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TWENTY-EIGHTH SESSION  
24 – 30 May 2000  
Lima, Peru

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

**Lima, Peru**

**24 - 30 May 2000**

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## REPORT

### OPENING OF THE SESSION (Agenda Item 1)

1. The Twenty-eighth Session of the International Tropical Timber Council was opened by the Chairperson of the Council, Mr. Rae-Kwon Chung (Republic of Korea). In his opening address, the Chairperson welcomed delegates to the Session and expressed his heart-felt gratitude and appreciation to the Government and people of Peru for hosting the Session of the Council, and for the warm and cordial reception accorded to delegates.
2. The Chairperson drew Members' attention to the fact that the Twenty-eighth Session of the ITTC was the first to be convened in the new millenium and coincided with the time-frame for the ITTO Year 2000 Objective. He also drew Members' attention to other issues to be addressed by the Council, including an assessment of the ramifications and implications of the proposals relating to the recommendations for the establishment of the United Nations Forum on Forests, and the on-going debate and negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.
3. H.E. Ing. Belisario de las Casas Piedra, Minister of Agriculture of Peru, on behalf of Ing. Alberto Fujimori, President of the Republic of Peru, welcomed all delegates to the Twenty-eighth Session of the ITTC in Lima, Peru. He said, Peru has 73 million ha. of tropical forests as well as 4 million ha. of dry forest. He mentioned the diversity of culture in Peru which had been a major challenge for sustainable development of the country. He said, in the high Andean region of Peru located between 3,800 to 4,200 meters above sea level, the Government was embarking on a programme called "the green highlands" to raise the standard of living of the inhabitants of the area through reforestation, thereby integrating the highlands into the Peruvian economy.
4. In his address to the Council, H.E.Dr. Nur Mahmudi Isma'il, Minister of Forestry and Estate Crops of Indonesia expressed his appreciation to ITTO and all donors who had been supporting Indonesia in their efforts to achieve sustainable forest management. He said, Indonesia was delighted to learn that ITTO was enhancing efforts to promote conservation areas including transboundary conservation areas. He announced that Indonesia was in the process of securing 1.3 million hectares of the Kayan Mentarang National Park to be developed jointly with Malaysia as a new transboundary conservation area and appealed to the Council for support. The Honorable Minister also spoke about progress made by Indonesia towards the ITTO Year 2000 Objective.
5. H.E. Mr. Takashi Kiya, Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Peru, in his address to the Council spoke about some of the achievements made by ITTO since its establishment and pledged that the Government of Japan would continue to support future activities of the Organization. He also spoke about the transboundary initiatives and called on ITTO to take full advantage of its expertise in sustainable forest management and contribute to the economic, social as well as political stability of transboundary regions. He indicated that the deepening understanding of the Japanese public on ITTO's role and activities was vital for Japan to maintain and even further enhance its support to ITTO.
6. The Honorable Mr. David B. Sandalow, Assistant Secretary, Bureau of Oceans and International Environmental and Scientific Affairs, United States Department of State, in his address to the Council said, tropical forests are disappearing at an alarming rate. He mentioned United States' long-term economic interest in promoting the conservation and sustainable use of tropical forests around the world. He cited some of the achievements of ITTO since its establishment but said the ITTO had failed to achieve the Year 2000 Objective. He therefore called on ITTO to take stock, consider its mandate, evaluate its role among the constellation of international forest organizations and chart a wise course for the years ahead. He indicated that with careful and strategic planning, ITTO could make a difference for forests and people around the globe and called on the Organization to commit itself to a new millenium objective of making constant progress in the conservation and sustainable use of tropical forests.

### ACERTAINMENT OF THE QUORUM (Agenda Item 2)

7. The Executive Director, Dr. Manoel Sobral Filho, reported that the Quorum for the Twenty-eighth Session of the ITTC had been met (Annex I of this document gives a full list of participants).

### **ADOPTION OF AGENDA AND ORGANIZATION OF WORK. (Agenda Item 3)**

8. The Chairperson referred to document ITTC(XXVIII)/1 Rev.1 dated 7 April 2000 and invited comments from Members. In the absence of any amendments, the provisional agenda was adopted.

### **REPORT ON MEMBERSHIP OF THE COUNCIL (Agenda Item 4)**

9. The Executive Director reported that the membership of the Council had increased by one (1) following the accession of the Government of Portugal on 4 November 1999 as a Consumer Member. This had brought the total membership to fifty-four (54), comprising twenty-nine (29) Producers and twenty-five (25) Consumers, including the European Community (Membership of the Council is attached as Annex III).

### **REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 5)**

10. The report of the Credentials Committee was presented by U Than Swe (Myanmar), chairperson of the Committee.
11. He referred to document ITTC(XXVIII)/3. He reported that the Committee which comprised representatives from Canada, Colombia, Gabon, Japan, Myanmar, New Zealand, Peru and United Kingdom met on 27 May 2000 and examined and accepted the credentials of 40 countries and the European Community which participated in the Twenty-eighth Session of the ITTC and Sessions of the associated Committees.

### **PROPOSED DISTRIBUTION OF VOTES (Agenda Item 6)**

12. The Executive Director, Dr. Manoel Sobral Filho, drew Council's attention to document ITTC(XXVIII)/1 Rev.1, which detailed the proposed distribution of votes for 2000. The Council approved the distribution of votes as contained in the Document. He also drew Council's attention to document ITTC(XXVIII)/5 concerning the distribution of votes and assessed contribution of Portugal. Portugal was accorded a total of eighteen (18) votes for 1999, with US\$6,183 as its assessed contribution to the Administrative Budget for 1999 and US\$40,320 for the 2000.

### **ADMISSION OF OBSERVERS (Agenda Item 7)**

13. The Chairperson, Mr. Rae-Kwon Chung (Republic of Korea) drew Council's attention to document ITTC(XXVIII)/Info.3 which listed states, inter-governmental/governmental and non-governmental organizations applying for Observer status. The Council agreed to admit all applicants.

### **STATEMENT BY THE EXECUTIVE DIRECTOR (Agenda Item 8)**

14. The Executive Director welcomed delegates to the Twenty-eighth Session. He thanked the Government of Peru for hosting the Session.
15. Dr. Sobral acknowledged the participation of H.E.Ing. Belisario de las Casas Piedra, Minister of Agriculture of Peru; H.E.Dr. Nur Mahmudi Isma'il, Minister of Forestry and Estate Crops of Indonesia; H.E.Mr. Takashi Kiya, Ambassador of Japan to the Republic of Peru; and the Honorable Mr. David Sandalow, Assistant Secretary, Bureau of Oceans and International Environmental and Scientific Affairs, U.S. Department of State.
16. Dr. Sobral spoke about the IPF/IFF process and indicated that ITTO had been one of the major supporters of that process. He said, progress on the issue of forests post-Rio seemed to have been painfully slow. However, the slow pace perhaps was necessary to allow old wounds to heal and a new atmosphere of cooperation and mutual understanding was now evident among the "North and South". He said the greatest challenge ahead for the UNFF was to mobilize the necessary financial resources to fund the implementation of some 150 proposals for action developed under the IPF/IFF process.
17. The Executive Director said that although severely constrained by the lack of adequate funds, ITTO and its Members were nevertheless making progress towards achieving the Year 2000 Objective. He referred to the general conclusions of the report prepared by Prof. Duncan Poore and Mr. Thang Hooi Chiew, which stated that ITTO had probably done more in the 15 years of its



existence than any other organization to advance the ideas of sustainable forest management. He called on Council to restate the Year 2000 Objective in simple, clear terms, and the need to set achievable and measurable, medium-term goals for future progress. He said that would re-establish a sense of urgency while showing that sustainable forest management was an on-going process.

18. Dr. Sobral said that there were several reasons why ITTO would become increasingly relevant on the global forestry stage. He cited the bi-annual Council Session and the project cycle as some of the comparative advantages contributing to ITTO's continuing and increasing relevance.
19. In order to provide improved focus to ITTO's work, Dr. Sobral suggested that in-depth studies be conducted on a regional basis to highlight the obstacles to the development of a sustainable timber trade. He also suggested the establishment of an ITTO Year 2000 Board in each of the ten major producer Member countries with the responsibility for forest development and conservation. He said, such a Board would raise the profile of the Year 2000 Objective in the countries concerned as well as provide a focus for efforts in achieving the Objective.
20. The Executive Director also called on Council to consider the idea of establishing reduced-impact logging training schools in each of the three producing regions.
21. Dr. Sobral indicated that, certification was now a key element in obtaining access to some markets and proposed to Council to consider sponsoring an intergovernmental certification forum to find a way of coordinating the development of credible, national level certification systems, based on the ITTO framework for sustainable forest management.
22. The Executive Director reported to Council some of the actions he had taken to strengthen the Organization's capacity to effectively discharge its duties related to the financial and administrative control of projects. He said, in compliance with Decision 4(XXV), he had taken action to request the annual financial auditing of some 60 ITTO-funded projects. He also informed Council on steps taken to recruit a Finance and Administrative Officer to strengthen in-house capability in the administrative and financial control of projects.
23. Dr. Sobral proposed to Council to formulate a communication policy for the Organization and also to establish a Secretariat communication unit to provide coordination between staff involved in public communication. He supported the proposal by the Expert Panel on Ways to Improve Public Education and Awareness, for the institutionalization of an annual award scheme in recognition of outstanding achievements made by individuals or organizations in areas related to ITTO's mandate.

#### **REPORT OF THE INFORMAL ADVISORY GROUP (IAG) – DECISION 3(XXII) (Agenda Item 9)**

24. The Chairperson reported that the Informal Advisory Group (IAG) established under Decision 3(XXII) met for the sixth time on Tuesday, 23 May 2000. The meeting was attended by the Chairperson and Vice-chairperson of Council, the Chairpersons of the Committees the spokespersons of the consumer and producer groups, representatives of the host Government of Japan and the Executive Director.
25. Issues discussed by the IAG included: the ITTO Year 2000 Objective; Matters Relating to Article 46 of the ITTA, 1994; Issues on the forest and forest product related international agenda; and review of reporting requirements as set out in ITTA, 1994 and ITTC decisions (The full report of the IAG is attached as Annex IV).

#### **REVISION OF PROJECT RELATED GUIDELINES AND MANUALS – DECISION 2(XXVI) (Agenda Item 10)**

26. Dr. Manoel Sobral Filho reported that Decision 2(XXVI) requested Member countries to provide any feedback to the Secretariat, before 1 February 2000, on the use of the revised ITTO Manual for Project Monitoring, review and Evaluation. He then informed Council that the Secretariat had not yet received any feedback from Members. Dr. Sobral further reported that the ITTO Manual on Rules and Procedures Applying to ITTO Projects approved at the Twenty-seventh Session of the Council, had been published and distributed to Members and to all implementing agencies of projects and pre-projects currently under implementation.

**MATTERS RELATING TO MARKET ACCESS – DECISION 9(XXVI) (Agenda Item 11)**

**Preliminary Report by Consultants on the Assessment of the Sustainability of Tropical Forests.**

27. The report titled "Comparative Study on the Auditing Systems of Sustainable Forest Management" ( Document ITTC(XXVIII)/6 ) was presented by Dr. Markku Simula.
28. Dr. Simula explained the concept of auditing systems and said the introduction of SFM had put auditing into a completely new light and brought it into wider use. He mentioned that certification and its related auditing should be developed in a way which should ensure promotion of trade in timber from sustainably managed forest and not lead to discrimination or other adverse impacts.
29. Dr. Simula stated that the overall purpose of the study was to assist ITTO producer Member countries in developing their auditing systems, as one of the instruments for achieving SFM. He explained the concept of SFM as an object of auditing and mentioned the three main elements as; auditing body, audit criteria and source of audit criteria.
30. Dr. Simula said that in developing the audit criteria it was useful to recall the hierarchical framework for the application of SFM. He cited the hierarchical framework as goals, principles, criteria, indicators, norms and verifiers. He also spoke about internal auditing carried out by the organization or company itself as a management tool and external auditing carried out by third party auditor.
31. Dr. Simula said that the existing public sector auditing systems were inadequate for assessing SFM and that the focus of work had tended to be more on documentation rather than carrying out field checks on the ground. The consultants, however, concluded that there was considerable progress and cited Malaysia as spearheading the development of auditing systems.
32. Dr. Simula spoke about the problems related to auditing and cited limited financial resources, inadequate trained human resources, weaknesses of the normative framework and insufficient information as the major problems.
33. On voluntary certification schemes, Dr. Simula cited two international schemes, i.e. the Forest Stewardship Council (FSC) and the Pan-European Forest Certification (PEFC). He said FSC had certified about 17.5 million ha of forest. However, under the PEFC no forest had been certified yet, although they expect about 20 million ha to be certified by the end of the year. He also spoke about other national schemes which were at various stages of development.
34. Dr. Simula mentioned the considerable degree of commonality in the audit procedures between the various schemes and spoke about the requirements of credible auditing systems and the implications for ITTO Members in terms of human resources and cost. He said options for future work by ITTO would involve policy development, support to training as well as technology and system development.
35. Ms. Aulikki Kauppila (Finland) on behalf of the consumer group commended the report of the consultants and welcomed the conclusions and recommendations. She spoke about SFM as an important element in today's international forestry discussions and therefore any assistance that ITTO could provide to its Members would be very useful. She indicated that the report showed that there was still very little experience in auditing systems for sustainable forest management especially in producing countries and this should be noted when taking any decisions on what to do in the future. She mentioned that there were other issues which were related to SFM and the progress made towards the Year 2000 Objective and the need for a holistic approach to avoid duplication. She called for coordination of all the issues.
36. Dr. Untung Iskandar (Indonesia) on behalf of the producer group commended the report of the consultants. He welcomed the proposal for the inclusion of certification as an ultimate goal of the auditing system for the sustainable management of tropical forests. He mentioned that the producer group was in agreement with the findings of the report. He requested that ITTO should continue to support its Member countries to implement Criteria and Indicators. He indicated that although certification was voluntary, many producer countries were in the process of implementing certification schemes. He reiterated his request for ITTO to support all efforts of its Member countries to carry out auditing systems which would eventually lead to certification.

37. Dr. Hinrich Stoll (ATIBT) mentioned the leading role being played by ITTO in promoting certification in Producing countries. He indicated that there was a bit of confusion in the market place about the different certification schemes and suggested that ITTO should play a leading role by having guidelines without favoring any particular scheme. He also suggested that governments of consumer countries should support ITTO's approach to improved forest management and improved market access.
  
38. Mr. Alcides Mosquera (CODECHOCO) said that it would be important to include certain elements that would allow local communities to express their viewpoint within the auditing process.
  
39. Ing. Jorge Malleux Orjeda (Peru) said that there was still a great deal to be done with respect to the validation and application of the Criteria and Indicators. He cited a validation programme being carried out in the Amazon Basin through the Amazon treaty, and the Tarapoto Process. He said ecological, economic and social stand points have to be considered within the validation process. He called on all Member countries to make the necessary efforts to implement the ITTO Criteria and Indicators.
  
40. Mr. William Cordero (Bolivia) briefed Council on Bolivia's efforts towards sustainable forest management. He said that in July 1996, a new forest legislation was implemented which had brought a lot of changes in the management of the forest of Bolivia. Mr. Cordero cited 90 long-term forestry concessions covering about 6 million ha, with about 0.5 million ha being managed by indigenous groups in Bolivia. He indicated that Bolivia had established national standards for certification and had certified over 150,000 ha of forests. They expect to certify around 2.0-2.5 million ha by 2001. He said certification had proved to be a good tool for sustainable management of Bolivia's forests.
  
41. Mr. Douglas MacCleery (USA) spoke about monitoring and evaluation and setting up performance standards. He indicated that measurement of Criteria and Indicators at FMU levels were examples of monitoring and evaluation. He further mentioned that certification was only one way of measuring performance, which was a separate task from assessment and evaluation. He also cited the setting of best management practices designed to protect streams and watersheds as another example of performance standards. He said that for performance standards to be credible they needed to be transparent. He indicated that the report in many ways did not differentiate the monitoring and evaluation of the elements of sustainable forest management from the setting of standards for performance.
  
42. Mr. William Mankin (Global Forest Policy Project) called on ITTO to carry out training and capacity building in basic concepts and procedures of auditing as well as basic procedure of collaborative standard setting. He, however, cautioned that because of the proliferation of certification schemes, it would not be appropriate for ITTO to come out with another set of standards or certification scheme based on the ITTO's Criteria and Indicators. He suggested that ITTO should assist Member countries in training and capacity building on whatever scheme was chosen by the Member countries. He restated that all stakeholders and communities within countries had a real opportunity to participate in forest auditing, standard setting and the certification process.
  
43. H.E.Mr. J.E.K. Aggrey-Orleans (Ghana) said that the report set out general lines of enquiry which had brought out several clusters of concern facing developing countries. He said that the auditing systems would require both human and financial resources on the part of producing countries and sought clarification from the consultants on how to syndicate resources within the Organization to meet these financial and human resources. He spoke about the principle of residual national sovereignty over natural resources and that external auditing would impinge on national sovereignty. He therefore raised the issue of whether it was necessary to have both internal and external auditing. He mentioned the fact that there were some opposing views on the role of ITTO in auditing or certification.
  
44. Dr. B.C.Y. Freezailah (Malaysia) commended the work of the consultants. He briefed Council on Malaysia's experience in terms of forest certification. He said that Malaysia had established an independent non-profit organization known as the National Timber Certification Council (NTCC) to organize and implement timber certification. He indicated that the NTCC was being governed by a Board of Trustees including WWF-Malaysia, Malaysia Nature Society, and two representatives from the trade. He informed the Council that the NTCC had established standards of performance based on the ITTO's Criteria and Indicators. Dr. Freezailah mentioned that forest auditing in Malaysia was being done by third party independent auditors, the SGS. The NTCC was engaged in a dialogue with FSC to undertake a joint independent study to assess the compliance of the Malaysian Criteria and

Indicators with the FSC principles. He called on ITTO to address the issue and formulate an auditing system based on the ITTO Criteria and Indicators to guide Member countries. He mentioned that Malaysia had begun exporting some certified timber into the Dutch market through a collaborative effort between the Kerhout Foundation and the NTCC. He said Malaysia believed that timber certification was a way forward in promoting sustainable management as well as market access.

45. Mr. Don Wijewardana (New Zealand) indicated that there did not appear to be much emphasis on the national level Criteria and Indicators and called on the consultants to address it. He said that countries should focus on making progress in sustainable forest management. He supported certification as a means of promoting market access for tropical timber and called on ITTO to support Member countries in that regard. He was in favour of countries developing their own systems and said the tool of mutual recognition would then be used to bring some order into the market place.
46. Dr. Markku Simula (Consultant) provided some clarifications between external and internal auditing. He said these practices had nothing to do with sovereignty of Member states. External auditing, he indicated, was a tool to demonstrate what was being done for communication purposes. He said that in order to make the claim in a credible way, an external body to carry out the exercise might have to be invited. Internal Auditing, on the other hand, was a management tool for the organization and concerns efficiency, cost control and control of environmental impacts of operations. From the point of view of forestry, internal auditing was an essential tool for the control of contracts and the forest industries, thereby improving forest operations. Dr. Simula was glad that ITTO had taken action to help countries in that regard by developing the Manuals for the Application of the Criteria and Indicators. He further explained that developing the guidelines for the auditing process was a step forward in order to build up both internal and external auditing systems to improve the effectiveness of management by the public sector and by forest organizations.
47. The Chairperson thanked the consultants and referred the matter to the caucuses for further discussions. He said that the caucuses could come up with a decision on what ITTO should do with respect to auditing systems and certification.

**Information by Members on Progress Made with regard to Measures Undertaken to Eliminate Possible Obstacles to Market Access for Tropical Timber (Agenda Item 11b)**

48. The Chairperson referred to document ITTC(XXVIII)/15 and invited comments. Information was provided by the Governments of Bolivia, New Zealand, Spain, Trinidad and Tobago, U.S.A., Venezuela, Australia and Switzerland.

**ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVII)  
Progress Report on the ITTO Fellowship Programme (Agenda Item 12a)**

49. The report was presented by Dr. Hwan Ok Ma (ITTO Secretariat). In his presentation Dr. Ma drew Council's attention to document ITTC(XXVIII)/7. He indicated that the report outlined the measures that had been taken to improve the ITTO Fellowship Programme as well as measures to be considered by Council regarding the operation of the Freezailah Fellowship Fund. He highlighted four main actions – 1) Revision of the Fellowship Programme application forms; 2) advertisement of the programme; 3) dissemination of selected fellowship reports; 4) operation of the Freezailah Fellowship Fund of the Special Account.
50. Dr. Ma mentioned that the Fellowship application form had been revised taking into consideration the revised objectives of the programme, the eligible activities, priority areas and the selection criteria as approved by Decision 4(XXVII). He indicated that the Fellowship Programme was being advertised in the TFU and the Tropical Timber Market Information Newsletter. He stated that titles of selected Fellowship reports were also being presented in these ITTO publications.
51. Dr. Ma mentioned that in order to facilitate the funding for, and operation of the Freezailah Fellowship Fund, the Council might wish to consider the possibility of the use of income earned as a result of activities funded under the Special Account to fund the Fellowship Programme. He suggested that the issue be revisited at the next Session of the Council. He named the Government of Japan, Australia, Netherlands and U.S.A. as countries which financially supported the Fellowship Project PD1/93 Rev.1 (M,F,I). He informed Council that US\$356,000 was the remaining balance in PD1/93 Rev.1 and proposed the transfer of these funds to the Freezailah Fellowship Fund.

52. Messrs. John Martinez (Australia), Kota Hiranuma (Japan) and Jan Huner (Netherlands) expressed support for the transfer of the remaining funds from PD1/93 Rev.1 (M,F,I) to the Freezailah Fellowship Fund, and Council agreed to the proposal.

**Report by the Chairman of the Fellowship Selection Panel (Agenda Item 12b)**

53. The report was presented by Mr. E.Collins Ahadome (ITTO Secretariat). He informed the Council that the Fellowship Selection Panel which was chaired by the Vice-chairperson of Council, Dra. Josefina Takahashi Sato (Peru) and composed of representatives of Côte d'Ivoire, Honduras, Papua New Guinea, Australia, China and U.S.A. met twice during the Twenty-eighth Session of the Council to evaluate fellowship applications and select successful candidates. He informed Council that the Panel considered a total of 154 applications, of which 134 applications were from producer countries and 20 were from consumer countries. Seventy-eight per cent of the applications were in the field of Reforestation and Forest Management. Council agreed to the Panel's recommendation to grant 30 fellowships funded at a total cost of US\$149,389, subject to the availability of funds. The full report of the Selection Panel is contained in Document ITTC(XXVIII)/17.

