-58. ITTC-56 spent substantial time reviewing the state of NFA development. In the end, adopting the decision went

smoothly thanks in large part to the enormous advance work put into it during 2020 by the Secretariat and the *Ad Hoc* Working Group on Financing, co-chaired by Peru and the US.

The ITTC-56 decision adopting the new BWP was also not controversial because most of its elements had been vetted informally with Council members in the months before ITTC-56. In the end, the only concerns raised were whether the ITTO was ready to assume the ambitious and complex task of coordinating the Global Timber Tracking Network and how the BWP might be fine-tuned to take into account the impacts of COVID-19.

Looking Ahead

The calm, collected, and cooperative nature of ITTC-56 and the many ITTO tasks accomplished during 2020 despite all the challenges posed by COVID-19 led most delegates to voice optimism about ITTO's future and what the Council might accomplish at its future sessions. The caucus spokespersons hailed the cooperation and flexibility and Council's return to consensus-building, while ITTC-56 Chair Björn Merckell welcomed restoration of the ITTO's "sense of family." The pledging of some USD 3.5 million during ITTC-56, most of it from ITTO's traditionally largest donor, Japan, that had withheld donations in the wake of ITTO's financial impairment scandal, plus the news that some USD 40 million may be forthcoming soon from various pending funding proposals, helped buttress this sense that ITTO is slowly but steadily making its comeback.

Upcoming Meetings

59th Meeting of the GEF Council: The Council meets twice annually to develop, adopt, and evaluate the operational policies and programs for GEF-financed activities. **dates:** 7-11 December 2020 **location:** virtual **www:** <https://www.thegef.org/council-meetings>

18th Session of the UN Forum on Forests (UNFF-18): UNFF-18 will discuss, *inter alia*, the implementation of the UN Strategic Plan for Forests 2017-2030, the impacts of the COVID-19 pandemic on forests and the forest sector, and the proposed programme of work for 2022-2024. **dates:** 28-30 April 2021 **location:** UN Headquarters, New York (TBC) **www:** <https://www.un.org/esa/forests/>

15th meeting of the Conference of the Parties (COP 15) to the CBD: COP-15 is expected, *inter alia*, to review the achievement and delivery of the CBD's Strategic Plan for Biodiversity 2011-2020 and adopt the post-2020 global biodiversity framework. **dates:** second quarter of 2021 **location:** Kunming, China (TBC) **www:** <https://www.cbd.int/meetings/COP-15>

60th Meeting of the GEF Council: The Council meets twice annually to develop, adopt, and evaluate the operational policies and programs for GEF-financed activities. **dates:** 15-17 June 2021 **location:** Washington, DC, US (TBC) **www:** <https://www.thegef.org/council-meetings>

4th World Teak Conference: Organized and coordinated by the International Teak Information Network (TEAKNET) and hosted by Ghana's Forestry Commission under the theme: "Global Teak Market: Challenges and Opportunities for Emerging Markets and Developing Economies," this conference will discuss, *inter alia*, smallholder plantations, livelihood enhancement of rural communities, community forestry,

environmental protection, biodiversity conservation, and FLR.

dates: 23-26 August 2021 **location:** Accra, Ghana **www:** <https://www.worldteakconference2020.com/>

ITTC-57: ITTC-57 will consider extending the ITTA, 2006 for another five years, adopting a new SAP, structuring the assessment of the pilot phase of the NFA, and electing a new ED.

dates: 2-7 November 2021 **location:** Yokohama, Japan **www:** <https://www.itto.int>

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

Glossary

AHWG	Ad hoc working group
BMEL	German Federal Ministry of Food and Agriculture
BMU-IKI	German Federal Environment Ministry's International Climate Initiative
BWP	Biennial Work Programme
CBD	Convention on Biological Diversity
CEM	Committee on Economics, Statistics and Markets
CFA	Committee on Finance and Administration
CFI	Committee on Forest Industry
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CRF	Committee on Reforestation and Forest Management
CSAG	Civil Society Advisory Group
ED	Executive Director
EP	Expert Panel for the Technical Appraisal of Project Proposals
FAO	Food and Agriculture Organization of the United Nations
FLR	Forest landscape restoration
GCF	Green Climate Fund
GEF	Global Environment Facility
IAG	Informal Advisory Group
IMM	Independent market monitoring
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
LSSC	Legal and sustainable supply chain
MoU	Memorandum of understanding
NFA	New Financing Architecture
SAP	Strategic Action Plan
SFM	Sustainable forest management
TAG	Trade Advisory Group
UNCTAD	UN Conference on Trade and Development
VIFL	Virtual Informed Feedback Loop