**ITTO YEAR 2000 OBJECTIVE AND ITS PROMOTION THROUGH PUBLIC EDUCATION AND AWARENESS – DECISIONS 10(XXVI) AND 5(XXVII) (Agenda Item 13)**

**Report on Progress of Implementation of Activities Related to Priority Actions Identified in the Annex to decision 10(XXVI) – Decision 5(XXVII) (Agenda Item 13a)**

54. The Chairperson, referred Members to document ITTC(XXVIII)/8 and invited comments from Members of the Council.
55. Mr. Kazuo Tanaka (Japan) commended the Executive Director for the report. He said that the report mentioned the lack of funding of a number of projects related to the Year 2000. He suggested a much more positive approach to the achievement, taking into consideration other elements. He indicated that ITTO's activities were not limited to the achievement of the Year 2000 Objective. He mentioned that funding for projects had solely depended on the voluntary contributions of donors and indicated that with the BPF becoming operational, a more positive step had been taken. He further stated that achieving the Year 2000 Objective should not be viewed as the responsibility of ITTO alone but it should be conceived in the overall effort of the international community and cited bilateral cooperation between individual donor countries and ITTO producer countries as a significant contributory factor.
56. Mr. Don Wijewardana (New Zealand) said the definition of the category of projects related to the Year 2000 Objective, as contained in the report, was narrow. He said the report had used Decision 8(XX) as the benchmark for the category of projects to be included in the Year 2000 Objective assessment, which in his opinion was narrow both in content and timing. He did not agree with the explanation in the report for the exclusion of plantation projects. He said that the UNCED Principles recognized the role of plantations in promoting sustainable forest management by providing an alternative resource. He, however, commended the Secretariat for the report.
57. The Executive Director thanked the representatives of Japan and New Zealand for their interventions on the report. He said he agreed to the fact that the contributions towards the Year 2000 Objective go far beyond activities and projects that could be related directly to the priority activities defined in Decision 8(XX). He indicated, however, that the report was prepared as per the terms of reference approved by the Council using Decision 8(XX) as the benchmark. He explained further that the conclusion in the report that projects, pre-projects and activities worth US\$75 million were funded was related to the priority areas indicated in Decision 8(XX), notwithstanding the fact that almost US\$200 million had been spent by ITTO in funding projects which had direct relationship to the Objective 2000, if considered in a broader perspective.

**Report of the Consultants on (a) Members Progress Towards Achieving the Year 2000 Objective and (b) Progress Made by ITTO in Enhancing the Capacity of Member Countries to Implement a Strategy for Achieving the Objective – Decision 10(XXVI) (Agenda Item 13b)**

58. The report was presented by Prof. Duncan Poore (U.K.). In his presentation Prof. Duncan Poore said that since 1988 a great deal of progress had been made, but there was still a great deal to be done. He said the Year 2000 Objective was a heroic commitment by ITTO and sustainable forest management was a process which would take time and had to be done in stepwise manner. He

- mentioned that the Year 2000 Objective might have given rise to some misconceptions and said it was necessary for ITTO to describe its objectives in very simple terms and that ITTO producer Members were working as rapidly as possible towards achieving the objective.
59. Prof. Duncan Poore said that much progress had been made in many fields particularly in the setting up of the basic conditions for sustainable forest management in most producer countries of ITTO. He cited improvements in policies, legislation, strategies and administration, development of master plans, establishment of permanent forest estate, establishment of forest lands dedicated to conservation of soil and water protection, consultation with NGOs and development of guidelines for the processes of certification
60. Prof. Duncan Poore identified six countries that had made considerable progress towards the sustainable management of their forests namely, Ghana, Guyana, Indonesia, Malaysia, Cameroon and Myanmar. He pointed out that it was impossible to generalize about producer countries as a whole since all the producer countries were at different stages in the development of the process towards sustainable forest management. He said, producer countries that had made the most progress in achieving the Year 2000 Objective were those with good resource endowment, major exporters of timber and timber products and with the possibility of establishing a PFE
61. Prof. Duncan Poore recommended that ITTO could assist producer Member countries by sending small diagnostic missions for short periods, and possibly in association with donors identify the projects which would be most relevant for advancing the progress towards sustainable forest management for that particular country. He said that many consumer countries had made great progress towards sustainable management of their forests.
62. Prof. Duncan Poore said that looking at the available evidence, one could conclude that ITTO had done more in the 15 years of its existence than any other organization to advance the idea of sustainable tropical forest management. He, however, said that ITTO lost the opportunity of taking the lead in the field of developing certification schemes.
63. Prof. Duncan Poore said that the report identified three broad priorities for ITTO – (i) developing a flourishing timber industry within every producer country while meeting all the criteria for sustainable forest management; (ii) disseminating information widely that sustainable timber production was possible and compatible with all the conditions implied in the ITTO Criteria and Indicators; (iii) making ITTO as efficient and effective an instrument to assist producer countries in attaining the Year 2000 Objective by helping to mobilize the resources and experience of consumer countries.
64. Prof. Duncan Poore suggested that ITTO Secretariat should have a little bit more freedom of action in mounting small diagnostic missions and very short missions to deal with urgent problems arising in producer countries.
65. The Chairperson commended the consultants for an excellent report and invited comments from the Council.
66. Ms. Aulikki Kauppila (Finland) on behalf of the consumer group commended the consultants for the report. She said that the consumer group had noted with pleasure the progress that had been made towards the ITTO Year 2000 Objective, especially in the area of policy making and legislations. She said that on the other hand, ITTO should recognize that the Year 2000 Objective had not been met and indicated that this had to be recognized to maintain the credibility of the Organization. She also indicated the need for Members to continue striving to achieve sustainable forest management as spelt out in the ITTA, 1994, and that the Year 2000 Objective did not require any re-formulation or re-definition.
67. Dr. Untung Iskandar (Indonesia), on behalf of the producer group commended the consultants for the report. He mentioned that despite financial constraints, organizational rigidity and inadequate human resources, twenty-one out of twenty-nine producer countries had submitted national reports on their progress towards the ITTO Year 2000 Objective. He supported the suggestion put forward by the Executive Director for the establishment of the ITTO Year 2000 Board in some producer countries. He said that the producers welcomed the conclusion by Prof. Duncan Poore and Mr. Thang Hooi Chiew that ITTO should assist producer countries in the application of the ITTO Criteria and Indicators as well as developing credible forest management and timber certification systems. He also supported the recommendations that ITTO should establish demonstration forests and called for greater cooperation among Member countries as well as NGOs. He further suggested

that the consultants should include the role of the communities in the final report. Dr. Untung Iskandar indicated that training and capacity building were very important ingredients to improve the management of forest resources.

68. U Than Swe (Myanmar) supported the recommendation that ITTO should undertake short diagnostic missions to producer countries to assess where assistance could be most effectively targeted. He suggested that such missions could utilize the existing project mechanism. He cited PD73/89 – Assistance for Project Identification and Formulation as one mechanism and said such missions would be very beneficial to Myanmar.
  
69. Ing. Jorge Malleux Orjeda (Peru) commented on the fact that countries were taking more seriously the harvesting of a wide variety of non-wood forest products (NWFPs) for local use, as the basis for cottage industries and for export. He said that would enhance the value of the forest resources and thereby contributing to the conservation and management of the resources. He called for integration between industries, forests and the market as a way of ensuring sustainable management of the forests. He also spoke about the needs of communities and the sustainable use of forest resources. He indicated that in Peru and Latin America, in general, pressure on the forest was in general the result of migration from the coast into the Amazon region. He said that Peru was formulating a new land use policy.
  
70. Mr. Kazuo Tanaka (Japan) acknowledged the positive assessment on the progress made by Member countries towards the ITTO Year 2000 Objective. He supported the statement that the Year 2000 Objective be described as a process rather than a goal and that the objective should be to move as swiftly as possible in the direction of that goal. Mr. Tanaka indicated the support of the Japanese delegation for ITTO to send short diagnostic missions to producer countries to assess where assistance should be best targeted, as well as activities to assist in the implementation of ITTO's Criteria and Indicators. He also supported the idea of strengthening cooperation between NGOs, the private sector and ITTO. He commented on a statement requesting donors to automatically fund projects which had arisen from a previously funded pre-project and indicated that, that would not allow for flexibility in pledging to fund projects or pre-projects. Mr. Tanaka sought further clarification on the recommendation that ITTO should encourage the formation of partnerships between the private sectors of consumer and producer countries to secure investment funds for sustainable forest management and that ITTO could act as an ambassador and a go-between in such negotiations.
  
71. Mr. Kari Dike (Papua New Guinea) said that some major producer countries had not been covered by the consultants and that had to be taken into consideration in the final report. He said that PNG had formulated a new logging code of practice and had made many advances towards achieving sustainable forest management. He supported the recommendation for small diagnostic missions to visit producer countries to assess where assistance could best be targeted. He mentioned the contributions made by NGOs in ecoforestry must be recognized as collective effort by all stakeholders towards sustainable forest management.
  
72. Ms. Jan McAlpine (USA) commended the report of the consultants and indicated the complexity of the Year 2000 Objective. She said that the report pointed out that tropical timber trade was inextricably linked to sustainable forest management. She indicated that the available evidence of progress by ITTO in this area was however very small. She agreed with earlier comments that serious commitments and advances had been made in a number of countries and there was the need for ITTO to take stock and define the way forward in order to fulfill its mission.
  
73. Mr. Ralph Friedländer (Switzerland) supported the recommendation to strengthen the relationship between ITTO, the trade and the private sector. He agreed with the suggestion that ITTO should assist Member countries in the implementation of the ITTO's Criteria and Indicators and called for the development of a reference framework for sustainable management in the producer Member countries. He called for a Council decision on the progress that had been made based on the ITTO's Criteria and Indicators. He also said it was important to capitalize on the progress made so far and the experiences of the past 10 years and to disseminate information on the progress and experiences as widely as possible. He further called for increased number of projects to be subjected to ex-post evaluation and for the dissemination of ex-post evaluation reports. He suggested that the Secretariat provided a concept for the dissemination of such information and the results obtained.
  
74. Mr. Don Wijewardana (New Zealand) supported the conclusion that the Year 2000 Objective should not be linked to any time dimension. He said that from his experience, the commonest complaint had

been the lack of political commitment by the countries as a reason for not applying the principles of sustainable forest management and, therefore, supported the recommendation for diagnostic missions to visit producer countries. He also supported the recommendation by the Executive Director for the establishment of Year 2000 Boards.

75. Dr. Tachrir Fathoni (Indonesia) said that in achieving the Year 2000 Objective, the application of Criteria and Indicators for sustainable management of tropical forest was a very important tool. He called for further promotion of the ITTO's Criteria and Indicators. He said that some Member countries had developed their own Criteria and Indicators based on the ITTO's Criteria and Indicators and called on the Organization to accommodate such variations. He supported the recommendations for ITTO to establish model forests in each producer Member country as well as providing assistance for Members to develop their own Criteria and Indicators based on the ITTO's Criteria and Indicators.
76. Mr. Enzo Barattini (European Community) recalled that he was party to the decision on the Year 2000 Objective which was taken 10 years ago. He said that it was a difficult decision to make and agreed that it was an ambitious but vital decision. He mentioned that, essentially the Year 2000 Objective should be regarded as a process and must not be considered as an imposition. He said the link between trade and sustainable forest management had become part of the ITTA, 1994 and, therefore, there was no need to re-define the Year 2000 Objective.
77. Mr. Alphonse Owele (Gabon) commended the report of consultants and expressed his gratitude to ITTO for its efforts and support in promoting sustainable forest management in Gabon. He said major progress had been achieved and cited some of those achievements. He commended ITTO's support in assisting Gabon to draw up a plan for the industrialization of the forestry sector.
78. Mr. Luciano Helmold Macieira (Brazil) congratulated the consultants for the report. He said that the country report of Brazil on the Year 2000 Objective was submitted late but hoped it would still be included in the final report. He spoke about some of the progress made by Brazil towards the Year 2000 Objective. He cited legislation, forest policy and the new Brazilian forest code.
79. H.E.Mr. J.E.K. Aggrey-Orleans (Ghana) supported the recommendation that the Year 2000 Objective be considered as a process. He noted with pleasure the precedence of instituting a five-year periodic review of the Year 2000 Objective and made references to the Sarawak and Bolivian Missions as landmarks for ITTO. He supported the proposal by the Executive Director for the establishment of ITTO Year 2000 Boards in some major producing countries.
80. Mr. William Mankin (Global Forestry Project) said the report made an admirable effort to avoid jumping into conclusions about the level of sustainability within countries. He noted that one major limitation of the report was the fact that the bulk of the information came directly from the countries themselves which did not provide a sufficiently high level of independent view point on how countries were doing. He indicated that the review provided information which would allow the Organization to take corrective measures and re-focusing its efforts to make much faster progress towards the Objective. He strongly believed that ITTO should not assist countries to develop new certification systems, since there were a great deal of complaints about proliferation of systems. He was also of the opinion that ITTO should not make any determination about whether the various certification schemes could or could not mutually recognize each other.
81. Mr. Richard Dewdney (U.K.) said that the United Kingdom did not see the need to redefine the Objective but rather concentrate every effort on making progress as swiftly as possible to ensure that exports of tropical timber came from sustainably managed sources. He was pleased with the recommendations in the report but cautioned that there was the need to ensure that the recommendations fitted into on-going initiatives. He cited paragraph 86(v) which called for the establishment of demonstration forests and noted that Canada was already engaged in the establishment of model forests and indicated the need for proper coordination of efforts. He also commented on the role of ITTO in certification and called for extensive dialogue on the issue. He said, ITTO definitely had a role to play in certification. He supported previous comments that ITTO should take a firm decision on the operational use of the ITTO Criteria and Indicators. He further noted that, in terms of implementation there was relatively very little material on which to make an assessment and suggested the conduct of a survey, similar to that undertaken in 1986, to provide a clear picture which could serve as a baseline for measuring future progress towards the Objective.



82. Mr. William Cordero (Bolivia) noted that significant progress towards sustainable management of tropical forests had been made. He cited the ITTO Criteria and Indicators and good management practices as significant achievements. He said, the establishment of demonstration forest would have significant importance and suggested the inclusion of a commercial dimension to these demonstration forests, based on the Bolivian experience. He agreed with the recommendation that the time had come for ITTO to make a firm decision on the operational use of the ITTO Criteria and Indicators.
83. Dr. Ivan Tomaselli (Brazil) expressed satisfaction with the report. He drew Council's attention to aspects of the report related to funding. He made reference to page 152 of the report which highlighted the amount invested by ITTO in actions relevant to the Year 2000 Objective. He said that the figure of US\$192 million invested by ITTO was more than what other international organizations had invested and represented the largest investment made in tropical forest management for the past ten years. He, however, mentioned that more resources were needed to achieve the Year 2000 Objective. He commented on the system of financing projects and pre-projects which had been influenced by donors' national aid policies and priorities which discriminate against specific countries or areas of activities. He cited the mechanism of financing as one of the weaknesses of ITTO. He also indicated that although consumer countries were supposed to commit at least 10% of their contributions as un-earmarked funds to the Special Account, that decision had never been observed in practice and called for further dialogue on the issue. He further commented on a section of the report relating to projects which had arisen from pre-projects but were not funded. Dr. Tomaselli also spoke about the need for balance in the distribution of funds among the working Divisions and Committees of the Organization.
84. Mr. Mamadou Sangare (Côte d'Ivoire) said although Côte d'Ivoire did not submit her national report on time, he hoped it would be included in the final report. He said the development of certification schemes was at different stages in different countries. He noted with satisfaction that there had been a great deal of improvements in the financing of certification schemes.
85. Dr. Julio Cesar Centeno (Eco Desarrollo) said Brazil and Bolivia presented national reports which were reflected in the regional assessment report. It was, therefore, unfortunate that the national reports of Brazil and Bolivia had not been reflected in the consultants report. He also indicated that the report had a skewed emphasis on the limitations and responsibilities of tropical countries and the obstacles in tropical countries that hampered the achievement of the Year 2000 Objective. He said that the Year 2000 Objective was the joint responsibility of all Member countries and that consumer countries also had the responsibility for transfer of financial resources, technical assistance, access to markets and transfer of technology. He pointed out that there appeared to be an omission in the analysis of the contributions of consumer countries with respect to the above responsibilities. He mentioned that producer countries estimated an amount of US\$22 billion as the financial resources necessary to achieve the Year 2000 Objective and by December 1999, the BPF had only US\$18 million. He said that total financing by ITTO to date was less than US\$200 million, representing less than 0.3% of what was estimated by producing countries as necessary to achieve the Objective. He indicated that the actual contribution of financial resources was totally insignificant compared with the magnitude of the challenge and inferred that the lack of financial resources significantly hindered the achievement of the Objective.
86. Dr. Centeno also mentioned that the Year 2000 Objective could not be isolated from the other objectives of the agreement. He mentioned the expansion and diversification of international trade of tropical timber, further processing in producing countries, need to provide additional resources and expertise, access to market and greater transparency in the international trade for tropical timber as key objectives in the agreement which were inter-dependent and complementary. Therefore the assessment of the Year 2000 Objective should also include an assessment of the compliance to these objectives.

**Report of the Expert Panel on Ways to Promote Public Education and Awareness of ITTO's Progress Towards the Year 2000 Objective – Decision 5(XXVII) (Agenda Item 13c)**

87. The report was presented by Ms. Jan McAlpine (USA) and H.E.Mr. J.E.K. Aggrey-Orleans (Ghana) who were co-chairpersons of the Panel.
88. In her presentation, Ms. Jan McAlpine (USA) referred Members to document ITTC(XXVIII)/10. She said the Panel met in Yokohama from 18 to 21 April 2000. Members of the Panel were: Mr. Luciano Helmoide Macieira (Brazil), H.E.Mr. J.E.K. Aggrey-Orleans (Ghana), Ms. Aimi Lee Abdullah

(Malaysia), Ms. Aulikki Kauppila (Finland), Ms. Kayoko Fukushima (Japan) and Ms. Jan McAlpine (USA).

89. The Panel identified the need for an ITTO communication and public education strategy focused on achieving the Year 2000 Objective. She mentioned two categories of actions for the Council's consideration – (i) engaging key stakeholders, target groups and change agents in working together to develop and implement the Year 2000 Objective; (ii) communication messages and methods for conveying the work of ITTO to the public, based on the belief that a better understanding by relevant groups would further the Year 2000 Objective and provide increased support for and understanding the work of ITTO.
90. Ms. McAlpine mentioned two cross-cutting objectives identified by the Panel – (i) the need to integrate trade/industry and environmental NGOs into ITTO's work; (ii) the strategic importance of ITTO's role in the family of international institutions and organizations that address forests and trade.
91. Ms. McAlpine said the Panel developed an indicative list of actions as possible elements for the communication and public education strategy, drawing upon the Duncan Poore and Thang Hooi Chiew report. The actions identified were: (i) establishment of demonstration forests, (ii) promoting the establishment of protected areas; (iii) developing a work programme on forest law enforcement; (iv) organizing regional workshops to promote the Year 2000 Objective; (v) developing a market research strategy; (vi) attracting financing and support for ITTO Year 2000 priority actions; (vii) developing a plan of action for ITTO Criteria and Indicators; (viii) developing a communication and public education programme for ITTO; (ix) developing a catalytic mission strategy; and (x) developing strategies to raise the profile of ITTO among other international forest-related organizations.
92. Ms. McAlpine spoke about communication messages and methods developed by the Panel for Council's consideration. She mentioned the ITTO mission statement and the need to stress the compatibility between trade and sustainable forest management. She also mentioned the need to identify progress made and the significance of that progress.
93. Ms. McAlpine said the Panel identified the following methods of communication: cable TV, published research, strategic plan for media action, regional workshops and publications, trade fairs and public events. She also reiterated the Panel's support for the proposal mentioned by the Executive Director on the institution of an award programme.
94. She stated that there was the need for Council's action to identify a process for developing a strategic communication programme and in that context consider human resources and financial implications, and a time-frame for these actions.
95. In his presentation, H.E.Mr. J.E.K. Aggrey-Orleans (Ghana) provided explanation on the use of certain terms in the report. He cited words like "information", "communication" and "civil society". He mentioned the strategic areas for action and indicated that the Panel selected those strategies which could be considered congruent with the recommendations of the Duncan Poore and Thang Hooi Chiew report.
96. H.E.Mr. Aggrey-Orleans also spoke about the target audience identified by the Panel. He drew Council's attention to document CFA(VI)/8 and titled "Note on ITTO's Information Policy and Work" which was prepared by the Secretariat and supported the proposal by the Executive Director for the establishment of an informal communication unit at the Secretariat.
97. H.E.Mr. Aggrey-Orleans stated that the Panel considered that communication actions should be taken by the Organization, Member countries, and all stakeholders, including the trade/industry and environmental NGOs.
98. The Chairperson thanked the Expert Panel for the report and invited comments from the Members.
99. Mr. Kazuo Tanaka (Japan) commended the report of the Expert Panel. He said that for implementation purposes, there was the need to prioritize the many useful recommendations in the report, taking into consideration the capabilities of the Secretariat as well as Member states and the financial resources needed. He suggested that it would be appropriate for ITTO to consider a comprehensive public education and public relation programme. He suggested that priority be given to the following recommendations: (i) publicity on the establishment of demonstration forests;

- (ii) promotion of the establishment of protected forest areas, including transboundary conservation areas; (iii) organization of regional workshops in producer countries; (iv) development of a plan of action for ITTO's Criteria and Indicators; (v) publicity to further promote financial contributions from consumer countries; (vi) catalytic missions which include NGOs and trade representatives, as well as the (vii) institution of an award programme in recognition of individuals/organizations who had made significant contributions to sustainable forest management.
100. Ms. Aulikki Kauppila (Finland) on behalf of the consumer group commended the expert panel for the report. She said that the issue of public relations and information was very essential in the promotion of public awareness about ITTO's progress towards the Year 2000 Objective. She indicated that several consumers had commented that the recommendations were too broad and there was the need for further work by the Council to obtain specific recommendations on the strategic actions to be taken before coming out with an information policy. She said, the financial implications of the recommendations would also have to be addressed.
  101. Dr. Untung Iskandar (Indonesia) on behalf of the producer group commended the report of the Expert Panel. He said the issues addressed by the Expert Panel were very delicate because public education and promotion of awareness were elusive targets. He said the major objective of ITTO is promoting sustainable forest management and indicated that although the Expert Panel had recommended a re-phrasing of the Year 2000 Objective, the producer group would want to maintain it. He said, the issue of public education and awareness would be much accepted if the political elite showed stronger commitment. He indicated that the stakeholders of ITTO, namely the public sector, industries and NGO were well informed about the activities of ITTO. He agreed that although ITTO should have done more to inform the public, the Member countries should also educate and inform their stakeholders about ITTO and the progress made. He supported the proposal for the establishment of additional demonstration forests.
  102. Dr. Hinrich Stoll (ATIBT) welcomed the proposal by the Executive Director for the establishment of a communication unit within the Secretariat and called for the development of a strong public relations programme. He said that there were still some powerful groups, supported by the mass media, which were interested in making the public to believe that ITTO's Year 2000 Objective had been a big failure and therefore encourage consumers not to use tropical hardwood. He reiterated the importance of public relations, especially after the Twenty-eighth Session. He further indicated that there were very important positive messages to be presented to the public to indicate that ITTO's Year Objective had not been a failure.
  103. Ms. Jocelyn Caloz (Canada) said that a great deal had been done to date which ITTO could be proud of. She supported the intervention by the consumer spokesperson with respect to the breadth of the report and the inclusion of key recommendations of other reports. She called on all ITTO Members to speak with one voice and to keep any future message focused and simple and ensuring that the mission of ITTO was always kept in mind. She suggested the repeating of tropical timber in the message in order to avoid confusion with many other international organizations. She supported other delegations who had offered their perspective of viewing the Year 2000 Objective as a process, rather than a goal. She said that communication, public awareness and public education efforts required a process with fixed goals, and called for a market research strategy and action plans focusing on selected target audiences, with appropriate communication methodologies.
  104. Mr. William Mankin (Global Forest Policy Project) spoke about what ITTO should do to make NGOs participate more actively in the activities of the Organization. He mentioned the fundamental concept of access to information and indicated that he had in the past held the view that ITTO was more transparent as compared to other international organizations. However, his recent opinion was that it was doubtful whether the Organization was fully committed to complete openness and transparency. He proposed that pre-project and project reports as well as reports of ex-post evaluation of projects be placed on the website. On the issue of ITTO's failure to reach the Year 2000 Objective, Mr. Mankin suggested that ITTO should be frank and honest in communicating to the public. He said that ITTO should be cautious in announcing that its high profile goal which had been used repeatedly and publicly for the past years as a major achievement had suddenly become a process and not a goal. He said, while he agreed that the ITTO Year 2000 was a journey, it could still be an important goal or destination because without a destination one would be wandering about and there would be no journey.
  105. Mr. Antonio Ospina (Comunidades Negras del Choco) in his contribution said that in Colombia, the large forest areas were the areas inhabited by indigenous black and Indian communities. He suggested that ITTO should reach out to these indigenous communities directly in targeting

audiences. He further suggested that the programme for public education, in the case of Colombia, should provide incentives for these indigenous groups.

106. Mr. Ralph Friedländer (Switzerland) in his contribution said that Member countries should recognize the progress attained and to improve upon that progress. He suggested that the model forests that had already been established by certain projects could be used as past experiences and inform the public about progress attained. He said ITTO should continue to have the Objective 2000 even if the attainment of the Objective was a continuous process. He also called on Council to consider the financial implications of any public education or public awareness programme.
107. The Chairperson in his concluding remarks indicated that in order to achieve a successful public relations there should be an identifiable progress and that there was a need for Council Members to have convergent views on progress made. He supported the proposal for the establishment of demonstration forests and also proposed the lifting of any restrictions on Council documents on the website.

#### **REPORT OF THE CONSULTANTS ON FRAMEWORK FOR GUIDELINES ON TROPICAL FORESTS MANAGEMENT – DECISION 6(XXVII) (Agenda Item 14)**

108. The report was presented by the consultants Messrs. David Cassells and Clayton Hall. They drew Council's attention to the report as contained in document ITTC(XXVIII)/11.
109. In his presentation, Mr. David Cassells said the basic terms of reference were to develop a draft for a comprehensive framework of guidelines and practical working manuals covering all aspects of sustainable forest management. He spoke about the methodology and indicated that the consultants held a series of consultations with representatives of Member countries. However, time and resources did not enable them to visit every Member country and they focused on areas where there was a concentration of ITTO activities. He named the countries visited as Brazil, Peru, Cameroon, Ghana, Papua New Guinea, Indonesia, Malaysia, U.S.A., U.K. and Australia.
110. Mr. Clayton Hall presented the key findings of the study with respect to experiences with ITTO Guidelines, National Codes of Forest Practice and Related Instruments. He said that although most of the practitioners consulted were familiar with the ITTO Guidelines, there had been little widespread application of either the Guidelines, the Criteria and Indicators or national codes of forest practice. He mentioned that a significant problem was the confusion caused by the plethora of guidelines and related instruments from the various international agencies and national and international forestry processes.
111. With regard to Reduced Impact Logging (RIL), Mr. David Cassells said practitioners in all the countries they visited placed great importance on the developing and implementation of reduced impact logging techniques. Private sector participants in a number of countries suggested that the question of appropriate harvesting techniques were related more to institutional and incentive structure than to technical field application.
112. On experiences with rehabilitation of degraded forests and the management of secondary forests, Mr. Clayton Hall said that there were large areas of forest lands in these categories in all producer regions and that these areas were expanding. He mentioned that, the emerging land rehabilitation issues included identifying and understanding the underlying socio-political causes of forest land degradation and secondary forest formations and their likely impact on efforts to manage or rehabilitate these ecosystems.
113. Mr. David Cassells spoke about community participation in forest management and mentioned that the failure to meaningfully involve communities in forest management had been identified as an important underlying cause of deforestation in many parts of the world and the progress in addressing the problem had been constrained by the diverse, often conflicting perspectives of the wide range of forest sector stakeholders.
114. On perceptions on key obstacles to the wide-scale implementation of sustainable forest management, Mr. Clayton Hall said that a major obstacle to the practice of sustainable forest management in many countries was the continued wave of deforestation and the wide scale practice of illegal harvesting. Factors contributing to these included poorly defined land ownership, lack of human and technical capacity for law enforcement and the mixed signals from the market.

115. Mr. David Cassells said that some practitioners felt that the ITTO Guidelines were outdated and that they should be updated to reflect the broader experience and the deeper conceptual understanding of sustainable forest management that had developed over the last decade. He also indicated that the majority of practitioners, however, felt that the existing ITTO Guidelines were imperfect but adequate and that the highest priority should be placed on implementation, monitoring and education. He said that any revisions or new guidelines should be simple and practical with a focus on applicability at the forest management unit level. Demonstration forests were identified to provide information for better policy and practice, by monitoring the costs and benefits of sustainable forest management while providing well-targeted training in key aspects of sustainable forest management, such as reduced impact logging.
116. Mr. Cassells presented a suggested framework for sustainable forest management. He said national level instruments would only be useful if they were backed by detailed field operation manuals. He indicated that these detailed field manuals would serve as the basis for targeted field practice training programmes. He called for translation of all the guidelines into simplified pocket-size field guides which could be used in day to day forest management.
117. Mr. Clayton Hall said that the major recommendation was that Council should adopt the suggested framework covering all aspects of sustainable forest management and encourage its early application. The primary focus should be on field implementation with policy development initiatives strategically implemented to proactively encourage field application of sustainable forest management principles.
118. The Vice-chairperson, Dra. Josefina Takahashi Sato (Peru) thanked the consultants for the report and invited comments from Members of the Council.
119. Dr. Untung Iskandar (Indonesia) said that ITTO was pre-occupied with the Year 2000 Objective and any operational guidelines or manuals that would have a direct impact on the achievement of the Year 2000 Objective would be very beneficial to Member countries. He reported to Council that Indonesia was currently implementing the FAO/ILO guidelines on reduced impact logging as well as advancing the regional initiative on code of forest harvesting practices for the Asia Pacific and was cooperating with Malaysia for their field implementation. He mentioned that ITTO was funding projects in Indonesia on the development of manuals on reduced impact logging, training in RIL, as well as the development of community participation in biodiversity conservation. He suggested that Member countries should utilize the existing documents in their progress towards the Year 2000 Objective. He further indicated that the producer group was of the opinion that the budget allocated for the establishment of new guidelines could be better appropriated for the implementation of Criteria and Indicators and other activities which would have direct impact on the achievement of the Year 2000 Objective.
120. Ms. Aulikki Kauppila (Finland) on behalf of the Consumer group commended the consultants for the report. She indicated that the recommendations were very ambitious and the Consumer group would require more time for further consideration of the report in terms of what could be done in the short, medium and long-term and their financial implications on other programmes and activities of the Organization.
121. Mr. William Mankin (Global Forest Policy Project) emphasized the concerns expressed by some practitioners that a lot of effort might be invested in the development and application of national guidelines, codes of practice and certification schemes which might still fail to meet the requirements of the market place. He sought clarification on the recommendation that the general sustainable forest management principles and ITTO's set of guidelines should be translated into national certification process.
122. Dr. I.J. Bourke (FAO) informed the Council that the FAO had just finished discussions on code of harvesting practice in the Asia Pacific region and had approved the need to bring such codes down to the operational level. He indicated that FAO was prepared to collaborate with ITTO in that regard. He also informed the Council that the FAO Community Forestry Unit had developed a range of guidelines and training programmes and would be glad to work with ITTO in those areas.
123. Mr. Kazuo Tanaka (Japan) sought clarification on why the consultants did not visit Korea, China and Japan which are very significant consumers of tropical timber.

124. Mr. David Cassells (consultant) in his response said they focused their attention on visits to Producer countries and their discussions in Consumer countries were essentially with forest management practitioners working on related activities. They actually visited Japan but their discussions were basically with the ITTO Secretariat.
125. Mr. Lombardo Tibaquira Contreras (Colombia) said Colombia was developing a project on Criteria and Indicators for the sustainable management of natural forests. The results of that project would improve the Colombia's forest policy and legislation.
126. Mr. Richard Dewdney (U.K.) commended the consultants for the report. He indicated that the report was ambitious and called on Council to consider the recommendations even if it would require a longer time frame. He supported the recommendation for collaboration with other international forestry organizations like FAO, CIFOR, World Bank and the Inter-Agency Task Force on Forests.
127. Mr. Kari Dike (Papua New Guinea) said the report and the Duncan Poore and Thang Hooi Chiew Report had provided the future direction for the Organization. He called for assistance to smaller producer countries, especially those within the Pacific region, to develop their national forest programmes, codes of practice and national Criteria and Indicators.

#### **EX-POST EVALUATION OF PROJECTS – DECISION 2(X) AND 7(XXVII) (Agenda Item 15)**

128. The Vice-chairperson introduced the subject. She informed Council that the issue had been discussed in the Committees and the Caucuses and some progress had already been made in the drafting of a decision, which was being finalized.

#### **PROGRESS REPORT ON THE IMPLEMENTATION OF ITTO WORK PROGRAMME FOR THE YEAR 2000 – DECISION 7(XXVII) (Agenda Item 16)**

129. The Executive Director presented the report. He referred to document ITTC(XXVIII)/13.
130. Dr. Sobral mentioned that the approved work programme included seventy (70) activities to be implemented by Council, Committees and the Secretariat as contained in the Annex to the referred document. He further indicated that information on the implementation status for each of the activities had also been provided in the document and invited comments from Members.
131. Ms. Aulikki Kauppila (Finland) on behalf of the consumer group commended the Executive Director for the report. She indicated that the report had enabled Members to monitor the progress of work which was a big improvement. She commended the Secretariat for implementing all its activities in the work programme on schedule.

#### **CITES LISTING PROPOSALS BY MEMBERS – DECISION 3(XVI) (Agenda Item 17)**

132. Mr. Emmanuel Ze Meka, Assistant Director, Forest Industry Division, reported that the Secretariat had not received any proposals from Members or any other source to list internationally traded tropical timber species in the Appendices of CITES. He however indicated that the Secretariat had received information that the last CITES Conference of Parties (COP) held from 10 to 20 April 2000 in Kenya decided to establish a working group for mahogany. The working group would include Members of the mahogany range states, principal importing countries and representatives of selected international organizations, including ITTO. The working group would report its recommendations and findings to the 12<sup>th</sup> Meeting of Conference of Parties.
133. Ms. Jan McAlpine (USA) said that the United States was pleased with the decision to involve ITTO in the working group. She indicated that the United States believed that a better understanding of *Sweetenia macropylla* and other species would lead to a more informed decision about how to proceed in future. She also mentioned that CITES had established a working group on bushmeat. She was of the opinion that ITTO would be invited to serve on this working group as well. She reiterated that it was a good opportunity for ITTO to reach out and work with other international organizations whose activities had an impact on tropical timber trade and related issues.

**MATTERS RELATING TO ARTICLE 46 OF THE ITTA, 1994 (Agenda Item 18)**

134. The Vice-chairperson, introduced the agenda item. She indicated that a series of meetings had already taken place among the caucuses and there was a draft decision for a 3 year extension of the ITTA.

**FREQUENCY AND DURATION OF COUNCIL AND COMMITTEE SESSIONS – DECISION 11(XXVII) (Agenda Item 19)**

135. The Vice-chairperson referred to document ITTC(XXVII)/14, prepared by the Secretariat pursuant to Decision 11(XXVII), requesting the Secretariat to supplement information contained in document ITTC(XXVI)/11, by providing cost estimates for the frequency and duration options contained in that document.
136. The Executive Director drew Council's attention to a previous decision scheduling the review of the frequency and duration of Council and Committee Session for the Twenty-ninth Session in Yokohama.
137. Mr. Charas Mayura (ITTO Secretariat) presented the document. He recalled the three options – (i) bi-annual Session with a duration of six working days; (ii) an annual Session with a duration of 8 days; (iii) bi-annual Sessions with one regular Session of six working days and another regular Session of 4 working days. He indicated that the cost of the 3 options had been tabulated in the document under reference. He pointed out that except for the cost of Members' participation, all costs relating to the holding of the Sessions had been borne by the Government of Japan, through the City of Yokohama.
138. Ing. Jorge Malleux Orjeda (Peru) said that option 3 did not appear to be convenient since there was very little time for in-depth discussions even under the current six working days meeting. He suggested an additional option would have been an annual Session with a duration of eight working days and rotated between Yokohama and Overseas.
139. Mr. Enzo Barattini (European Community) supported the proposal by the Executive Director to hold in-depth discussions on the subject during the Twenty-ninth Session of the Council in Yokohama. He indicated that there could be several other options which would require an in-depth analysis in order to arrive at a final decision in November.
140. Mr. Ralph Friedländer (Switzerland) drew Members' attention to the consequences of the various options on the project cycle and that costs of holding the Sessions were only one aspect of the equation. He said ITTO had made tremendous progress in reducing the duration of Sessions from 9 days to 6 days. He sought clarification as to whether all the elements necessary for Council to arrive at a decision had been provided.
141. Dr. Manoel Sobral Filho, informed Council that Decision 11(XXVII) requested the Executive Director to supplement the information provided in document ITTC(XXVI)/11 by providing cost estimates of the options contained in the Annex of that document. He however, indicated that the additional information requested by the delegation was relevant. Dr. Sobral said that holding an annual Session would imply a project cycle with a duration of 12 months, while the other two options would have no effect on the current project cycle.
142. Mr. Dike Kari (Papua New Guinea) in his contribution proposed that Council should take into account its objectives and tasks in arriving at a decision on the frequency and duration of the Sessions.

**THE ROLE OF ITTO AND ISSUES IN THE FOREST AND FOREST PRODUCT-RELATED INTERNATIONAL AGENDA – DECISION 7(XXVII) (Agenda Item 20)**

143. The Chairperson introduced the agenda item. He drew Council's attention to the fact that the issue was raised during the Twenty-seventh Session of the ITTC in Yokohama and an expert, Dr. Nigel Asquith from CIFOR had been invited to brief Council on climate change and forest-related issues.
144. The Chairperson spoke about the issue of carbon credit and its implications for tropical timber and ITTO. He informed the Council that these would be discussed at the Kyoto mechanism negotiations which would be held in early June 2000. He was of the opinion that tropical timber produced from

- sustainable managed sources should be eligible for carbon credit to serve as an incentive for sustainable forest management.
145. Dr. Manoel Sobral Filho reported to the Council on information received from Members on the agenda item. He referred to document ITTC(XXVIII)/16 and indicated that information was received from the Governments of Australia, Japan, Panama, Peru, Switzerland, Thailand and the United States of America.
  146. Ms. Fu Li (China) said that global forestry is a multi-layer issue which involves a wide range of elements. She indicated that each international organization should be committed to its own mandate. She said that since ITTO was the pioneering international organization in the formulation of criteria and indicators for the sustainable management of tropical forest as well as the Year 2000 Objective, it should play a more active and strategic role in international forestry issues. Ms. Fu Li pledged the Chinese government's continued support to ITTO to focus on discussions, consultation and international cooperation on issues relating to international trade in forest products and its impact on the environment.
  147. The Chairperson deferred discussion on the subject pending a technical presentation by Dr. Nigel Asquith.
  148. On resumption of proceedings, the Chairperson invited Dr. Nigel Asquith (CIFOR) to brief the Council on the issue of climate change and forestry.
  149. Dr. Nigel Asquith (CIFOR) in his presentation, spoke about the threat of global climate change and the linkage between levels of greenhouse gases, such as carbon dioxide and methane and the observed gradual increase in average global temperatures. He said the global community's response to the threat of climate change was the Kyoto Protocol which was signed in 1997. He indicated that while most countries signed the Protocol only few had ratified it. The Protocol would only become international law, if ratified by 55 countries who collectively account for a least 55 percent of the developed world's greenhouse gas emissions.
  150. Dr. Asquith said, forestry had been included in the Protocol, however it had not been well defined. He spoke about the Clean Development Mechanism (CDM). He indicated that the decision to include forestry projects in the CDM would be taken in November 2000. Dr. Asquith said, a ton of carbon sequestered by a forestry activity will be far less expensive to produce as compared to a ton of carbon sequestered by controlling energy emissions. He said forests could therefore be sources or sinks for carbon.
  151. Dr. Asquith cited the Noel Kempff Mercado National Park expansion in Bolivia as the largest carbon credit project in the world. The project resulted in the conservation of 7-14 million tons of carbon at a cost of US\$9.5 million.
  152. The Chairperson thanked Dr. Asquith for the presentation and invited comments from Members.
  153. Mr. Alphonse Owele (Gabon) sought clarification on the number of developed countries that had ratified the Kyoto Protocol.
  154. Dr. Untung Iskandar (Indonesia) requested further information on measures to be taken by ITTO and its Members for the inclusion of forestry in the Kyoto Protocol.
  155. Mr. Don Wijewardana (New Zealand) sought further clarification on types of forests to be included in the Protocol.
  156. Dr. Asquith (CIFOR) in response said that so far no industrialized country had ratified the Kyoto Protocol. He restated that for the Protocol to become an international law it had to be ratified by countries which account for 55% of developed world emissions. He mentioned that the United States alone account for 35% of the developed world's emissions. He said that concern had been expressed that the inclusion of forestry in the Kyoto Protocol would impact negatively on local communities in the developing world. On the issue of what type of forests would be included in the Kyoto Protocol, Dr. Asquith said that these had not yet been defined.



157. Mr. William Mankin (Global Forest Policy Project) sought clarification on credible evidence that carbon was actually being sequestered by forests. In his opinion, the potential complexity of any credible system of global verification could be massive, in terms of costs.
158. Ms. Jan McAlpine (USA) said that forestry should be included in the Clean Development Mechanism. She indicated that there were, however, many technical issues to be addressed in the Kyoto Protocol and supported the idea that ITTO should closely monitor development in the Kyoto Protocol. She further mentioned that there were potentially both positive and negative repercussions for whatever approach would be adopted at the Climate Change Convention.
159. Dr. I.J.Bourke (FAO) informed the Council that FAO had recently held two meetings in New Zealand and Australia and at both meetings the Kyoto Protocol was discussed extensively. The background papers which were presented at these meetings were available on the FAO website for Members' reference. Dr. Bourke said that FAO had increased its involvement in the issue of climate change and the FAO Forestry Department had recently commissioned a consultancy study on climate change and forestry and would make available to ITTO the report of that study.
160. Dr. Asquith (CIFOR) provided further clarification to Council on those issues raised. He said techniques for measuring carbon had been available for decades and the techniques for measuring the amount of carbon in trees were very simple. He indicated that the main way to reduce emissions would be the improvement of efficiency in the energy sector.

**REVIEW EXPERIENCE FROM SELECTION PROCESSES FOR THE POSITION OF EXECUTIVE DIRECTOR – DECISION 7(XXVII) (Agenda Item 21)**

161. The Vice-chairperson introduced the subject and invited comments from Members.
162. Ms. Aulikki Kauppila (Finland) said that the consumer group was pleased with the choice of Dr. Manoel Sobral Filho as the Executive Director and was satisfied with the selection process employed. The group however were of the opinion that it might be useful to gather information to assist in future selection processes. She indicated that reviewing the experience from other selection processes would require the gathering of information and considering the workload involved she proposed that discussions on the subject be held sometime in the future.

**DRAFT ANNUAL REPORT FOR 1999 (Agenda Item 22)**

163. Mr. E. Collins Ahadome, Information Officer, reported on the activities of the Organization in 1999, as detailed in the Draft Annual Report, document ITTC(XXVIII)/4. The key decisions of the Twenty-sixth and Twenty-seventh Sessions of the Council held in Chiang Mai, Thailand and Yokohama, Japan were noted. A summary of projects, pre-projects and activities funded by the Organization was provided as well as key policy development issues considered by the Council in 1999.

**PLEDGES TO THE SPECIAL ACCOUNT AND THE BALI PARTNERSHIP FUND (Agenda Item 23)**

164. Ms. Jan McAlpine (U.S.A.) on behalf of the Government of the United States of America pledged an amount of one hundred and twenty-five thousand dollars (US\$125,000) to the Bali Partnership Fund.
165. The Chairperson on behalf of the Council thanked the Government of the United States of America for the generous contribution.

**REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 24)**

166. Ms. Astrid Bergquist (Sweden), Chairperson of the Committee on Economic Information and Market Intelligence presented the report of the Committee.
167. She referred to document CEM(XXVI)/6 Rev.1 and reported to Council that the Committee had no new projects and expressed serious concern about that development. She informed the Council that there were 8 projects awaiting financing and appealed to donors to consider favorably the financing of those projects. The Committee also considered the reports of two (2) completed projects and one ex-post evaluation report. It also identified one completed project for ex-post evaluation. She said that the Committee reviewed the status of implementation of sixteen (16) projects, pre-projects and activities.

168. On policy issues, Ms. Bergquist reported that the Committee discussed Market Access, Downturn in the International Tropical Timber Market, and Timber Certification. The Committee also identified new policy issues to be taken up during the next Session of the Committee.
169. Ms. Bergquist mentioned that the Committee noted the successful conduct of the 2000 Annual Market Discussion under the theme "What does it take to be both responsible and successful in the International Tropical Timber Market". She expressed her thanks to the Trade Group for the assistance for the successful conduct of the Annual Market Discussion. She said the Committee considered favorably a proposal for the establishment of a Trade Advisory Group, as part of the proposal to actively engage the civil society in the activities of the Organization.
170. Dr. Untung Iskandar (Indonesia) commended the trade for the successful conduct of the Annual Market Discussion. He indicated Indonesia's support for all the issues raised in the statement by the trade which is attached as Appendix B to document CEM (XXVI)/6 Rev.1.
171. Mr. Pisal Wasuwanich (Thailand), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee.
172. He informed the Council that the Committee considered and recommended to Council the approval and funding of nine (9) new projects and two (2) pre-projects and considered the reports of 5 completed projects and two (2) pre-projects. The Committee discussed the issue of completed projects to be considered for ex-post evaluation and requested the Secretariat to prepare a list of completed projects indicating the main objective of the project to assist the Committee in the selection of projects for ex-post evaluation at its next Session.
173. Mr. Wasuwanich said, the Committee noted the list of approved projects awaiting financing and urged the donor community to provide the funds necessary for the implementation of the projects. It also noted that four (4) projects had fallen under the sunset provision since the last Session.
174. Mr. Jan Huner (Netherlands) informed the Council that he had received confirmation from his Government that funds for the outstanding contribution with regard to PD38/98 Rev.3 (F) would be remitted to the Secretariat as soon as possible.
175. Ms. Fu Li (China) thanked the Government of the Netherlands for the support provided in respect of PD38/98 Rev.3 (F) to be implemented in the Yunnan Province of China.
176. Mr. Batoum Themotio (Cameroon) reported to Council the financial difficulties Cameroon had been experiencing in the implementation of the decision on annual financial audits. He called on Council to reflect on the possibility of providing funds for the implementation of these audits.
177. Ms. Kayoko Fukushima (Japan), Chairperson of the Committee on Forest Industry, presented the report of the Committee.
178. She informed the Council that the Committee considered and recommended to Council the approval and funding of seven (7) new project and four (4) new pre-project proposals. The Committee also considered and expressed satisfaction with the reports of one (1) completed project and one (1) pre-project. The Committee reviewed the status of twenty-two (22) projects and nine (9) pre-projects under implementation and noted that five (5) projects and five (5) pre-projects were awaiting financing.
179. Ms. Fukushima said the Committee considered and expressed its satisfaction with the ex-post evaluation report of project PD47/88 Rev.3 (I) "Utilization of Lesser Used Species as Alternative Raw Materials for Forest-Based Industries". The Committee continued discussions on procedures for the selection of projects for ex-post evaluation as well as the financing of ex-post evaluation activities. The Committee selected one additional project PD107/90 (I) "Strategies for Sustainable Wood Industries in Sarawak (Malaysia)" for ex-post evaluation and recommended to Council to provide funds.
180. Ms. Ellen Conway (U.S.A.), Chairperson of the Committee on Finance and Administration presented the report of the Committee.
181. She informed the Council that the Committee discussed the recommendation by the Expert Panel for Technical Appraisal of Project Proposals for business class air travel for Panel Members travelling

over 12 hours and recommended to Council to maintain the status quo. The Committee also reviewed the contributions to the Administrative Budget from 1986 to 2000 and recommended to Council to authorize the Executive Director to transfer funds from the Working Capital Account an amount not exceeding US\$200,000 to the Administrative Account in the event of a deficit. The Committee would discuss the issue of arrears at its next Session. She indicated that the Committee discussed the resources of the Special Account and the Bali Partnership Fund.

182. Ms. Conway said the Committee discussed the Auditor's Report for the Financial Year 1999 and recommended to Council to approve the report. The Committee reviewed the medical and health insurance scheme for non-Japanese staff members and recommended to Council to authorize the Executive Director to increase the draft Administrative Budget by US\$20,000, in order to select a scheme with benefits comparable to that provided by other international organizations and to report the details of the selected scheme to the next Session of the Committee.
183. Ms. Conway informed Council that the CFA Sub-Committee on the Bali Partnership Fund recommended to Council the funding of activities, pre-projects and projects from the Sub-Account "B" of the BPF as per the priority list contained in the Annex to document CFA(VII)/7.

#### **DATES AND VENUE OF THE THIRTIETH AND THIRTY-FIRST SESSIONS OF THE COUNCIL AND ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 25)**

184. The Chairperson informed the Council about an invitation from the Government of Côte d'Ivoire to host the Thirtieth Session of the Council in Abidjan, from 28 May to 2 June 2001.
185. Mr. Enzo Barattini (European Community) drew Council's attention to the dates and indicated that these might coincide with a meeting of the International Coffee Organization in London. He proposed that the Secretariat should contact the ICO to avoid the clash and allow delegates the opportunity to attend both meetings.
186. The Chairperson requested the Council to always note other important meetings and conferences like Climate Change Convention and Biodiversity Convention to avoid possible clashes in dates with Sessions of the Council. He proposed that the date for the Thirtieth Session should be considered as tentative and would be confirmed during the November Session of the Council, in Yokohama.
187. Mr. Mamadou Sangare (Côte d'Ivoire) on behalf of the Government of Côte d'Ivoire, extended a warm invitation to Members of Council to attend the Thirtieth Session of the Council in Côte d'Ivoire. He thanked the Council for accepting the invitation from the Government of Côte d'Ivoire to host the Thirtieth Session of the Council and Associated Sessions of the Committees in Côte d'Ivoire.
188. Mr. Kazuo Tanaka (Japan) proposed that the Thirty-first Session of the Council and Associated Sessions of the Committees be held from 29 October to 3 November 2001, in Yokohama, Japan.
189. Mr. Carlos Alberto Gomez Martinez (Panama) informed the Council that the Government of Panama had expressed interest to extent an invitation to Council to host the Thirty-fourth Session of the Council, in 2003, in Panama.

#### **OTHER BUSINESS (Agenda Item 26)**

##### **Statement by the Trade**

190. Ms. Wendy Baer (International Wood Products Association) read the statement by the Informal Trade Group. The Informal Trade Group, comprising representatives of Trade and Industry NGOs and of delegations from both producer and consumer countries, expressed their gratitude to the Council for the opportunity to highlight important areas of concern in the tropical timber trade. The Informal Trade Group drew Council's attention to some key issues:
  - the need to improve the quality of statistical information on trade in tropical timber
  - the need to assist producer countries in value-added processing
  - the need for ITTO to take a leading role in facilitating exchange of information regarding national and regional certification schemes
  - the need to coordinate and facilitate the development of an effective market promotion strategy for tropical timber products

- the need for ITTO to continue supporting reduced impact logging initiatives (the full text of the statement is attached as Annex B to document CEM(XXVI)/6 Rev.1 ).

#### **Statement by the Representative of FAO**

191. Dr. I. J. Bourke (FAO) briefed Council on possible areas of collaboration between ITTO and FAO. He cited FAO's work on codes of harvesting practices, in particular the subject of reduced impact logging as an area ITTO and FAO could collaborate. He said FAO had also placed emphasis on the implementation of these codes at the operational level. He also indicated that FAO would continue to place emphasis on criteria and indicators for sustainable forest management, statistics, outlook studies and national forestry programme in its overall work programme. He announced that FAO had just commenced a three-year project on Information and Analysis for Sustainable Forest Management, linking national and international efforts in 13 tropical countries in Latin America. This would cover the gathering and updating of a wide range of forestry-related statistics, outlook work and policy development review. FAO was undertaking similar work in Africa and the Caribbean countries and was looking forward to increasing collaboration with ITTO on these issues.

#### **Statement by the Delegation of France**

192. Ms. Marie-Anne Vautrin (France) commended the Secretariat and interpreters for the organization of the Session. Commenting on the suggestion to adopt Council decisions in English, the representative of France stressed that ITTO is an international organization where the diversity of cultures, information sources and conceptual approaches must be expressed in order to improve understanding and to achieve lasting progress in each of the Member countries. She said that this aspect would be essential to the success of communication actions taken in favour of tropical timber. She further stressed that full use of the Organization's working languages represented a strong quality indicator of ITTO's work

#### **Statement by the Delegation of Switzerland**

193. Mr. Ralph Friedländer (Switzerland) thanked the Government of Peru, and in particular, INRENA for the warm reception and excellent organization of the Session. He informed the Council that he would be taken up a new assignment in Lagos, Nigeria. He thanked all Council Members who had been supporting the Organization in diverse ways. He expressed his satisfaction with the operationalization of the Bali Partnership Fund which had made it possible for the Organization to finance decisions of the Council in a more appropriate and swift manner. He called for total quality management using all past experiences to improve the work of ITTO. He said Switzerland would continue to participate in ITTO and called for unity among producers and consumers.
194. The Chairperson said that the departure of Mr. Ralph Friedländer (Switzerland) from ITTO would be a major loss to the Organization. He commended the Government of Switzerland for its tremendous support to ITTO and wished Mr. Friedländer every success in his new assignment.

#### **Statement by the Delegation of the Republic of Congo**

195. Dr. François Ntsiba (Republic of Congo) commended the Government of Peru for hosting the Session as well as the warm reception accorded to delegates. He also expressed his gratitude to the Executive Director and the entire ITTO family. He assured the international community that the political and social situation in the Republic of Congo had returned to normal and there was peace in the country. He mentioned that the Republic of Congo was playing a leadership role in the Congo Basin. He stated that about 2 million ha had been devoted as conservation forest. He thanked all the donors for funding the project proposal submitted by the Government of the Republic of Congo. He said the project would support conservation of biodiversity in the Congo Basin.

#### **Statement of the Delegation of Gabon**

196. Mr. Alphonse Owele (Gabon) commended the Government of Peru for the warm hospitality accorded to delegates and the excellent facilities provided for the Session. He congratulated the Chairperson of the Council for his excellent leadership. He thanked the Executive Director and the Secretariat in the organization of the Session and providing all the necessary support to delegates. He supported the extension of the ITTA, 1994.

## **DECISIONS AND REPORT OF THE SESSION (Agenda Item 27)**

197. The Chairperson, Mr. Rae-Kwon Chung (Republic of Korea), referred to document ITTC(XXVIII)/18 comprising the ten Decisions and a Statement for adoption by the Council at its Twenty-eighth Session. The Council approved all ten Decisions (these are reproduced in this report as Annex IV). Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedures was to be applied to the circulation of the Decisions and the report of the Council to Members.

## **CLOSING SESSION (Agenda Item 28)**

### **Closing Statement by H.E.Ing. Belisario de las Casas Piedra, Minister of Agriculture, Peru**

198. In his closing address, H.E.Ing. Belisario de las Casas Piedra, Minister of Agriculture of Peru said that Peru, like other countries with tropical forest had a great responsibility in ensuring the conservation and sustainable management of its forest resources by applying the ITTO's Criteria and Indicators. He expressed his gratitude to ITTO for the many projects being implemented in Peru. He specifically cited the transboundary project between Peru and Ecuador and indicated that it would bring peace between the two sister countries. He indicated the Government of Peru's strong commitment to the conservation of natural resources for the socio-economic development of the country.

### **Statement by Global Forest Policy Project**

199. Mr. William Mankin (Global Forest Policy Project) said that except for the last two years, he had participated in all Sessions of the Council, as well as, in the re-negotiation of the ITTA. He said that he had during all those years got to know ITTO as an organization which was very reluctant to do many things. He indicated that ITTO was reluctant to commit itself to the principle of sustainable forest management and once it made the commitment it seemed reluctant to work really hard to achieve the objective. Mr. Mankin said that ITTO had also been reluctant to provide credible evidence that progress was being made toward the objective. He said that it took ITTO many years to acknowledge the existence of forest certification thereby not taking the advantage of the opportunity it offered to its Members. He further mentioned that ITTO had been reluctant to embrace civil society representatives as working partners towards the goal of sustainable forest management. Mr. Mankin stressed that these aspects of the Organization were reasons why environmental NGOs, including the Global Forest Policy Project, had basically abandoned ITTO.
200. Mr. Mankin mentioned that on the opening day of the Session, delegates acknowledged that the Year 2000 Objective had not been achieved and appeared committed to work as rapidly as possible to achieve the goal of sustainable forest management. However no decision was adopted to help achieve that rapid progress. He said, the outside world would not take the statement of affirmation on the Year 2000 Objective as a strong commitment. He also spoke about the extreme threat posed by illegal harvesting and trade and mentioned that although several comments were made on the issue during the Annual Market Discussions, no decision was adopted by Council to address the problem. Mr. Mankin further noted that although several delegates commented on the need to raise the profile of ITTO in relation to other international forest policy processes and dialogues, no decision was adopted on the issue. He mentioned the extensive discussion on a much wider participation of environmental NGOs in the activities of the Organization, but the decision adopted on enhancing participation of Members of civil society in the relevant activities of ITTO did not go far enough. He said it would be difficult for him to convince his colleagues in the NGO community that ITTO was ready to embrace them. He concluded that although there was a strong commitment by ITTO Members it appeared that, that was not enough.
201. The Chairperson thanked Mr. Mankin for his comments and said the fact that Mr. Mankin was allowed to participate in the drafting of decisions showed the openness of ITTO as compared to other international organizations and NGOs, and that should be appreciated. He mentioned that although there were no decisions on certain issues, it did not imply that those issues were irrelevant. Rather, there was the need for more time to discuss those issues in order to arrive at good decisions. He hoped Mr. Mankin would continue to participate in the Sessions of the Council and also convey the right message about ITTO to Members of the outside world.

#### **Statement by the Consumer Spokesperson**

202. Ms. Aulikki Kauppila (Finland) on behalf of the consumer group commended the Government of Peru for hosting the Session as well as for the warm reception accorded to delegates. She also congratulated the Chairperson of the Council, Mr. Rae-Kwon Chung (Republic of Korea) for his able and efficient leadership. She thanked the Secretariat, the interpreters and translators for the assistance accorded to delegates.
203. Ms. Kauppila commended the producer spokesperson, Dr. Untung Iskandar for the warm and friendly atmosphere that characterized their discussions.
204. She noted that there were several important issues on the agenda of the Twenty-eighth Session. She cited the Year 2000 Objective as an important goal for the Organization and its Member States. She said though the Objective was not met, it was important that ITTO gave a clear message to the outside world about its commitment to the goal and regretted that the decision on the Year 2000 Objective could not be finalized at the Twenty-eighth Session. She was however pleased with the statement of affirmation and the fact that the issue would be revisited in Yokohama. She called on the IAG to discuss the organization of informal groups during its next meeting in Yokohama.

#### **Statement by the Delegation of the European Community**

205. Mr. Enzo Barattini (European Community) on behalf of the European Community commended the chairperson, Mr. Rae-Kwon Chung for his leadership in the conduct of the debates of the Session. He said the Session was particularly difficult because of the many important issues and reports. Nevertheless significant progress had been made and he was hopeful that issues which could not be finalized at the Session would be addressed at the next Session. He thanked the Government of Peru, particularly INRENA for hosting the Session. Mr. Barattini thanked the two spokespersons, the Executive Director, the Secretariat, translators and interpreters.

#### **Statement by the Delegation of Japan**

206. Mr. Kazuo Tanaka (Japan) expressed the deep appreciation of the Japanese delegation to the Government and people of Peru, in particular those of INRENA, for hosting the Twenty-eighth Session of the Council. He thanked the Executive Director and the Secretariat for the assistance provided to delegates. He indicated that, although the Council was not able to adopt decisions on all issues considered, progress had been made on deliberations of important issues and there was the need to keep up the momentum in order to be able to reach agreement on the various pending issues in Yokohama.

#### **Statement by INRENA**

207. Dra. Josefina Takahashi Sato (Peru), Vice-chairperson of Council and Head of INRENA, thanked the delegates for attending the Twenty-eighth Session in Lima, Peru. She attributed the success of the Session to the hospitality of the people of Peru towards the rest of the world. She apologized for any failures in the organization and thanked the Secretariat, interpreters, translators and all supporting staff for contributing in diverse ways towards the success of the Session.

#### **Statement by the Producer Spokesperson**

208. Dr. Untung Iskandar (Indonesia) on behalf of the producer group said that the Twenty-eighth Session of the ITTC had been eventful because it was the first Session in year 2000. He called on Members to reflect on the successes and failures of the Organization. He indicated that the ITTO Year 2000 Objective could not be achieved although substantial progress had been made. He supported the proposal by the Executive Director for the establishment of ITTO Year 2000 Board. He said such a Board would supervise and direct the application of Criteria and Indicators, which would eventually lead to certification.
209. Dr. Iskandar said producers would like to see actual action in the field, such as in the practice of reduced-impact logging. He mentioned that the Producer group welcomed Council Decisions on the auditing system for sustainable forest management, as well as the extension of the ITTA, 1994 for another three years. He also welcomed the continuing efforts to enhance conservation areas through projects in transboundary areas. He expressed his gratitude and appreciation to the Government and people of Peru, particularly INRENA for hosting the Council Session. He thanked the Executive

Director and the Secretariat for their efficiency and excellent team work in the conduct of the Session. He commended the chairperson of the Council, Mr. Rae-Kwon Chung (Republic of Korea), and the Vice-chairperson, Dra. Josefina Takahashi Sato (Peru) for their able leadership. He acknowledged the patience and perseverance of the Consumer delegates and welcomed the new Consumer spokesperson, Ms. Aulikki Kauppila (Finland).

#### **Closing Statement by the Chairperson**

210. Mr. Rae-Kwon Chung (Republic of Korea), the Chairperson of ITTC, in his closing remarks said he felt obliged to improve the conduct of business as well as the efficiency in the drafting of decisions. He reiterated the Council's ambition and devotion towards the sustainable management of tropical forests. He called on Council Members to welcome new ideas. He expressed his profound gratitude to the Government and people of Peru for successfully hosting the Twenty-eighth Session of the Council. He thanked the Secretariat and the language team of interpreters and translators, and the supporting staff.
211. The Chairperson officially closed the Twenty-eighth Session of the ITTC.

## **ANNEX I**

### **LIST OF PARTICIPANTS**

**Document: ITTC(XXVIII)/Info. 2 Rev.1**



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24 – 30 May 2000  
Lima, Peru

**LIST OF PARTICIPANTS**

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**LISTE DES PARTICIPANTS**

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**LISTA DE PARTICIPANTES**

## MEMBERS

### AUSTRALIA

- \* Mr. John Martinez      Assistant Director, State and International Relations Section, Department of Agriculture, Fisheries and Forestry, Canberra
- \*\* Mr. Garry Grant      Assistant Director, Industry Development, Department of Agriculture, Fisheries and Forestry, Canberra

### BOLIVIA

- \* Mr. William Cordero      Forest Advisor, BOLFOR, Ministerio de Desarrollo Sostenible y Planificación, Santa Cruz

### BRAZIL

- \* Mr. Luciano Helmold Macieira      First Secretary, Ministry of External Relations, Brasília
- \*\* Ms. Cecília G. Malaguti de Souza      Manager, Multilateral Technical Cooperation, Brazilian Cooperation Agency, Ministry of External Relations, Brasília
- \*\* Mr. Raimundo Deusdará Filho      Director, Programa, Nacional de Florestas, Brasília
- \*\*\* Dr. Ivan Tomaselli      Director, ABIMCI, Curitiba
- \*\*\* Mr. Ovidio Gasparetto      President of SINMAD, Director of AIMEX, Belém

### CAMEROON

- \* Mr. Jean Bosco Samgba Ahanda      Ingénieur Général des Eaux et Forêts et des Chasses, Cabinet du Ministre de l'Environnement et des Forêts, Yaoundé
- \*\* Mr. Batoum Thémotio      Directeur des Projets Co-finances, Office National de Développement des Forêts (ONADEF), Yaoundé
- \*\* Mr. Mbolu Bamela Daniel      Chargé d'études No.1 Direction des Projets Co-financés, ONADEF, Yaoundé
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## **ANNEX II**

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**DOCUMENT: ITTC(XXVIII)/1 Rev.1**

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TWENTY-EIGHTH SESSION  
24 – 30 May 2000  
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## AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee  
[Document ITTC(XXVIII)/3]
6. Proposed Distribution of Votes for 2000
7. Admission of Observers
8. Statement by the Executive Director
9. Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)  
[Document ITTC(XXVIII)/2]
10. Revision of Project Related Guidelines and Manuals – Decision 2(XXVI)
11. Matters Relating to Market Access – Decision 9(XXVI)
  - (a) Preliminary Report by Consultants on the Assessment of the Sustainability of Tropical Forests  
[Document ITTC(XXVIII)/6]
  - (b) Information by Members on Progress Made with Regard to Measures Undertaken to Eliminate Possible Obstacles to Market Access for Tropical Timber
12. ITTO Fellowship Programme – Decision 4(XXVII)  
[Document ITTC(XXVIII)/7]
  - (a) Progress Report on the ITTO Fellowship Programme
  - (b) Report by the Chairman of the Fellowship Selection Panel
13. ITTO Year 2000 Objective and its Promotion through Public Education and Awareness – Decisions 10(XXVI) and 5(XXVII)
  - (a) Report on Progress of Implementation of Activities Related to Priority Actions Identified in the Annex to Decision 10(XXVI) – Decision 5(XXVII)  
[Document ITTC(XXVIII)/8]

- (b) Report of the Consultants on (a) Members' Progress Towards Achieving the Year 2000 Objective, and (b) Progress Made by ITTO in Enhancing the Capacity of Member Countries to Implement a Strategy for Achieving the Objective – Decision 10(XXVI)  
[Document ITTC(XXVIII)/9]
- (c) Report of the Expert Panel on Ways to Promote Public Education and Awareness of ITTO's Progress Towards the Year 2000 Objective – Decision 5(XXVII)  
[Document ITTC(XXVIII)/10]
- 14. Report of the Consultants on Framework for Guidelines on Tropical Forest Management – Decision 6(XXVII)  
[Document ITTC(XXVIII)/11]
- 15. Ex-post Evaluation of Projects – Decisions 2(X) and 7(XXVII)  
[Document ITTC(XXVIII)/12]
- 16. Progress Report on the Implementation of ITTO Work Programme for the Year 2000 – Decision 7(XXVII)  
[Document ITTC(XXVIII)/13]
- 17. CITES Listing Proposals by Members – Decision 3(XVI)
- 18. Matters Relating to Article 46 of the ITTA, 1994
- 19. Frequency and Duration of Council and Committee Sessions – Decision 11(XXVII)  
[Document ITTC(XXVIII)/14]
- 20. The Role of ITTO and Issues in the Forest and Forest-Product Related International Agenda – Decision 7(XXVII)
- 21. Review Experience from Selection Processes for the Position of Executive Director – Decision 7(XXVII)
- 22. Draft Annual Report for 1999  
[Document ITTC(XXVIII)/4]
- 23. Pledges to the Special Account and the Bali Partnership Fund
- 24. Reports of the Associated Sessions of the Committees
- 25. Dates and Venue of the Thirtieth and Thirty-first Sessions of the Council and the Associated Sessions of the Committees
- 26. Other Business
- 27. Decisions and Report of the Session
- 28. Closing of the Session

## **ANNOTATIONS TO THE PROVISIONAL AGENDA**

### **Item 1 - Opening of the Session**

The Twenty-eighth Session will be opened by the Chairperson of the Council, Mr. Rae-Kwon Chung (Republic of Korea).

### **Item 2 - Ascertainment of the Quorum**

The Executive Director will report to the Council on the state of the quorum requirement for the start of the Session.

### **Item 3 - Adoption of Agenda and Organization of Work**

The Council may decide to consider and adopt its Agenda. On the schedule of meetings, the Council may consider the draft schedule distributed under Decision 5(XXII), the advice of the Informal Advisory Group (IAG) and undertake due consultations in the Chairperson's Coordinating Bureau, issuing the timetable daily and at more frequent intervals as necessary. Registration shall be open at the Swissôtel Lima during 14:30-18:00 hours on Tuesday, 23 May 2000, at the ITTO Secretariat Office (Room "Chavin", 2<sup>nd</sup> Floor) and at the Foyer in front of the Plenary Hall (Rooms Paracas I & II) during 08:30-12:30 and 14:30-17:00 hours on Wednesday and Thursday, 24 and 25 May 2000. Late registration will be available in the ITTO Secretariat Office. The Inauguration Ceremony of the Session will commence at 10:00 hours on Wednesday, 24 May 2000, at the Paracas I/II Hall of the Swissôtel Lima, Via Central 150, Centro Empresarial Real, San Isidro, Lima 27, Peru. Please refer to the "General Information Notes" [Doc. ITTC(XXVIII)/Info.1] for details.

### **Item 4 - Report on Membership of the Council**

The Executive Director will report on the status of membership of the Council.

### **Item 5 - Report of the Credentials Committee** [Document ITTC(XXVIII)/3]

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

### **Item 6 - Proposed Distribution of Votes for 2000**

The proposed distribution of votes for the year 2000 is reproduced as Annex to these Annotations. In accordance with Article 19(4) of the International Tropical Timber Agreement, 1994, this distribution will be used for the assessment of the contribution of each Member to the Draft Administrative Budget for 2001.

### **Item 7 - Admission of Observers**

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

### **Item 8 - Statement by the Executive Director**

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

### **Item 9 - Informal Advisory Group (IAG) – Decision 5(XXVI)** [Document ITTC(XXVIII)/2]

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the sixth meeting of the Informal Advisory Group (IAG), to be convened on Tuesday, 23 May 2000. The report will be presented by the Chairperson.

**Item 10 - Revision of Project Related Guidelines and Manuals – Decision 2(XXVI)**

The Executive Director will report on Members' suggestions for improvement of the revised manuals for Project Formulation and for Project Monitoring Review and Evaluation.

**Item 11 - Matters Relating to Market Access – Decision 9(XXVI)**

[Document ITTC(XXVIII)/6]

The Council may: (a) consider the preliminary report prepared by the Consultants on the assessment of the sustainability of tropical forests and take any action it considers appropriate; and (b) receive information from Members on progress made with regard to measures undertaken to eliminate possible obstacles to market access for tropical timber.

**Item 12 - ITTO Fellowship Programme – Decision 4(XXVII)**

[Document ITTC(XXVIII)/7]

The Council may consider: (a) the progress report prepared by the Secretariat on implementation of improvements to the ITTO Fellowship Programme, as called for in Decision 4(XXVII); and (b) the report of the Fellowship Selection Panel presented by its Chairman. The Council will announce the final selection of awards based on the Chairman's report.

**Item 13 - ITTO Year 2000 Objective and its Promotion through Public Education and Awareness – Decisions 10(XXVI) and 5(XXVII)**

[Documents ITTC(XXVIII)/8, ITTC(XXVIII)/9, ITTC(XXVIII)/10]

The Council may consider: (a) the report prepared by the Secretariat on the progress of implementation of activities related to priority actions identified in the Annex to Decision 10(XXVI); (b) the report of the Consultants on Members' progress towards achieving the Year 2000 Objective and on ITTO's contribution towards enhancing Members' capacity to implement a strategy for achieving the Objective; and (c) the report of the Expert Panel on ways to promote public education and awareness of ITTO's progress towards the Year 2000 Objective.

**Item 14 - Report of the Consultants on Framework for Guidelines on Tropical Forest Management – Decision 6(XXVII)**

[Document ITTC(XXVIII)/11]

The Council may consider the report of the consultants engaged for the study on framework for guidelines on tropical forest management.

**Item 15 - Ex-post Evaluation of Projects – Decisions 2(X) and 7(XXVII)**

[Document ITTC(XXVIII)/12]

The Council may consider and, if appropriate, take action to revise Decision 2(X) and to improve the Organization's work related to ex-post evaluation of projects. The Council may also wish to consider document ITTC(XXVIII)/12, prepared by the Secretariat to assist the Council and Committees in their review of Section 7 in Annex 2 of Decision 2(X) on ex-post evaluations with a view to define a simple procedure for identifying projects or group of projects requiring ex-post evaluations and define a simple and cost effective procedure to carry out ex-post evaluations, including alternative ways for financing ex-post evaluation work.

**Item 16 - Progress Report on the Implementation of the ITTO Work Programme for the Year 2000 – Decision 7(XXVII)**

[Document ITTC(XXVIII)/13]

The Executive Director will report on progress in the implementation of the Work Programme for the Year 2000.

**Item 17 - CITES Listing Proposals by Members – Decision 3(XVI)**

Pursuant to its Decision 3(XVI) the Council may arrange consultations on Members' proposals to list internationally traded tropical timber species in the CITES Appendices which have been reported to the Secretariat since the last Session.

**Item 18 - Matters Relating to Article 46 of the ITTA, 1994**

The Council may consider matters relating to Article 46 of the International Tropical Timber Agreement, 1994, concerning the duration, extension and termination of the Agreement.

**Item 19 - Frequency and Duration of Council and Committee Sessions – Decision 11(XXVII)**  
[Document ITTC(XXVIII)/14]

The Council may wish to consider Document ITTC(XXVIII)/14, prepared by the Secretariat, pursuant to Decision 11(XXVII), to supplement information to the Document ITTC(XXVI)/11, by providing cost estimates for the frequency and duration options contained in the Annex to that Document.

**Item 20 - The Role of ITTO and Issues in the Forest and Forest-Product Related International Agenda – Decision 7(XXVII)**

The Council may wish to consider information on the issues arising in the forest and forest-product related international agenda, focusing on the role of ITTO and to maintain its relevance in the developing international agenda.

**Item 21 - Review Experience from Selection Processes for the Position of Executive Director – Decision 7(XXVII)**

In its work program for the Year 2000, the Council decided to review experience to date from selection processes for the position of Executive Director in the Twenty-eighth Session.

**Item 22 - Draft Annual Report for 1999**  
[Document ITTC(XXVIII)/4]

The Executive Director will present the Draft Annual Report for 1999.

**Item 23 - Pledges to the Special Account and the Bali Partnership Fund**

The Council may invite Members and Observers to announce any new contributions they may wish to pledge to the Special Account and the Bali Partnership Fund.

**Item 24 - Reports of the Associated Sessions of the Committees**

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

**Item 25 - Dates and Venues of the Thirtieth and Thirty-first Sessions of the Council and the Associated Sessions of the Committees**

The Council has already approved the dates and venue of the Twenty-ninth Session to be held from 30 October to 4 November 2000 in Yokohama, Japan.

The Council also received the invitation from the Government of Côte d'Ivoire to hold its Thirtieth Session in Abidjan, Côte d'Ivoire, on the preliminary dates from 28 May to 2 June 2001. The Council may wish to confirm the dates and venue for this Session.

In order to maintain the established practice of setting Session dates and venue eighteen months in advance to facilitate logistical arrangements, the Council may also wish to set the dates of the Thirty-first Session to be held in Yokohama in the Fall of 2001.

**Item 26 - Other Business**

The Council may consider any matters raised under this item.

**Item 27 - Decisions and Report of the Session**

The Council shall consider the proposed decisions and adopt them accordingly. In accordance with Rule 33 of the Rules of Procedure a report on the proceedings shall be prepared by the Executive Director and shall be circulated to all Members as soon as possible.

**Item 28 - Closing of the Session**

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



## **ANNEX III**

### **MEMBERSHIP OF COUNCIL AND DISTRIBUTION OF VOTES FOR MEMBER STATES FOR 2000**

# DISTRIBUTION OF VOTES

	No. of Votes	
	1999 (allocated)	2000 (proposed)
<b><u>PRODUCERS</u></b>		
<b>Africa</b>		
Cameroon	25	26
Central African Republic	25	25
Congo	25	25
Côte d'Ivoire	25	25
Democratic Republic of the Congo	25	26
Gabon	25	25
Ghana	25	25
Liberia	25	25
Togo	25	25
<b>Asia &amp; Pacific</b>		
Cambodia	19	19
Fiji	15	15
India	26	27
Indonesia	144	137
Malaysia	131	132
Myanmar	25	29
Papua New Guinea	34	33
Philippines	16	16
Thailand	17	17
<b>Latin America/Caribbean</b>		
Bolivia	27	26
Brazil	157	158
Colombia	24	24
Ecuador	17	17
Guyana	18	18
Honduras	14	13
Panama	13	13
Peru	28	29
Suriname	16	16
Trinidad and Tobago	12	12
Venezuela	22	22
Total:	<u>1,000</u>	<u>1,000</u>

	No. of Votes	
	1999 (allocated)	2000 (proposed)
<b><u>CONSUMERS</u></b>		
Australia	16	15
Canada	14	14
China	137	171
Egypt	15	15
European Community		
Austria	11	11
Belgium/Luxembourg	21	21
Denmark	13	12
Finland	10	10
France	34	33
Germany	29	26
Greece	11	11
Italy	33	32
Netherlands	28	28
Portugal	-	20
Spain	26	28
Sweden	11	11
United Kingdom	39	36
Japan	356	322
Nepal	10	10
New Zealand	10	10
Norway	10	11
Republic of Korea	95	77
Switzerland	11	11
United States of America	60	65
Total:	<u>1,000</u>	<u>1,000</u>

## **ANNEX IV**

### **TEXT OF THE MAIN DECISIONS**

#### **ADOPTED BY THE COUNCIL AT ITS TWENTY-EIGHTH SESSION**

<b>Documents:</b>	<b>DECISION 1(XXVIII)</b>	<b>ITTC(XXVIII)/18</b>
	<b>DECISION 2(XXVIII)</b>	<b>ITTC(XXVIII)/19</b>
	<b>DECISION 3(XXVIII)</b>	<b>ITTC(XXVIII)/20</b>
	<b>DECISION 4(XXVIII)</b>	<b>ITTC(XXVIII)/21</b>
	<b>DECISION 5(XXVIII)</b>	<b>ITTC(XXVIII)/22</b>
	<b>DECISION 6(XXVIII)</b>	<b>ITTC(XXVIII)/23</b>
	<b>DECISION 7(XXVIII)</b>	<b>ITTC(XXVIII)/24</b>
	<b>DECISION 8(XXVIII)</b>	<b>ITTC(XXVIII)/25</b>
	<b>DECISION 9(XXVIII)</b>	<b>ITTC(XXVIII)/26</b>
	<b>DECISION 10(XXVIII)</b>	<b>ITTC(XXVIII)/27</b>
	<b>STATEMENT 1(XXVIII)</b>	<b>ITTC(XXVIII)/28</b>

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24 - 30 May 2000  
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## DECISION 1(XXVIII)

### PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Twenty-eighth Session the recommendations of the three Committees on Projects and Pre-Projects, as contained in documents CEM(XXVI)/6 Rev.1, CRF(XXVI)/8 and CFI(XXVI)/7,

1. Decides:

(i) to approve the following Projects:

PD 8/98 Rev.4 (F)	Development of a Demonstration Area in the Sustainable Management of Gabonese Forests (\$458,695.00)
PD 55/98 Rev.3 (F)	Evaluation of Mangrove Forests in the North-East of the Orinoco Delta Region in Venezuela with a View to Sustainable Forest Utilization (\$304,104.00)
PD 44/99 Rev. 2 (F)	Implementation of a Management Plan by the Chiquiaca and Orozas Communities in Tarijas, Bolivia (\$285,589.00)
PD 49/99 Rev.2 (F)	Pilot Plan for the Sustainable Management of 10,000 Hectares of Secondary Forest in San Lorenzo, Esmeraldas (\$393,990.00)
PD 51/99 Rev.2 (F)	Support to Grassroot Forestry Promotion Initiatives in the Yoto Area (\$243,547.00)
PD 2/00 Rev.2 (F)	Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Ecuadorian Component) (\$701,701.00)
PD 3/00 Rev.2 (F)	Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Peruvian Component) (\$701,502.00)
PD 4/00 Rev.1 (F)	Biodiversity Management and Conservation in a Forest Concession Adjacent to a Totally Protected Area (Nouabale-Ndoki National Park), Northern Congo (\$1,022,084.00)

PD 15/00 Rev.2 (F)	Management of the Phatam Protected Forests Complex to Promote Cooperation for Trans-Boundary Biodiversity Conservation Between Thailand, Cambodia and Laos (Phase I) (\$629,624.00)
PD 31/99 Rev.3 (I)	Non-Timber Production and Sustainable Development in the Amazon (\$387,185.00)
PD 35/99 Rev.4 (I)	Performance Evaluation of Export Wood Furniture in Relation to Strength and End-Use Applications Using Established Test Standards (\$139,999.00)
PD 36/99 Rev.4 (I)	Processing and Utilization of Almaciga Resin as Source of Industrial Chemicals (\$342,743.00)
PD 46/99 Rev.3 (I)	Pre-Feasibility Study for the Industrial Utilization of Rubberwood ( <i>Hevea brasiliensis</i> ) Including the Formulation of a Pilot Case Study for Implementation in a Specific Area of Colombia (\$137,684.00)
PD 52/99 Rev.2 (I)	Development and Extension of Preservation Technology of Tropical Plantation Timber (\$166,690.00)
PD 10/00 Rev.2 (F,I)	Sustainable Management and Utilization of Sympodial Bamboos in South-China (\$482,452.00)
PD 20/00 Rev.1 (I)	Training Workshop on Further Processing of Tropical Timber in the Asia-Pacific Region (\$192,432.00)

(ii) to authorize financing for immediate implementation of the following Projects approved at this Session:

PD 8/98 Rev.4 (F)	(\$458,695.00)
PD 44/99 Rev.2 (F)	(\$285,589.00)
PD 51/99 Rev.2 (F)	(\$243,547.00)
PD 2/00 Rev.2 (F)	(\$701,701.00)
PD 3/00 Rev.2 (F)	(\$701,502.00)
PD 4/00 Rev.1 (F)	(\$1,022,084.00)
PD 15/00 Rev.2 (F)	(\$629,624.00)
PD 31/99 Rev.3 (I)	(\$387,185.00)
PD 36/99 Rev.4 (I)	(\$342,743.00)
PD 52/99 Rev.2 (I)	(\$166,690.00)
PD 10/00 Rev.2 (F,I)	(\$482,452.00)
PD 20/00 Rev.1 (I)	(\$192,432.00)

(iii) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account or the Sub-Account A of the Bali Partnership Fund, of the following Projects approved at this Session:

PD 55/98 Rev.3 (F)	(\$304,104.00)
PD 49/99 Rev.2 (F)	(\$393,990.00)
PD 35/99 Rev.4 (I)	(\$139,999.00)

PD 46/99 Rev.3 (I)

(\$137,684.00)

2. Decides:

(i) to approve the recommendations of the Committees to implement the following Pre-Projects:

PPD 3/99 Rev.3 (F)	Enhancing Community Participation in the Philippine Community-Based Forestry Program (\$47,327.00)
PPD 2/00 Rev.1 (F)	Evaluation of the Reforestation Potential for Industrial Timber Production from High Value Tropical Species in the Amakpave and Lili Reserved Forests of Togo (\$49,269.00)
PPD 1/00 Rev.1 (I)	Improvement of Sustainable Management and Utilization of Tropical Non-Timber Forest Products (NTFP's) in Cambodia (\$77,648.00)
PPD 5/00 Rev.1 (I)	Sustainable Management of Non-Timber Forest Produce (NTFP) in Maharashtra State of India (\$64,522.00)
PPD 6/00 Rev.1 (F,I)	Formulation of a Project Proposal to Support the Sustainable Development of Small Forest Industries (\$57,323.00)
PPD 7/00 (F,I)	Feasibility Study for the Production of Sawntwood from Tropical Forests Using Appropriate Technologies (\$57,986.00)

(ii) to authorize financing for immediate implementation of the following Pre-Projects approved at this Session:

PPD 1/00 Rev.1 (I)	(\$77,648.00)
PPD 6/00 Rev.1 (F,I)	(\$57,323.00)

(iii) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account or the Sub-Account A of the Bali Partnership Fund, of the following Pre-Projects approved at this Session:

PPD 3/99 Rev.3 (F)	(\$47,327.00)
PPD 2/00 Rev.1 (F)	(\$49,269.00)
PPD 5/00 Rev.1 (I)	(\$64,522.00)
PPD 7/00 (F,I)	(\$57,986.00)

3. Decides to authorize financing for immediate implementation of the following Projects which were approved at earlier Sessions:

PD 27/95 Rev.3 (M) Phase II Stage II	(\$462,062.00)
PD 13/95 Rev.3 (I) Phase II	(\$442,261.00)
PD 47/98 Rev.2 (M)	(\$271,198.00)
PD 20/99 Rev.2 (F)	(\$559,493.00)

4. Decides to authorize financing for immediate implementation of the following activities and Projects from resources of the Sub-Account B of the Bali Partnership Fund, as recommended by the CFA Sub-Committee on the Sub-Account B of the Bali Partnership Fund:

- Expert Panel for Technical Appraisal of Project Proposals, Twentieth Meeting  
(\$89,675.00)

- Consultants and Expert Panel on Development of a Framework for Auditing System for ITTO's Criteria and Indicators for Sustainable Forest Management (\$200,000.00) [Decision 5(XXVIII)]
  - ITTO Participation in the Forestry Compendium Programme (\$100,000.00) [Decision 2(XXVIII)]
5. Urges Members to consider financing those approved Projects and Pre-Projects for which funds are not immediately available,
  6. Appeals to Members to make unearmarked contributions to the Special Account which comprise at least 10% of the total value of their pledges, in accordance with Decision 6(XIII), the remainder being voluntary contributions allocated to approved Projects and Pre-Projects, and furthermore decides that such unearmarked contributions shall not be allocated without the prior authorization of the Council,
  7. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-Projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO,
  8. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects and Pre-Projects for which funds are not immediately available.

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24 – 30 May 2000  
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## DECISION 2(XXVIII)

### COOPERATION BETWEEN INTERNATIONAL TROPICAL TIMBER ORGANIZATION AND CAB INTERNATIONAL TO PARTICIPATE IN THE FORESTRY COMPENDIUM PROGRAMME

The International Tropical Council,

Recalling Article 1(f) of the International Tropical Timber Agreement (ITTA), 1994 "to promote and support research and development with a view to improving forest management and efficiency of wood utilisation as well as increasing the capacity to conserve and enhance other forest values of timber producing tropical countries",

Recognizing the importance of high quality data and information to support sustainable forest management efforts,

Noting the exceptional nature of this request in relation to established procedures and considering the urgency of this opportunity,

Further noting that the Compendium contains useful information relating to tropical tree species and their silviculture,

Decides to:

Participate in the Forestry Compendium Programme on the basis of a one time payment of US\$100,000;

2. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision. If sufficient contributions are not received by 1 October 2000, the Executive Director is requested to use funds from Sub-account B of the Bali Partnership Fund; and
3. Request the Executive Director to consider participation in the meetings of the development consortium related to the Forestry Compendium Programme and to provide a report at the next Council Session.

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TWENTY-EIGHTH SESSION  
24 – 30 May 2000  
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### DECISION 3 (XXVIII)

#### EX-POST EVALUATION OF PROJECTS

The International Tropical Timber Council,

Recalling Decision 7(XXVII), which requested the Executive Director to review Section 7 in Annex 2 of Decision 2(X) on ex-post evaluations with a view to defining a simple procedure for identifying projects or groups of projects requiring ex-post evaluations and defining a simple and cost effective procedure to carry out ex-post evaluations, including alternative ways for financing ex-post evaluation work,

Further recalling Annex 2 of Decision 2(X), which defined the content and composition of ex-post evaluation missions,

Taking note of the Secretariat document ITTC(XXVIII)/12, presenting options for selection and funding of ex-post evaluations,

Considering that all completed projects are potential candidates for ex-post evaluation, and the importance of identifying and disseminating lessons learned,

Decides to:

1. Request Committees to consider as candidates for ex-post evaluation all individual projects or groups of projects based on the criteria contained under the "Procedures to Identify Projects/Groups of Projects for Ex-post Evaluation" contained in Annex I of this Decision; based on experience with these draft procedures, the Committees may wish to propose final procedures to the Council at a future Session;
2. Authorize the Executive Director to seek agreement from the contributor(s) in accordance with Article 20, paragraph 11 of ITTA, 1994 and to create a separate pool of funds within each Committee for financing ex-post evaluations using the remaining ITTO monitoring and evaluation funds. Funds will be transferred to the pooled sub-accounts from completed, audited and closed projects. Financial procedures are given in Annex II to this Decision;
3. Request that the proponents for project proposals include a budget provision for possible ex-post evaluation as part of project formulation and request the Expert Panel for Technical Evaluation of Project and Pre-project Proposals to consider such provisions;
4. Change the requirement for three independent consultants to carry out ex-post evaluations as spelled out in Decision 2(X) to a requirement of from one to three independent consultants, depending on the size and nature of the evaluation;
5. Request the Executive Director to ensure that the Terms of Reference for the work of the evaluation missions includes consultation with project stakeholders;
6. Request the Executive Director to synthesize and disseminate the results of the ex-post evaluations for example through posting on the ITTO website, articles in the Tropical Forest Update and

/...

otherwise take active steps to make the lessons learned from the project(s) broadly available to stakeholders and the interested public; and

7. Request the Executive Director to convene at appropriate intervals an Expert Panel comprised of ITTO stakeholders to synthesize the lessons learned from the outcome of these evaluations and to provide recommendations to the Council accordingly.

## ANNEX I

### Ex-post Evaluation of Projects

#### Procedures to Identify Projects/Groups of Projects for Ex-Post Evaluation

##### 1. Procedure to Identify Projects for Ex-Post Evaluation

- (i) Decisions on whether a project or group of projects should be submitted to ex-post evaluation should be taken by the Committee(s) overseeing implementation of the project(s);
- (ii) The decision by the Committee of whether an ex-post evaluation is needed, will normally be taken at the Session at which the project is reported as completed. The decision will propose a time schedule and budget for implementation of the ex-post evaluation work;
- (iii) To assess if a project requires ex-post evaluation, the Committee(s) should take into account the nature of the project (ex-post evaluation is particularly important for human resources and institutional/infrastructure development projects). A short-list of projects whose ex-post evaluations would be beneficial should be prepared by selecting those meeting the following requirements:
  - (a) ITTO budget of individual projects or groups of projects above an appropriate level (e.g. US\$400,000);
  - (b) Clear benefits to be derived from learning more about facts, achievements and difficulties during project implementation and completion, including information and data on:
    - whether the expected outputs were achieved;
    - whether the project achieved its specific objective(s);
    - whether there were unexpected results and impacts, either harmful or beneficial;
    - who benefited from the project;
    - what were the key lessons learned from the project;
    - what direct recommendations have arisen for future projects; and
    - whether the project activities are sustainable.
  - (c) The potential for wider application of lessons learned;
  - (d) Other factors as considered appropriate by the Committees.

(Note: The list above could form a part of the Terms of Reference for ex-post evaluation missions.)

##### 2. Identifying Groups of Projects to be Evaluated

Ex-post evaluations should normally be performed after at least one year has passed following the completion of activities and the presentation of the completion report to the respective Committee. Ex-post evaluations to be performed on a group of projects must, therefore, collectively require that this interval has elapsed following the reported completion of all projects to be included in the evaluation. The following are possible approaches for grouping projects for ex-post evaluation.

- (i) Phased project evaluation. Several ITTO projects have been implemented over several years in two or more phases. Due to the length, budgets, and general complexity of such phased projects, they generally fit the criteria for ex-post evaluation and could be considered as a whole for evaluation following completion of the final phase.
- (ii) Country-group evaluation. The evaluation of multiple projects at the country level would determine the impacts of ITTO activities in the country. The findings of this grouping approach could be utilized to improve the methods employed in formulation and implementation of future projects in that country.
- (iii) Thematic group evaluation. This grouping approach would take a broad perspective on a category of project work (e.g. secondary processing of forest products, lesser-used species, etc.). This type of thematic grouping for ex-post evaluations could identify common problems associated with implementation of projects related to a defined theme. These findings could assist in the formulation and implementation of future projects.

- (iv) ITTO goal evaluation. There is a need for ITTO to evaluate how its project work is contributing to the organization's goals as spelled out in the Action Plan. The work currently being carried out by Council to assess progress towards the Year 2000 Objective should provide useful groupings of projects to be considered for evaluation in this regard.

## ANNEX II

### Financial Procedures

- (i) Within the Special Account, three sub-accounts will be created, one for each Committee (CEM, CFI and CRF) to fund ex-post evaluations carried out under the supervision of the respective Committee, in accordance with the decision of the Council. Committees shall specify the source of funds to be used for the ex-post evaluation work such as remaining ITTO Monitoring and Evaluation funds, specially budgeted Ex-post evaluation funds or the funds placed in the sub-account of the Special Account for ex-post evaluations.
- (ii) The budget prepared for the ex-post evaluation should include the fee and travel costs of the mission, preparation of the report, translation costs and costs associated with the dissemination of the results and any other costs as required.
- (iii) Funds remaining in completed projects, under ITTO's budget item for monitoring and evaluation, and for ex-post evaluation, will be transferred to the appropriate sub-account of the Special Account after receipt and acceptance of the project's audited financial report and after the project has been declared closed according to the Organizations financial procedures and after agreement by the contributor(s) to transfer funds in accordance with Article 20, paragraph 11 of ITTA (1994).

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24 – 30 May 2000  
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# DECISION 4(XXVIII)

## EXTENSION OF THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994 (ITTA)

The International Tropical Timber Council,

Recalling Article 46 of the ITTA, 1994,

Noting that the ITTA 1994 entered into force on 1 January 1997, with an initial duration of four years,

Further noting the desire expressed by all Members to extend the ITTA, 1994,

Also noting the need of some Members to have further time to finalize their internal legal procedures,

Decides to extend the ITTA, 1994, for a period of three years with effect from 1 January 2001 until 31 December 2003, subject to the confirmation by the aforementioned Members at the Twenty-ninth Session.

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## DECISION 5(XXVIII)

### DEVELOPMENT OF A FRAMEWORK FOR AN AUDITING SYSTEM FOR ITTO'S CRITERIA AND INDICATORS FOR SUSTAINABLE FOREST MANAGEMENT

The International Tropical Timber Council,

Recalling Decision 2(XXI), Decision 2(XXIII), Decision 9(XXVI) and Decision 10(XXVII) on market access opportunities for international trade in tropical timber,

Noting the concerns and comments of ITTO member countries on the issue of market access for tropical timber in the Annual Market Discussion at this Session,

Further noting the reports and recommendations on options for action by ITTO Member countries as contained in the "Review Of Progress Towards The Year 2000 Objective" by Prof. Duncan Poore and Mr. Thang Hooi Chiew [Document ITTC (XXVIII)/9] and "Comparative Study on the Auditing Systems of Sustainable Forest Management" by Mr. E.O. Nsenkyire and Dr. Markku Simula [Document ITTC (XXVIII)/6] and the role of timber certification in promoting sustainable forest management,

Recognizing the importance of market access opportunities in assisting countries to generate financial resources to help implement national policies that promote sustainable forest management,

Reaffirming the commitment of members to achieve ITTO's Year 2000 Objective through international collaboration and assistance,

Recognizing the growing market for certified timber and the need to promote and assist initiatives by members to implement ITTO's Criteria and Indicators and build capacity to assess sustainable forest management,

Aware of the need to provide guidance on various aspects of forest auditing as appropriate,

Decides to:

- 1) Develop guidelines to provide the essential elements for a framework of adequate auditing systems for sustainable forest management;
- 2) Authorize the Executive Director to engage two consultants, one from producer and the other from consumer country to prepare a Working Document based on the attached Terms of Reference;
- 3) Request the Executive Director to convene an Expert Panel comprising of three producer and three consumer member countries and one representative each from conservation non-governmental and timber trade and industry organizations to consider the Consultants' report and present its findings at the Twenty-ninth Session of Council; and
- 4) Authorize the Executive Director to arrange for financing the consultancy to prepare the Working Document and convening of the Expert Panel from the Special Account/Bali Partnership Fund.



## TERMS OF REFERENCE TO PREPARE ASSESSMENT PROCEDURES

In developing the guidelines to provide elements for a framework of auditing systems for sustainable forest management to assist member countries formulate national systems based on local conditions, the consultants will address the following aspects:

- a) development of a framework and criteria for auditing and standard setting processes in specific country conditions;
- b) development of audit procedures;
- c) principles of assessment;
- d) institutional and organizational arrangements for such auditing systems including those for internal auditing by forestry agencies (public and private) and those for external auditing to be undertaken for assessing progress towards sustainable forest management and which may be used for verification of national standards; and
- e) human resources development to implement auditing systems.

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## DECISION 6(XXVIII)

### MANAGEMENT OF THE ADMINISTRATIVE BUDGET FOR 2000

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Executive Director and his staff in exercising cost savings in the expenditures from the Administrative Budget for the year 2000,

Noting with concern the total receipts of contributions from members to the Administrative Budget for 2000,

Recognizing that the possible receipts of contributions from members to the Administrative Budget for the remainder of 2000 might fall short of the estimated total expenditures by approximately US\$500,000.00,

Noting further that the balance of the Working Capital Account at present stands at US\$3,006,046.16,

Decides to:

1. Authorize the Executive Director to transfer, if necessary, an amount not exceeding US\$200,000.00 from the Working Capital Account to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization for the year 2000, until the Twenty-ninth Session of the Council in October 2000;
2. Request members to pay as early as possible and in full their contributions to the Administrative Budget for 2000, as well as all arrears in contributions from previous years, to prevent further erosion of the Organization's savings through the utilization of the Working Capital Account to meet shortfalls in contributions;
3. Urge the Secretariat to continue to look for cost saving measures to reduce further the expenditures to the Administrative Budget; and
4. Review the status of the Administrative Budget for 2000 at the Twenty-ninth Session with a view to determine the net estimated shortfall for the current year at that time.

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## DECISION 7(XXVIII)

### MEDICAL AND HEALTH INSURANCE SCHEME FOR NON-JAPANESE STAFF MEMBERS

The International Tropical Timber Council,

Recalling Rule 504 of the ITTO Staff Regulations and Rules concerning the provision of life and medical insurance schemes for staff members, and Document ITTC(III)/4, "Proposal for Social Security of Staff Members of the International Tropical Timber Organization",

Recognizing that the current insurance scheme offered by Mitsui Marine and Fire Insurance Company provides inadequate coverage for the welfare and well being of ITTO Staff Members,

Decides to:

1. Authorize the Executive Director to select a new insurance scheme, with benefits compatible to the schemes provided to staff members in the United Nations system, taking into account the provisions of Rule 504 of the ITTO Staff Regulations and Rules;
2. Authorize the Executive Director, in preparing the draft Administrative Budget for the Financial Year 2001, to increase the relevant budget sub-heading by no more than US\$20,000.00 to compensate for the increased subsidy payable by the Organization in the new insurance scheme; and
3. Request the Executive Director to provide comprehensive details of the selected insurance plan together with the draft Administrative Budget for the Financial Year 2001 for consideration at the Eighth Session of the Committee on Finance and Administration later this year in Yokohama, Japan.

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## DECISION 8(XXVIII)

### APPOINTMENT OF FINANCE/ADMINISTRATIVE OFFICER UNDER THE RESOURCES OF THE PROGRAMME SUPPORT FUND OF THE SPECIAL ACCOUNT

The International Tropical Timber Council,

Recalling Decision 5(XI) which created the "Programme Support" funds in the Special Account to cover, among others, the costs of financial control relating to the administration of Projects",

Also recalling Rules 10, 16 and 21 of the Financial Rules and Rules Relating to Projects of the ITTO,

Noting the request made by the Executive Director in his statement at the Opening of the Twenty-eighth Session for agreement by Council on the proposed appointment of a Finance/Administrative Officer, chargeable to the resources of Programme Support Fund, to oversee administrative and financial control of projects financed from the Special Account and the Bali Partnership Fund,

#### Decides to:

1. Authorize the Executive Director to appoint a qualified person to the post of Finance/Administrative Officer for an initial period of one year and to charge associated costs of this position to the Programme Support Fund of the Special Account; and
2. Review the personnel costs chargeable to the resources of the Programme Support Fund of the Special Account at the Thirtieth Session in mid-2001 together with the review of Translation Costs as already decided in Decision 7(XXVI).

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## DECISION 9(XXVIII)

### ENHANCING PARTICIPATION OF MEMBERS OF CIVIL SOCIETY IN THE RELEVANT ACTIVITIES OF THE ITTO

The International Tropical Timber Council,

Recalling the cross-cutting strategies identified in the Libreville Action Plan, which encouraged the participation of civil society, including industry and trade associations and environmental organizations, in the relevant activities of ITTO,

Further recalling ITTA 1994, in particular, Article 2(3) and Article 15,

Noting the recommendation of keynote speakers and the Council Chairman at this session to encourage the active participation of members of civil society in the ITTO,

Further noting the related concerns and comments raised by Producers, Consumers, and Observers at this session,

Recognizing the observations contained in the report by Dr. Duncan Poore and Mr. Thang Hooi Chiew entitled, "Review of the Progress towards the Year 2000 Objective" regarding the lack of participation by civil society in ITTO,

Further recognizing the importance to the ITTO of the contribution and participation of members of civil society,

Also recognizing the recommendations in a number of ITTO guidelines and manuals regarding the benefits of engaging partners in promoting and implementing sustainable forest management,

#### Decides to:

1. Invite trade and industry representatives and environmental organizations to establish open-ended Advisory Groups to contribute to the work of the Council;
2. Facilitate the inclusion of civil society by:
  - a) Amending Rule 34 of the ITTO Rules of Procedure [Document ITTC(XXIII)/15] regarding the restricted nature of Council documents to state the following:

Unless "Restricted," all ITTO documents shall be available to interested parties. The Council may, however, at any time decide that certain information contained in any of its documents may be restricted or otherwise treated as sensitive information;
  - b) Requesting the Executive Director to provide a list of those documents which should be designated as "Restricted" at the Twenty-ninth Session of the Council for subsequent action by the Council;

- c) Requesting the Executive Director to ensure that there is access to information through the ITTO website, including but not limited to outreach and educational materials; trade data and market information; approved projects and pre-projects, summaries and/or reports of ex-post evaluation of projects; and Council documents for past and future meetings of the ITTO;

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## DECISION 10(XXVIII)

### ITEMS TO REVISIT AT THE TWENTY-NINTH SESSION OF THE COUNCIL

The International Tropical Timber Council,

Noting the time-constraint and the substantive work load of the Council at its Twenty-eighth Session,

Acknowledging the intensive deliberations which took place during this Council Session for the issues listed below:

- (i) The ITTO Year 2000 Objective
- (ii) Proposals for the development of a comprehensive framework and practical working manuals on all relevant aspects of sustainable tropical forest management;
- (iii) Strategic communications and outreach framework;
- (iv) Certification; and
- (v) The role of ITTO in forest and forest products-related international agenda.

Decides to revisit these issues and relevant draft decisions for further discussion at its Twenty-ninth Session.

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**STATEMENT 1(XXVIII)**

**ITTO YEAR 2000 OBJECTIVE**

ITTO affirms that it is fully committed to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources.

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## **ANNEX V**

### **REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES**

**Documents:**        CEM(XXVI)/6 Rev.1  
                         CRF(XXVI)/8  
                         CFI(XXVI)/7  
                         CFA(VII)/7

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## **REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

### **TWENTY-SIXTH SESSION OF THE COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE**

#### **Table of Contents**

##### **Report**

**Appendix A: Report on the ITTO 2000 Market Discussion**

**Appendix B: Statement by the Trade**

**Appendix C: PPD 9/00 "Strengthening the Annual Market Discussion" (ITTO)**

## REPORT

### 1. Opening of the Session

The Twenty-sixth Session of the Committee was opened on 24 May 2000 at a Joint Session of the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management, the Committee on Forest Industry, and the Committee on Finance and Administration, chaired by Ms. Astrid Bergquist (Sweden). The subsequent meetings of the Committee during its current Session were conducted by its Chairperson, Ms. Astrid Bergquist (Sweden). The list of participants is presented in document ITTC(XXVIII)/Info.2 Rev.1.

### 2. Adoption of Agenda and Organization of Work

The Committee adopted the Agenda of its Twenty-sixth Session as contained in document CEM(XXVI)/1.

### 3. Admission of Observers

The list of observers admitted by the Committee is presented in document ITTC(XXVIII)/Info.3 Rev.1.

### 4. Report of the Expert Panel for Technical Appraisal of Project Proposals (Joint Session of the Committees)

Mr. Henri Felix Maître (France), on behalf of the Expert Panel, presented its report as contained in document CEM, CRF, CFI(XXVI)/1. Mr. Maître highlighted the second edition of the ITTO Manual for Project Formulation that has assisted in improving the quality of project proposals. He stressed the need for project formulation to strictly adhere to this manual. The Panel requested that project proposals should contain a list of abbreviations and acronyms used and a summary presentation of the Implementing Agency. He further highlighted the need to promote project proposals in the area of economic information and market intelligence and to address the role of women and the issue of gender balance when selecting members for the Panel.

The Panel requested that the administrative and budget items should be reviewed by the Secretariat, leaving more time for the Panel to deal with the technical issues. The question of long journey times and the need for rest in order to function optimally during the meeting was again raised as was the problem of obtaining adequate travel insurance by some members of the Panel. In response to a query about the criteria used by the Panel to assess the eligibility of projects for funding through the Bali Partnership Fund, Mr. Maître noted that this assessment was undertaken in accordance with the criteria contained in the Annex of Decision 8(XXV).

The Secretariat introduced document ITTC(XXVIII)/12, which included options to strengthen ex-post evaluation activities. The Secretariat briefed the Joint Session of the Committees on the different options proposed for selecting and funding projects for ex-post evaluation. It drew attention to the financial and logistical difficulties in hiring three consultants (as stipulated in Decision 2(X)) to undertake, in a simultaneous and coordinated way, ex-post evaluations. The Joint Session decided to take up this matter in the Caucuses and Council with a view to arriving at a Decision.

### 5. 2000 Market Discussion (Joint Session of the Committees)

The Committee noted the report of the ITTO 2000 Market Discussion as contained in Appendix A. The theme of the Market Discussion was "What does it take to be both responsible and successful in the international tropical timber market". The moderator was Dr. Ivan Tomaselli (STCP Engenharia de Projetos, Brazil) and the Rapporteur was Mr. Graham Bruford (Forest Forever, The Timber Trade Federation, UK). The Discussion included the following presentations:

Dr. Steven E. Johnson, Statistician, ITTO	"Trade Flow Statistics and Forecasts"
Dr. Michael Adams, MIS Coordinator, ITTO	"Market News/Price Trends"
Eng. Guillermo Zender, President CORMADERA, Peru	"Entry Into the International Tropical Timber Market - Problems & Opportunities"

Mr. Eric Thomsson, President, International Wood Products Association	"Added Value Products: Buyer Perspective"
Mr. Alhassan N. Attah, Manager, Timber Export Development Board (London)	"Environment and Certification"
Mr. Keister Evans, Executive Director, Tropical Forest Foundation	"The Importance of RIL in SFM: Research and Practice"
Mr. Barney Chan, General Manager, Sarawak Timber Association	"A New Approach to Chain-of-Custody: Realities and Challenges"
Dr. Herbert Diemont, Team Leader International Nature Management, ALTERRA, The Netherlands	"Producer-Consumer Cooperation from the Importers' Perspective"
Dr. Jim Bourke, FAO	"The Impact of Trade Restrictions"
Mr. Mike Snow, American Hardwood Export Council, American Forest & Paper Association	"Marketing Wood – The AHEC Experience"
Mr. Graham Bruford Timber Trade Federation, UK	"Improving the Efficiency of the Tropical Timber Trade"

The Committee noted the statement by the trade as contained in Appendix B that would be presented to the Council at its current Session.

#### 6. Report of Completed Projects and Pre-projects

##### (A) **Completed Projects**

The Committee considered the Report of Completed Projects as contained in document CEM(XXVI)/2 as follows.

##### **PD 25/96 Rev.2 (M) China's Consumption of Forest Products and its Demands for Them for the International Market by the Year 2010**

The Committee noted that the English, French and Spanish versions of the final report and the audited financial statements were received by the Secretariat in October and November 1999, respectively, and were satisfactory. The Committee declared this project completed.

##### **PD 3/97 Rev.1 (M) Development of an Export Market Intelligence Monitoring System (Fiji)**

The Committee noted that the final report and the audited financial statements were received by the Secretariat in March 2000 and were satisfactory. It was noted that the project had been chosen as one of the ITTO posters on display during the Session. The Committee declared this project completed.

##### (B) **Ex-post Evaluation Report**

The Committee considered the Report of Ex-post Evaluation as contained in document CEM(XXVI)/4.

##### **PD 167/91 Rev.1 (M) Diagnosis and Evaluation of the Brazilian Forestry Sector**

A presentation before the Committee was made by Dr. Ruben Guevara (consultant) in respect of his ex-post evaluation report on this project. Dr. Guevara stressed that the project objectives were met to a great extent and that its outputs had contributed to policy legislation and institutional strengthening in Brazil. He added that despite some difficulties in information gathering and delays in the implementation of activities and submission of reports, these did not hamper the excellent outputs achieved by the project. Among the recommendations, the consultant highlighted the need for reconciling the scope and complexity of outputs, the financial level, and the characteristics of both the forestry sector and governmental dynamics when approving similar projects in other countries. The consultant concluded that the project could be assessed as a success since its accomplishments were many, its negative impacts were none, and the level of political support that it garnered at all levels in the Brazilian government, and in the private sector, was very strong.

**(C) Selection of Projects for Ex-post Evaluation**

The Secretariat briefed the Committee on the options for selecting and funding projects for ex-post evaluation as contained in ITTC(XXVIII)/12. Members of the Committee stressed the need for consistent guidelines for all Committees to consider when selecting projects for ex-post evaluation and the desirability of including funds for ex-post evaluation in relevant new project documents henceforth.

Pursuant to Decisions 7(XXI) and 7(XXVII), the Committee identified and recommended the following completed project for ex-post evaluation using the remaining monitoring and evaluation funds.

**PD 35/94 Rev.4 (M, I) Forest Products Marketing Organization Feasibility Study (Papua New Guinea)**

**7. Review of Projects, Pre-projects and Activity in Progress**

The Committee considered the Report of Projects, Pre-projects and Activity in Progress as contained in document CEM(XXVI)/3. Progress reports of the following projects, pre-projects and activity were duly noted:

**(A) Projects, Pre-projects and Activity under implementation**

- 1. PD 16/93 Rev.4 (M) Market Information Service for Tropical Timber and Timber  
Phase IV, 2000 Products (MIS) – Phase IV (2) (ITTO Secretariat)**

The Committee noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXVI)/3.

- 2. PD 1/95 Rev.4 (M) Training Development on Assessment of Sustainable  
Forest Management in Indonesia**

The Committee noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXVI)/3.

- 3. PD 25/95 Rev.1 (M) Training Workshops on Tropical Forestry and Timber Trade  
Statistics (ITTO)**

The Committee noted that the last workshop was conducted in Lomé, Togo from 29 November to 17 December 1999 in collaboration with the Office de Développement et d'Exploitation des Forêts (ODEF). The Committee further noted that the arrangements for a final workshop for 2000, approved at the Twenty-fourth Session of the Committee, was underway.

- 4. PD 27/95 Rev.1 (M) Establishment and Operation of a Forest Strategic  
Phase II, Stage 1 Information Center (CIEF) – Phase II Stage 1 (Peru)**

The Committee noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXVI)/3. It further noted the presentation on the progress in the implementation of the project made by Mr. Jorge Malleux, the delegate of Peru. He noted that activities of Stage 1 of this project were almost complete and that project outputs were being posted on the project website for users. The delegate of Peru expressed hope that the final Stage of the project would be funded at this Session of the Council.

The Secretariat noted that the final audit of this Stage would be carried out soon and reminded the Committee that project funds were still being held in the Bank of the Republic that was undergoing liquidation. The Committee approved the writing off of these funds in the final audit, with the provision that ITTO would be kept informed of any progress in recovering these funds. If and when any funds were recovered, the Secretariat would inform the donors and the Committee in accordance with ITTO's procedures to decide on the allocation of any recovered funds. The audit report should also include an account of the national contribution to the project, which had been larger than originally envisioned due to the loss of the ITTO funds.

5. **PD 40/96 Rev. 5 (M)** **The Establishment of a National Statistical System for Imported Timber and Timber Products (Egypt)**

The Committee noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXVI)/3.

6. **PD 44/96 Rev.2 (M)** **Establishment of a Forest Statistics Information System (Panama)**

The Committee noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXVI)/3.

7. **PD 1/97 Rev.1 (M)** **Implementation of a National Forest Statistics Information System (Bolivia)**

The Committee noted the satisfactory progress achieved in the implementation of this project as indicated in document CEM(XXVI)/3. It further noted the presentation on the progress in the implementation of the project made by its Coordinator, Mr. Jose Alegria.

8. **PD 52/97 Rev.3 (M)** **Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from All ITTO Member Countries, Phase I (Ghana)**  
**Phase I**

The Committee noted the satisfactory progress achieved in the implementation of this project as indicated in document CEM(XXVI)/3.

9. **PD 15/98 Rev.2 (M)** **Development and Installation of a Computer Management System for the Control of Forest Production in Gabon**

The Committee noted the satisfactory progress achieved in the implementation of this project as indicated in document CEM(XXVI)/3.

10. **PD 39/98 Rev.2 (M)** **Research on Value Accounting of Tropical Forest Environmental Resources and Bringing of it in Line with the National Economic Accounting in China**

The Committee noted the satisfactory progress achieved in the implementation of this project as indicated in document CEM(XXVI)/3.

11. **PD 48/99 Rev.1 (M,F)** **Sharing of Information and Experiences on Private Sector Success Stories in Sustainable Forest Management (Malaysia)**

The Committee noted that the agreement of this project was signed in February 2000 and the workplan from the implementing agency was awaited by the Secretariat.

12. **PD 55/99 Rev.1 (M)** **Establishment of a Sustainable Tropical Forest Products Information System in China**

The Committee noted the satisfactory progress achieved in the implementation of this project as indicated in document CEM(XXVI)/3.

13. **PPD 8/98 Rev.1 (M)** **Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)**

The Committee noted the progress achieved in the implementation of this pre-project as indicated in document CEM(XXVI)/3.

14. **PPD 26/99 (M)** **The Competitiveness of Tropical Timber and Tropical Timber Products vis-à-vis Timber and Non-Timber Substitutes (ITTO)**

The Committee noted the report on the proposed survey methodology presented by Dr. Alan James Bolton, one of the consultants appointed to undertake this Study. According to the workplan, the survey

would be undertaken in seven tropical timber-importing countries (The Netherlands, Germany, Italy, France, UK, Japan and USA) and five exporting countries (Ghana, Brazil, Malaysia, Indonesia and Thailand). Sawn timber, plywood, veneer and value-added components were the tropical timber products to be considered. The Study survey would include seven categories of questions related to macro-economic determinants, end uses, purchasing criteria, growing markets, declining markets, SWOT analysis (i.e. identifying Strengths, Weaknesses, Opportunities and Threats for a selected number of end uses) and an open ended discussion. The survey would include a minimum of three personal interviews and ten telephone interviews in each country and a distinction would be made between domestic and export markets.

The consultant informed that the progress made so far included the design of the questionnaire, a pilot test with UK interviewees and the briefing of non-UK assistants and UK interviewers. He further noted that a report would be available at the next Session of the Committee for its consideration.

**15. PPD 27/99 (M) The Medium and Long-Term Outlook for the Tropical Timber Market (ITTO)**

The Committee noted that a tender process undertaken by the Secretariat for the selection of consultants for the implementation of this project did not meet the minimum number of bidders and that fresh applications were being sought.

**16. PP-A/23-63      Activity to Facilitate Development of a Joint ITTO/ECE/FAO/EUROSTAT Forest Statistics Questionnaire (ITTO)**

The Secretariat informed the Committee of progress in the Joint Questionnaire process. In response to a query regarding the separation of tropical timber into coniferous and non-coniferous components, the Secretariat pointed out that this was no longer possible in the Joint Questionnaire which only recognized tropical timber as defined in the ITTA (i.e., non-coniferous). It remained possible, however, to identify the amount of coniferous timber produced and exported by tropical countries by referring to the data for all timber compiled in the Annual Review. The Secretariat also noted that this activity was now fully financed.

**(B) Projects and Pre-projects Pending Financing**

1.	PD 27/95 Rev.3 (M) Phase II, Stage 2	Establishment and Operation of a Forest Strategic Information Center (CIEF) - Phase II, Stage 2 (Peru)
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The Committee urged donors to provide funds for the implementation of this approved project as the implementation of Stage 1 of the project was nearly completed (see Section A, item 4 above).

**2. PD 39/96 Rev. 1 (M) Creation of a National System for Collection and Processing of Forest Statistics in Congo**

The Committee urged donors to provide funds for the implementation of this approved project and noted that the Council had authorised the Executive Director to start implementation as soon as earmarked funds for the total ITTO contribution became available in the Special Account.

3. PD 52/97 Rev.3 (M) Phase II	Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from all ITTO Member Countries. Phase II (Ghana)
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The Committee urged donors to provide funds for the implementation of this project as soon as the implementation of Phase I of the project had been completed (see Section A, item 8 above).

**4. PD 6/98 Rev.1 (M) Establishment of a Forest Statistics and Information Center for the Implementation of Sustainable Forest Management in the Republic of Honduras**

The Committee noted that the project would be declared 'sunset' on 30 June 2000 in accordance with Annex 2 of ITTC Decision 2(X). The Committee urged donors to immediately provide funds for the implementation of this project.

**5. PD 47/98 Rev. 2 (M) Establishing a Data Collection and Dissemination System on a Sustainable Basis for Timber Market Statistics in Cameroon**

The Committee urged donors to provide funds for the implementation of this project and noted that the Council had authorised the Executive Director to start implementation as soon as earmarked funds for the total ITTO contribution became available in the Special Account.

**6. PD 41/99 Rev.2 (M) Phase I Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) - Phase I (The Philippines)**

The Committee urged donors to provide funds for the implementation of this project and noted that the Council had authorised the Executive Director to start implementation as soon as earmarked funds for the total ITTO contribution became available in the Special Account.

**7. PPD 13/99 Rev. 1 (M,F,I) Model Communication and Public Awareness Program for Sustainable Forest Development in Ecuador**

The Committee urged donors to provide funds for the implementation of this project and noted that the Council had authorised the Executive Director to start implementation as soon as earmarked funds for the total ITTO contribution became available in the Special Account.

**8. PPD 21/99 Rev.1 (M) Development of a Strategy of the Improvement of the National System for the Processing of Forestry Statistics and Information on the Timber Market (Togo)**

The Committee urged donors to provide funds for the implementation of this project and noted that the Council had authorised the Executive Director to start implementation as soon as earmarked funds for the total ITTO contribution became available in the Special Account.

**8. Policy Work**

**(i) Market Access**

The Committee noted the consideration by the Council of the Report on the Comparative Study on the Auditing System of Sustainable Forest Management as contained in Document ITTC(XXVIII)/6 as well as the Report on Progress Made with Regard to Measures Undertaken to Eliminate Possible Obstacles to Market Access for Tropical Timber as contained in Documents ITTC(XXVIII)/15 and ITTC(XXVIII)/15 Add. 1.

The Committee considered draft pre-project PPD 9/00 (M) "Strengthening the Annual Market Discussion" and agreed to give further consideration to the draft at its next Session. The copy of the draft pre-project is contained in Appendix C.

The Committee further considered a proposal for the establishment of a Trade Advisory Group and agreed that the proposal be submitted for the consideration of Council at its current Session.

**(ii) Downturn in the International Tropical Timber Market**

The Secretariat drew the attention of the Committee to Document CEM(XXVI)/5 and CEM(XXVI)/5 Add. 1 prepared pursuant to Decision 10(XXVII), which urged Member countries to encourage their timber trade/industry associations to evaluate the recommendations in the report and submit comments to the ITTO Secretariat by 31 March 2000. The Committee noted that comments were received from nine Member countries, namely Japan, Malaysia, Panama, Peru, United Kingdom, United States of America, Venezuela, Australia and Thailand. It was further noted that the report on the "Downturn in the International Tropical Timber Market" as presented at the Twenty-seventh Session of the Council had since been finalised.

**(iii) Timber Certification**

The Secretariat drew the attention of the Committee to the "Comparative Matrix of Forest Certification Schemes" published by the Confederation of European Paper Industries (CEPI). This work was also available at the CEPI homepage ([www.cepi.org](http://www.cepi.org) and [www.paperonline.org](http://www.paperonline.org)). The Committee noted the usefulness of the matrix. The Chairperson further informed the Committee regarding some relevant



documents issued by the UN/ECE Timber Committee, which were available on the internet. The Committee agreed to consider further developments surrounding the issue of timber certification. The Committee also agreed to include the aspect of Life Cycle Analysis (LCA) of timber products in its policy work at its next Session.

**(iv) Proposed Listing of Tropical Timber in the Appendices of CITES**

The Committee noted that, in the report made to Council, an informal working committee on *Swietenia macrophylla* had been established by CITES and ITTO had been invited to participate in the deliberations of this committee.

**(v) Competitiveness of Tropical Timber vis-à-vis Competing Products and Substitutes**

The Committee noted that Dr. Alan James Bolton had provided a presentation on the progress made in the implementation of a pre-project associated to this policy issue (see item 7 above). The final report of the Study would be considered by the Committee at its next Session.

**(vi) The Medium and Long-Term Outlook for the Tropical Timber Market**

The Committee noted the efforts being undertaken by the Secretariat to implement the Study.

**(vii) Intergovernmental Forum on Forests (IFF) Programme Element II.b - Matters Left Pending on Trade and Environment**

The Committee noted that the IFF at its fourth Session held in New York on 31 January to 11 February 2000 adopted its Report incorporating all the programme elements, including II.b on matters left pending on Trade and Environment. The Committee further noted that the IFF Report was duly considered and adopted by the United Nations Convention on Sustainable Development (CSD) at its Eight Session held in New York on 24 April-5 May 2000.

**(viii) Study on the Establishment of a Tropical Plywood Exchange**

The delegate of Malaysia requested more time to prepare a proposal on this Study and the Committee agreed to consider it at its next Session.

**(ix) Inter-Secretariat Working Group on Forest Statistics (IWGFS)**

The Secretariat informed the Committee of a recent meeting of the IWGFS and of changes to the 2000 Joint Forest Sector Questionnaire as detailed in document CEM(XXVI)/3. The first meeting of statistical correspondents of ECE countries had recently been held in Geneva and ITTO had provided input. The next meeting of the IWGFS would be held in conjunction with the Joint Session of the ECE Timber Committee/FAO European Forestry Commission in Rome in October 2000.

**(x) Draft ITTO Work Programme 2000**

The Committee reviewed the progress in the implementation of its Strategic Policy Activities as contained in the Draft ITTO Work Programme for 2000 and agreed to consider the trade in Secondary Processed Wood Products (SPWP) as an activity at its next Session.

**9. Dates and Venues of the Twenty-eighth and Twenty-ninth Sessions of the Committees**

The dates and venue of the Twenty-seventh Session of the Committee had been decided to coincide with those of the Twenty-ninth Session of the Council (Yokohama, from 30 October to 4 November 2000).

The dates and venues of the Twenty-eighth and Twenty-ninth Sessions of the Committee would coincide with the dates and venues fixed by the Council for its Thirtieth and Thirty-first Sessions.

**10. Other Business**

No other matters were raised or discussed by the Committee.

**11. Recommendations to the International Tropical Timber Council**

- (i)** The Committee recommended that funding be made immediately available for the following projects and pre-projects approved at earlier Sessions:

- |  |  |
|--|--|
| PD 27/95 Rev. 3 (M)<br>Phase II, Stage 2 | Establishment and Operation of a Forest Strategic Information Center (CIEF) – Phase II Stage 2 (Peru) (US\$462,062)  |
| PD 39/96 Rev. 3 (M)                      | Creation of a National System for Collection and Processing of Forest Statistics of Congo (US\$557,072)  |
| PD 52/97 Rev.3 (M)<br>Phase II           | Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from ITTO Member Countries - Phase II (Ghana) (US\$180,994) |
| PD 6/98 Rev.1 (M)                        | Establishment of a Forest Statistics and Information Center for the Implementation of Sustainable Forest Management in the Republic of Honduras (US\$400,900)  |
| PD 47/98 Rev.2 (M)                       | Establishing a Data Collection and Dissemination System on a Sustainable Basis for Timber Marketing Statistics in Cameroon (US\$271,198)   |
| PD 41/99 Rev.2 (M)<br>Phase I            | Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) – Phase I (The Philippines) (US\$560,823)   |
| PPD 13/99 Rev.1 (M,F,I)                  | Model Communication and Public Awareness Program for Sustainable Forest Development in Ecuador (US\$54,500)  |
| PPD 21/99 Rev.1 (M)                      | Development of a Strategy for the Improvement of the National System for the Processing of Forestry Statistics and Information on the Timber Market (Togo) (US\$62,652)                                    |
- (ii) The Committee recommended the following project for ex-post evaluation using remaining monitoring and evaluation funds.
- |                       |   |
|-----------------------|---|
| PD 35/94 Rev.4 (M, I) | Forest Products Marketing Organization Feasibility Study (Papua New Guinea) |
|-----------------------|---|

12. Report of the Session

The Committee adopted this report for submission to the Council.

## APPENDIX A

### REPORT ON THE 2000 MARKET DISCUSSION

#### **"What does it take to be both responsible and successful in the International Tropical Timber Market?"**

27 May 2000, Lima, Peru

The theme chosen for the 2000 Market Discussion was, ***"What does it take to be both responsible and successful in the International Tropical Timber Market?"*** Dr. Ivan Tomaselli from STCP Engenharia de Projetos Ltda, Brazil was Moderator for the discussions and Graham Bruford, Timber Trade Federation, UK acted as Rapporteur.

The broad theme of the Market Discussion enabled a wide cross section of speakers from ITTO producer and consumer countries to give presentations on key issues of importance to the tropical timber trade at the present time. A number of common issues emerged which are summarized below together with recommendations for action by ITTO (in bold).

#### **Trade Flows and Statistics**

There are indications that in general the market for tropical timber has improved over the last few months. Both demand and prices increased for most products, although plywood is an exception to this trend. The international trade in tropical timber is moving away from primary products to secondary processed/ value-added products.

In general statistics on the trade in tropical timber are still inconsistent and therefore more work needs to be done to ensure more accurate data is obtained. The data collected should also recognize the increasing importance of value added products, pulp and paper and reconstituted wood panels in international trade. ***ITTO should therefore continue its work to improve the quality of statistical information available in general. Greater attention should be given to obtaining data about emerging products, such as value-added products, pulp and paper and reconstituted wood panels in the international tropical timber trade.***

#### **Value Added Products**

It was clearly stated that producers should fully understand the market they are targeting to ensure that the value-added product being produced is one that will be acceptable to that target market. When trading value-added products, it was important to note that quality comes first, followed by price, consistency in supply, and finally flexibility to adapt to changing market conditions.

***In this context, it was noted that ITTO should consider further ways of helping producer countries to begin and/or increase their production and trade of value-added products. In this regard, it was suggested that ITTO project activities should give more attention to technical assistance on understanding issues of importance to target markets, the selection of technology and equipment, training in industrial operations and other related matters.***

#### **Certification**

Different views were expressed about how important certification is to access consumer markets at the present time. There is general agreement that certification adds cost to the production chain while at the same time there is little evidence that consumer markets are paying for these extra costs. It was suggested that an improvement in market access, in some markets, had been the major advantage in pursuing certification.

So far as the costs of certification are concerned, a major component of these costs is due to the requirement of some certification schemes to physically segregate certified logs from uncertified logs in the production line, which is a difficult procedure and requires a lot of controls. Thus, besides the costs of certifying forest management there are significant costs in the production chain from forest to processing

location and to point of export in producer countries. One alternative proposed was to develop Certified Log Credits (CLCs). This mechanism would work in a similar way to carbon credits.

***It was suggested that ITTO should consider providing guidance to members about cost-effective ways of implementing certification procedures. It was also suggested that ITTO should support the development of regional certification schemes, and take a leading role in the development of mutual recognition procedures.***

### Trade Restrictions

It appears that there is a general decrease in the impact of trade restrictions. However, for certain products in some markets, especially developing country markets, they remain a problem. In addition, the combined effects of tariffs, non-tariff barriers and trade impediments in certain markets may also be a problem. There is a need to continue to closely monitor developments. For instance, there are indications that environment issues may be incorporated into trade agreements in the future.

### Marketing and Promotion

The marketing and promotion of tropical timber needs to be improved. Temperate hardwood producers have been more successful in promoting their products. They have focused on the full range of species and on the full range of grades, while it seems that the tropical timber trade has concentrated on a few species and on higher grades. The approach of temperate hardwood producers gives the consumers more options. Besides, they have focused on promoting timber as a product, in an attempt to reverse the trend of losing markets to competing products.

Participants agreed that tropical timber market promotion has not been done in an appropriate manner. Market promotion in terms of advertising the variety of species available, their technical properties and suitable end uses backed by information on forest management practices has a key role to play. ***ITTO should therefore consider co-ordinating and facilitating the development of an effective market promotion strategy for tropical timber products as a priority action of the organisation.***

There are important initiatives being undertaken by the industry such as reduced impact logging (RIL) which should be further encouraged and publicised. ***The ITTO should continue and strengthen its support for RIL initiatives and increase the publicity given to the results of this work to improve the image of the tropical timber industry.***

Life Cycle Assessment (LCA) is a tool that should be better used to promote tropical timber. There are several studies using the life cycle assessment approach which show that timber has substantial advantages over other non-timber products, but there is still more to be done. ***ITTO should therefore include LCA as a priority issue in the project work of the organization.***

## APPENDIX B

### STATEMENT BY THE TRADE

The Informal Trade Group, comprising trade members of Delegations from both Producer and Consumer countries, would like to express its gratitude to the ITTC for the opportunity to highlight important areas of concern in the tropical timber trade during the Annual Market Discussions. This provided an extremely useful forum in which to exchange views with distinguished delegates and enabled a number of recommendations to be made regarding future priority areas for action by the ITTO which we trust will be seriously considered by the ITTC.

In this regard, we would particularly draw the attention of distinguished delegates to some of the important issues raised:

- The need to improve the quality of statistical information available on the trade in tropical timber products
- The need to consider further ways of helping producer countries to begin and/or increase their production and trade of value added products through ITTO project activities
- The need for ITTO to provide guidance to member countries about cost-effective ways of implementing sustainable forest management practices and the development of certification procedures as desired/requested. It was also suggested that ITTO take a leading role in facilitating the exchange of information regarding national and regional certification schemes and mutual recognition procedures.
- The need to co-ordinate and facilitate the development of an effective market promotion strategy for tropical timber products as a priority action of the organization to enhance competitiveness with non-timber products. The importance of Life Cycle Assessment (LCA) techniques in assisting this process should be recognized and identified as a priority issue in the project work of the organization.
- The need for ITTO to continue and strengthen its support for Reduced Impact Logging initiatives and increase the publicity given to the results of this work to improve the image of the tropical timber industry.

The Informal Trade Group would also like to express its appreciation to the authors of the "Draft Report on the Review of Progress towards the Year 2000 Objective" for an excellent and comprehensive analysis. The Group welcomes the information about the improvements in forest management which have been made and is pleased to see that it is being used as the basis for a public education and awareness campaign. The Group expresses its hope that the communication strategy for the campaign is quickly agreed and implemented as tropical timber still suffers from a negative image in many consumer countries.

Finally, we are encouraged to see the greater efforts that are being made to more fully integrate the trade representatives into the activities of the ITTC. We fully support these initiatives, in particular the proposal to establish a permanent open-ended Trade Advisory Group (TAG) to advise on trade and industry issues affecting the trade and requiring the attention of the Organisation. The Trade Group believes that this would provide an important contribution to the ITTC deliberations and focus the efforts of the Organisation on ensuring a flourishing trade in tropical timber products from sustainably managed forests. We would also encourage the ITTO to draw the attention of other international organizations and institutions working in the forestry trade arena to the value of taking into consideration the experience and expertise of those involved in the trade in tropical wood products.

## APPENDIX C

### PPD 9/00 (M) "STRENGTHENING THE ANNUAL MARKET DISCUSSION"

#### 1. Background

The Annual Market Discussion is held in conjunction with each May Session of the International Tropical Timber Council (ITTC).

The theme for each Market Discussion is decided every November by the "informal trade group", which comprises a core of regular trade attendees at ITTC sessions and other trade representatives who may attend on a more ad hoc basis. The Market Discussion is a regular feature of the ITTC and is seen as an important means by which the trade can draw the attention of Council to trade issues.

A measure of the success of the Annual Market Discussion in highlighting important trade issues is the increasing number of market-related decisions, activities, pre-projects and projects that have been generated as a result of the discussion. The event is also an important opportunity for trade representatives to discuss and provide for a better understanding of the many, and often complex, trade policy issues facing Member governments.

The Annual Market Discussion contributes to the achievement of several ITTO objectives, including:

- Objective (a): "to provide an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy";
- Objective (b): "to provide a forum for consultation to promote non-discriminatory timber trade practices";
- Objective (h): "to improve market intelligence with a view to ensuring greater transparency in the international timber market, including the gathering, compilation, and dissemination of trade related data, including data related to species being traded";
- Objective (n): "to encourage information-sharing on the international timber market".

To-date, speakers at the Annual Market Discussion have been drawn from the trade in the host country and from trade representatives attending Council. While such speakers have contributed important insights, members of the informal trade group consider there is now a need to further strengthen the Market Discussion if it is to maintain and enhance its role as a forum for international dialogue on the tropical timber trade.

#### 2. The Proposal

It is proposed that each Market Discussion could be strengthened by dedicated "key note" presentations by specialists, commissioned to research and report on elements within the theme decided. Such presentations would strengthen the contributions of the voluntary speakers, who could focus on their specific national or regional situations.

The Annual Market Discussion will be used to encourage dialogue between trade and the NGOs as well as the involvement of these groups in the activities of ITTO. This approach would be expected to facilitate consensus building in efforts towards achieving trade from sustainable sources.

This format – of commissioned speakers, complemented by voluntary, would ensure each Market Discussion is highly focussed and capable of leading debate on key trade issues.

#### 3. Cost Implications

The estimated cost of contracting two specialist speakers to deliver dedicated papers to a Market Discussion is provided below. It is proposed that the concept of commissioned papers should be piloted for two years

**4. Budget**

Item	Quantity	Unit Cost US\$	Amount US\$
<u>Keynote Speakers honorarium</u>	4 x 1/2 month	2,500	10,000
<u>Communication Cost</u>			1,000
<u>Travel costs</u>			
Market Discussion in Ivory Coast, 2001	2 person	5,000	10,000
Market Discussion 2002	2 person	5,000	10,000
Per Diem	4 x 5 Days	250	5,000
<u>Translation</u>	4 papers	500	2,000
Sub total			38,000
ITTO Program Support (10.5%)			3,990
<b>Total</b>			<b>41,990</b>

**5. Fund Administration**

It is proposed that the ITTO Secretariat would exercise financial management. The choice of specialist would be agreed jointly between the "informal trade group" and the ITTO Secretariat, with the Secretariat providing administrative support to the activity.

**6. Terms of Reference**

Immediately following a decision by the Trade Group on the theme for the Annual Market Discussion a shortlist of potential speakers will be prepared and contractual arrangements would be made to secure the services of the speakers. The contracted speakers will:

- based on their experience of the theme of the Market discussion, the speakers will research background material and prepare draft papers for consideration by the Trade Group and ITTO
- comments on the draft papers will be forwarded to the speakers for incorporation into the presentation
- the speakers will then present a final paper to the ITTO Secretariat no later than one month before the date of the Council Session at which the papers are to be delivered to allow for translation
- the speakers will make arrangements to be present at the venue of the ITTC and will make a verbal presentation to Members during the Annual Market Discussion.

\* \* \*

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Lima, Peru

## **REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

### **TWENTY-SIXTH SESSION OF THE COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT**

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/...



## **REPORT**

### **Item 1 - Opening of the Session**

The Twenty-sixth Session of the Committee was opened, on 25 May 2000, by the Chairperson of the Committee on Reforestation and Forest Management, Mr. Pisal Wasuwanich (Thailand). The list of participants is reproduced in document ITTC(XXVIII)/Info.2 Rev.1.

### **Item 2 - Adoption of Agenda and Organization of Work**

At its first meeting in a joint session on 24 May 2000, the Committee formally adopted the Agenda of its Twenty-sixth Session as contained in document CRF(XXVI)/1. An additional agenda item 4B was added at the Joint Session of the Committees to introduce the report ITTC(XXVIII)/12 "Proposed Procedures for Identifying and Funding Ex-post Evaluation of Projects". The matter is reported under Item 6.4

### **Item 3 - Admission of Observers**

A list of observers admitted by the Committee in a joint session to attend its Twenty-sixth Session is contained in document ITTC(XXVIII)/Info.3 Rev.1.

### **Item 4 - Report of the Expert Panel for Technical Appraisal of Project Proposals (Joint Session of the Committees)**

Mr. Henri Felix Maître (France), on behalf of the Expert Panel, presented its report as contained in document CEM, CRF, CFI(XXVI)/1. Mr. Maître highlighted the new second edition of the ITTO Manual for Project Formulation that has assisted in improving the quality of project proposals. He stressed the need for project formulation to strictly adhere to this manual. The Panel requested that project proposals should contain a list of abbreviations and acronyms used and a summary presentation of the Implementing Agency. He further highlighted the need to promote project proposals in the area of economic information and market intelligence and the need to address the role of women and the issue of gender balance also when selecting members for the Panel.

The Panel requested that the administrative and budget items should be reviewed by the Secretariat, leaving more time for the Panel to deal with the technical issues. The question of long journey times and the need for rest in order to function optimally during the meeting was again raised as was the problem of obtaining adequate travel insurance by some members of the Panel. In response to a query about the criteria used by the Panel to assess the eligibility of projects for funding through the Bali Partnership Fund, Mr. Maître noted that this assessment was undertaken in accordance with the criteria contained in the Annex of Decision 8(XXV).

The Secretariat introduced document ITTC(XXVIII)/12, which includes options to strengthen ex-post evaluation activities. The Secretariat briefed the Joint Session of the Committees on the different options proposed for selecting and funding projects for ex-post evaluation. It drew attention to the financial and logistical difficulties in hiring three consultants (as stipulated in Decision 2(X)) to undertake, in a simultaneous and coordinated way, ex-post evaluations. The Joint Session decided to take up this matter in the Caucuses and Council with a view to arriving at a Decision.

### **Item 5 - 2000 Market Discussion (Joint Session of the Committees)**

The Committee noted the report of the ITTO 2000 Market Discussion as contained in Appendix A of document CEM(XXVI)/6 Rev.1. The theme of the Market Discussion was "What does it take to be both responsible and successful in the international tropical timber market". The moderator was Dr. Ivan Tomaselli (STCP Engenharia de Projetos, Brazil) and the Rapporteur was Mr. Graham Bruford (Forest Forever, The Timber Trade Federation, UK). The Discussion included the following presentations:

Dr. Steven E. Johnson, Statistician, ITTO	"Trade Flow Statistics and Forecasts"
Dr. Michael Adams, MIS Coordinator, ITTO	"Market News/Price Trends"
Eng. Guillermo Zender, President CORMADERA, Peru	"Entry Into the International Tropical Timber Market - Problems & Opportunities"
Mr. Eric Thomsson, President, Int'l Wood Products Association	"Added Value Products: Buyer Perspective"
Mr. Alhassan N. Attah, Manager, Timber Export Development Board (London)	"Environment and Certification"
Mr. Keister Evans, Executive Director, Tropical Forest Foundation	"The Importance of RIL in SFM: Research and Practice"
Mr. Barney Chan, General Manager, Sarawak Timber Association	"A New Approach to Chain-of-Custody: Realities and Challenges"
Dr. Herbert Diemont, Team Leader International Nature Management, ALTERRA, The Netherlands	"Producer-Consumer Cooperation from the Importers' Perspective"
Dr. Jim Bourke, FAO	"The Impact of Trade Restrictions"
Mr. Mike Snow, American Hardwood Export Council, American Forest & Paper Association	"Marketing Wood – The AHEC Experience"
Mr. Graham Bruford Timber Trade Federation, UK	"Improving the Efficiency of the Tropical Timber Trade"

The Committee noted the statement by the trade as contained in Appendix B of document CEM(XXVI)/6 Rev.1 that would be presented to the Council at its current Session.

## **Item 6 - Report on Completed Projects and Pre-Projects**

### **6.1 COMPLETED PROJECTS**

The Secretariat informed the Committee that the completed projects are listed in document CRF(XXVI)/3, "Report on Completed Projects and Pre-Projects in the Field of Reforestation and Forest Management", and are divided into two groups (A) and (B).

Group (A) lists the projects where the field activities have been completed, and the final report and other technical documentation have been submitted to the Secretariat as well as the audited financial report of the project's accounts.

Group (B) lists the projects where the field activities have been completed, and the final report and other technical documentation have been submitted to the Secretariat but where the audited financial report of the project's accounts is still pending.

The Committee then proceeded to review the following completed projects:

#### ***(A) Completed Projects, Including Financial Audit***

- 1) PD 103/90 Rev.1 (F) Training and Manpower Development in Community Forestry Management (Nepal)

The Committee took note of the information that the visiting scholars have successfully completed their assignments and teaching materials and that the new building was completed and fully utilized. The Committee further noted that the project completion report, the final financial statement, the audited financial report and the list of capital goods have been received by the Secretariat. The Committee decided to consider the project as completed.

- 2) PD 12/93 Rev.3 (F) **Integrated Forest Fire Management in Indonesia - Phase I: National Guidelines on the Protection of Tropical Forests Against Fire (Indonesia)**

The Committee noted that the final report, the technical documents and audited financial report had been submitted by the Executing Agency and accepted by the Secretariat. Therefore the Committee decided to consider the project as completed.

**(B) Completed Projects, Pending Financial Audit**

- 1) PD 162/91 Rev.1 (F) **Intensification of Growth and Yield Studies in Previously Logged Forest (PNG)**

The Committee took note of the information that the measurements of the sample plots and the data analysis were continued as part of the Forest Research Institute's regular programme and that the two ITTO Officers were now employed as permanent staff of the Institute. The Committee further noted that most of the technical publications and manuals and the project completion report have been received by the Secretariat. The list of capital goods has also been received. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the audited financial report of the project.

- 2) PD 42/92 Rev.1 (F) **Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio, Phases I & II (Peru)**

The Committee urged the Executing Agency to submit the audited financial report before its Twenty-seventh Session in October 2000.

- 3) PD 27/94 Rev.2 (F) **Women and Tropical Forest Development Program (Ghana)**

The Committee took note of the important achievements for the women in forestry by the 31st December Women's Movement in Ghana as one of the few ITTO project dedicated to the involvement of women in reforestation activities. The Committee further noted that the project completion report and the annual audited financial reports to the end of the project have been received by the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the final financial statement and list of capital goods purchased under the project.

**6.2 COMPLETED PRE-PROJECTS**

The Secretariat informed the Committee that document CRF(XXVI)/3 contains the pre-projects which have been completed including the final report, technical documentation and, where appropriate, a project proposal which has been submitted to the Secretariat and, in most cases, the audited financial report of the pre-project's accounts.

The Committee then proceeded to review the following completed pre-projects:

- 1) PPD 2/98 Rev.1 (F) **Promotion and Transfer of Knowledge on Sustainable Forest Management Models among Timber Producers (Peru)**

The Committee took note that the Final Report, two Technical Reports, and a Project Proposal, entitled "Promotion and Transfer of Knowledge on Sustainable Forest Management Models Among Timber Producers", describing in detail the results of the activities of this pre-project, had been submitted by the Executing Agency. The final report and two technical reports are available upon request from the Secretariat. Furthermore, the audited financial report had also been received by the Secretariat. The Committee therefore decided to consider the pre-project as completed.

- 2) PPD 7/98 Rev.1 (F) **Support to the Akposso Population for the Development of a Participatory Approach to Forest Management in the Bato Area (North Amou) (Togo)**

The Committee took note of the achievements of the pre-project including the formulation of a project proposal PD 13/00 (F) "Support to the Akposso and Akebou Population for the Participatory Management of Residual Forests and Uncultivated Savannahs in the Valleys of Akpe and Akama for the Production of Industrial Timber" which has been received by the Secretariat together with the completion report. The

Committee decided to consider this pre-project as completed as soon as the Secretariat receives and accepts the final financial statement and the audited financial report.

### **6.3 COMPLETED PROJECTS SELECTED FOR EX-POST EVALUATION**

The following projects were selected for ex-post evaluation at the Twenty-fifth Session of the Committee:

- PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phases I, II, and III (Peru)
- PD 176/91 Rev.1 (F) Sustained Management for Production, Conservation, Demonstration, Diffusion and Promotion Activities in Moist Tropical Forests in Ecuador's Northwest (Ecuador)
- and
- PD 37/92 Rev.1 (F) Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest (Gabon)
- PD 8/95 Rev.1 (F) Multiple Resource Stratification, Mapping and Inventory for the Management of the First Forest Zone in Gabon - Phase I (Gabon)

The Committee took note of the information from the Secretariat that the availability of funds to carry out the ex-post evaluation of the 4 selected projects could not be confirmed.

The Committee decided to await the outcome of the deliberations on this issue under Council agenda item 15 and document ITTC(XXVIII)/12 before further consideration on this matter.

### **6.4 COMPLETED PROJECTS TO BE CONSIDERED FOR EX-POST EVALUATION**

The Committee debated the issue and decided to set up a working group to discuss the selection procedure for ex-post evaluation of completed projects. The working group recommended that the Committee should follow the recommendations made at its Twenty-fifth Session to group the completed projects according to the main objective of the project. The Committee took note of this recommendation and requested the Secretariat to prepare a list of completed projects indicating such grouping to assist the Committee in the selection of projects for ex-post evaluation at its next Session.

The Committee further decided to harmonize its selection procedure in accordance with the decision taken by the Council on this issue under Council agenda item 15 at this Session.

## **Item 7 - Review of Project and Pre-project Work in Progress**

### **7.1 PROJECT WORK IN PROGRESS**

The Committee took note of a status report (document CRF(XXVI)/4) by the Secretariat on the 107 projects, in the field of Reforestation and Forest Management, that have been approved by the Council, and which are either: A) in the process of implementation (74), B) awaiting the signing of an Agreement (16), C) pending finance (13), or D) falling under the sunset provision since the last Session (4).

The Committee noted the reports on the progress of these projects in the above document. In view of the desire of the Committee to further streamline its work in accordance with Council Decision 4(XXV) Annex A, Section VI.1, the Committee requested the Secretariat and Members to limit the reporting and discussion during the Session to those projects that are:

- having implementation problems;
- requiring additional funds;
- requesting extension in time of more than 6 months beyond the original duration of the project; or
- requesting essential major modifications of the work plan and budget.

However, time should also be allocated, where possible, to brief presentations on important project results and lessons learned.

Considering the large number of projects for which the Implementing Agencies have requested for extension in time in order to complete the project activities and reporting, the Committee urged the Implementing

Agencies to implement the projects smoothly in accordance with the approved work plan and budget. Should extension in time be required, such request must be properly justified and supported by an updated work plan and budget for the extension in cooperation with the Secretariat for final approval by the Committee.

The Committee then proceeded to discuss the issues associated with a number of projects. Details of these discussions are as follows:

**(A) Projects under implementation**

- 1) PD 52/89 Rev.4 (F)      **Forestry Treatment by Thinning-out in the Context of a Pilot Forest Development Scheme in the Reserve Forest of Sud-Bakundo (Cameroon)**

The Committee took note of the information provided from Cameroon regarding the Government of Cameroon's procedures for approval of Forest Management Plans and urged Cameroon to expedite the approval in order not to delay the final implementation of the project. The Committee further noted the successful implementation of the other activities of the project and agreed to grant the project an extension until December 2000 without additional funds.

- 2) PD 68/89 Rev.1 (F)      **Management of the Tapajós National Forest for Sustainable Production of Industrial Timber (Brazil)**

The Committee took note of the information that the field implementation has started and that 100 ha were harvested by the concessionaire according to the Forest Exploitation Plan approved by IBAMA, the Implementing Agency. The Committee further noted that infrastructure has been put in place including worker quarters. The activities will commence again in June at the outset of the dry season. The Committee urged the Implementing Agency to provide progress reporting and financial statement on time for inclusion in the report to the Committee as per the deadlines given by the Secretariat.

- 3) PD 89/90 (F)      **Sustainable Forest Management and Human Resources Development in Indonesia Phase I (Operational), II (Operational), III (Pending Finance) (Indonesia)**

The Committee noted the progress and remaining activities of the project under Phase I and Phase II. Upon request of the Indonesian delegation and endorsement of the Japanese delegation, the Committee decided to authorize the immediate implementation of Phase III to be carried out concurrent with Phase I and Phase II of the project.

- 4) PD 115/90 Rev.1 (F)      **Rehabilitation of Natural Forests (Malaysia)**

The Committee took note of the information provided by Malaysia that the consultants have completed the data analysis and that a small working group has been established to guide the final drafting of the project output. The Committee agreed to grant the project an extension until July 2000 without additional funds.

- 5) PD 185/91 Rev.2 (F)      **Sustainable Forest Management and Development in Peninsular Malaysia, Phase I (Completed), Phase II (Operational) (Malaysia)**

The Secretariat informed the Committee that the recruitment of local consultant firm has been delayed. The Malaysian delegation advised the Committee that the process of selection and appointment of the local consultant which involved the Treasury Office, has just been finalized. The Committee took note of this progress.

- 6) PD 14/92 Rev.2 (F)      **A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China - Phase I (Completed), Phase II (Completed) & Phase III (Operational) (China)**

The Chinese delegation informed the Committee on the progress of the project. The Swiss delegation expressed satisfaction over the quality of the project results and the information presented by the project. It was recommended that wide publications be made of the fertilizer trials in order to share the successful results of the project. The Committee took note of the progress as reported by the Chinese delegation.

**7) PD 18/92 Rev.2 (F) Determination of a Forest Typology Related to Silvicultural Systems (Côte d'Ivoire)**

The Secretariat informed the Committee on the project work in progress. Based on the time frame proposed to finalize the remaining activities, the Committee decided to grant the project an extension until December 2000 without additional funds.

**8) PD 26/92 Rev.2 (F,I) Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon (Cameroon)**

The Committee took note of the information from Cameroon that the documentation was being finalized and that an auditor has been selected for the financial audit reporting. The Committee further noted that additional financial reporting was required for the Common Fund for Commodities to transfer the last amount of funds to ITTO and urged the Implementing Agency to urgently comply with the CFC and ITTO's requirements.

The Committee further noted that a forest inventory was being carried out to supply needed technical information in order to complete the Forest Management Plan. The Committee agreed to grant the project an extension until June 2000 without additional funds.

**9) PD 2/93 Rev.1 (F) Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan (Republic of Congo)**

The Congolese delegation explained to the Committee the need to mobilize an expert from Germany to present, discuss and finalize the draft of the Management Plan in a technical workshop. In this view, the delegation requested additional funds of US\$10,000. The Committee requested the Implementing Agency to submit a financial report to the ITTO Secretariat in order to assess the project's financial situation.

**10) PD 11/93 Rev.1 (F) A Strategy for the Sustainable Management and Harvesting of Forest Resources and Strengthening of Indigenous Territories in the Colombian Amazon (Colombia)**

The Committee took note of the Executing Agency's request for an extension in time in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project for a period of six months until the end of June 2000, without additional funds, to allow for the completion of the project activities.

**11) PD 33/93 Rev.1 (F) Conservation, Management, Harvesting and Integrated and Sustained Use of Forests in the Chimanes Region, Beni, Bolivia - Phase I (Bolivia)**

The Committee took note that the Final Report had been submitted to the Secretariat in April 2000. It further urged the Executing Agency to immediately present any pending technical documents and the final audited financial statement to the Secretariat in order to deem this project as complete before the Committee's Twenty-seventh Session in October 2000.

**12) PD 49/94 Rev.1 (F) Establishment of an Ongoing Forest Monitoring Network (Permanent Growth Plots) in the Forest Reserves and Woodlots of the Guiana Region (Venezuela)**

The Committee took note of the Executing Agency's request for an extension in time in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project until the end of June 2000, without additional funds, to allow for the completion of the project activities.

- 13) PD 3/95 Rev.2 (F) Conservation and Provenance Plantings and Integrated Pest Management to Sustain Iroko Production in West Africa (Ghana, Côte d'Ivoire, Cameroon)**

The Committee took note of the information provided by Cameroon that a regional workshop to disseminate the results of the project will be held in September 2000. The Committee agreed to grant the project an extension until December 2000 without additional funds.

- 14) PD 10/95 Rev.2 (F) Evaluation of Silvicultural Trials of Indigenous Timber Species for Developing Forest Plantations in Gabon (Gabon)**

The Gabonese delegation informed the Committee that the funds pledged by the Government of the Netherlands are still outstanding and that the project requires an extension of 6 months to finalize its activities. The Committee agreed to grant the project an extension until December 2000, without additional funds.

- 15) PD 14/95 Rev.2 (F) Model Forest Management Area - Phase II (Malaysia)**

The Committee took note of the information from Malaysia that additional time was needed in order to complete all the activities of Phase II in accordance with the updated work plan and budget. The Committee agreed to grant the project an extension until December 2000 without additional funds.

- 16) PD 15/95 Rev.3 (F) Development of the Lanjak Entimau Wildlife Sanctuary (LEWS) as a Totally Protected Area (TPA) Phase II (Malaysia)**

In response to the queries made by the Japanese and Swiss delegations, the Malaysian delegation explained the project activities involved in the co-management of Lanjak-Entimau Wildlife Sanctuary with the Indonesian Authority and informed the Committee that Phase II of the project is scheduled to end in June 2000, while Phase III will commence in July 2000. The Malaysian delegation proposed a budget re-allocation as documented in CRF(XXVI)/7 based on the recommendation of the Final Workshop of Phase II held in Kuching, Sarawak on 28-29 February 2000. Upon inclusion of the detailed budget for re-allocation, the Committee decided to approve the project amendment as contained in document CRF(XXVI)/7 Rev.1 and to authorize the Implementing Agency to conduct the training using the unspent amount of Phase II amounting to US\$60,000 to be held concurrently during Phase III of the project.

- 17) PD 31/95 Rev.3 (F) A Model Project for Cost Analysis to Achieve Sustainable Forest Management (Malaysia)**

The Secretariat informed the Committee that the project requires extension to finalize the report. The Committee agreed to grant the project an extension until December 2000, without additional funds.

- 18) PD 41/95 Rev.1 (F) Piloting Collaborative Forest Management Systems for Off-Reserve Areas in Southern Ghana (Ghana)**

The Committee took note of the information that additional time was needed to complete all project activities and agreed to grant the project an extension until June 2000 without additional funds.

- 19) PD 12/96 Rev.2 (F) Development of a Sustainable Management Plan for the Souanke-Sembe-Kelle Area (Phase II) (Congo)**

The Congolese delegation informed the Committee about the progress in project implementation. A revised work plan has been submitted to the ITTO Secretariat which requires project extension. The Committee agreed to grant the project an extension until January 2001, without additional funds.

- 20) PD 13/96 Rev.1 (F) Multiple-Use Management in the Macauã National Forest Based on Rubber Estates - Phase I: Development of a Master Plan to Support Community Organization (Brazil)**

The Committee urged the Executing Agency to present the project's final report, the audited financial statement and the follow-up proposal for Phase II to the Secretariat in order to deem this project as complete before the Committee's Twenty-seventh Session in October 2000.

- 21) PD 26/96 Rev.4 (F) Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View – Phase II (Malaysia)**

The Malaysian delegation informed the Committee on the need of extension due to road construction to be made in the new project site. In response to the query made by the Japanese delegation, he explained that the schedule of the final workshop will depend on the finalization of work in the new location. The Committee noted the information and agreed to grant the project an extension until May 2001, without additional funds.

- 22) PD 10/97 Rev.1 (F) A Sustainable Management Model in the Iwokrama Rain Forest (Guyana)**

The Committee took note of the information provided by the Implementing Agency on the activities of the Iwokrama Rainforest and the explanation on the delays in recruiting counterpart staff.

The Committee acknowledged the clarification regarding the scheduling of Project Steering Committee meetings.

The Committee urged the Implementing Agency to provide progress and financial reports on time before the deadline in order for the Secretariat to provide complete reporting.

- 23) PD 12/97 Rev.1 (F) Forest, Science and Sustainability: The Bulungan Model Forest (Indonesia)**

The Japanese delegation emphasized the importance of the expected project results regarding cost benefit analysis and requested the results to be disseminated. The Indonesian delegation explained that the cost analysis will be part of the overall studies in reduced impact logging and the relevant reports will be made available to Member Countries. The Committee took note of this information.

- 24) PD 21/97 Rev.2 (F) Developing Tropical Forest Resources through Community-based Forest Management, Nueva Vizcaya, Philippines (Philippines)**

The Philippines delegation forwarded to the Committee the project amendment as contained in the document CRF(XXVI)/6 based on the consultation with local communities involved in the project implementation. The Committee decided to approve the project amendment which contains budget re-alignment as reflected in document CRF (XXVI)/6.

- 25) PD 9/98 Rev.1 (F) Publication, Testing and Clarification of ITTO's Criteria and Indicators for the Sustainable Management of Gabon's Forests (Gabon)**

The Gabonese delegation explained the delay in submission of the progress report due to the internal transfer of personnel involved in project management. The Committee noted the information.

- 26) PD 36/98 Rev.1 (F) Establishment of Forestry Sector Draft Development Plan for Sustainable Forest Management in Cambodia (Cambodia)**

The Secretariat informed the Committee that the funds pledged by the Government of the Netherlands have been remitted to the ITTO Special Account. The Committee took note of this progress.

- 27) PD 54/98 Rev.1 (F) Institutional Strengthening of the Geographic Information System (GIS) of the National Environmental Authority (ANAM) for the Monitoring and Evaluation of Panama's Forest Resources with a View to their Sustainable Management (Panama)**

The Committee urged the Executing Agency to submit the Detailed Workplan to the Secretariat as soon as possible in order to commence the implementation of the project.

- 28) PD 2/99 Rev.2 (F) Preparatory Studies to Install a Continuous Monitoring System for the Sustainable Management of Thailand's Forest Resources (Thailand)**

The Thailand delegation submitted to the Committee a project amendment as contained in document CRF(XXVI)/5. He further explained the relevant components of budget modification upon request of the



Japanese delegation. The Committee agreed to approve the project amendment which contains budget modification as reflected in document CRF(XXVI)/5.

**29) PD 7/99 Rev.2 (F) East New Britain Balsa Industry Strengthening Project – Phase II (PNG)**

The Committee took note of the information from Papua New Guinea that it had not been possible to open a US\$ bank account and urged the Implementing Agency to open a local currency account as soon as possible in order not to delay the implementation of the project.

**30) PD 16/99 Rev.2 (F) Development of Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area – Phase III (Malaysia)**

The Malaysian delegation proposed a budget amendment in conjunction with project PD 15/95 Rev.3 (F) as contained in document CRF(XXVI)/7. The Committee decided to approve the project amendment as documented in CRF(XXVI)/7 Rev.1

**31) PD 21/99 Rev.1 (F) International Conference on Timber Plantation Development (Philippines)**

The Secretariat announced that the Department of Environment and Natural Resources will host the International Conference on Timber Plantation Development from 7 to 9 November 2000 in Manila, Philippines. The Committee took note of this information.

**32) PD 27/99 Rev.2 (F) Pilot Project for the Sustained Management of the So'o Lala Forest - Phase II (Cameroon)**

The Committee took note of the information provided by Cameroon in respect of the procedures for public bidding to identify the harvesting concessionaire and urged the Implementing Agency to finalize the selection procedure as soon as possible in order not to delay further the implementation of the project.

**(B) Projects awaiting implementation agreement**

**1) PD 21/98 Rev.2 (F) Forest Management, Community Involvement and Sustainable Use of Si-Kop Forest Area (Coastal Province, Cameroon) (Phase II) (Cameroon)**

The Committee took note of the information from Cameroon that the Yearly Plan of Operations has been sent to the ITTO as well as the programme for engagement of project personnel and that the bank account has been opened for the project. The Committee took note of the information and urged the Secretariat to release the first tranche of funds as soon as possible in order to initiate the implementation of this project.

**2) PD 38/98 Rev.2 (F) Technology Development and Demonstration on Reforestation Using Tropical Hardwood Species in Yunnan Province of China, Phase I (Pending Agreement), Phase II (Pending Finance) (China)**

The Chinese delegation expressed gratitude to the donor countries of the project. She informed the Committee that the preparatory works including nursery establishment have been initiated in Yunnan Province. However, due to the pending remittance of funds from the Dutch Government, the project could not proceed with its implementation. She appealed to donors to honor their pledged contributions. The Committee urged the Government of the Netherlands to immediately transfer the committed contribution to ITTO's Special Account.

**(C) Projects awaiting financing**

The Committee noted the list of approved projects awaiting financing and urged the donor community to provide the funds necessary for the implementation of the projects.

**(D) Projects coming under the sunset provisions since the last Session**

- 1) PD 8/96 Rev.2 (F) Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Crop (Bolivia and Honduras)
- 2) PD 2/97 Rev.3 (F) Establishment of a Demonstration Area for the Sustained Utilization of Timber, Based on a Forest Enterprise in the Nlobo Reserved Forest – Phase I (Cameroon)
- 3) PD 55/97 Rev.2 (F) Reforestation and Participatory Forest Management in the Transitional Zone (Brong-Ahafo Region) of Ghana (Ghana)
- 4) PD 1/98 Rev.1 (F) Teak Reforestation Project of 1,100ha at Toeuk Chha Forest Reserve Kampong Cham Province (Cambodia)

**7.2 PRE-PROJECT WORK IN PROGRESS**

Eighteen pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XXVI)/4.

The Committee discussed the issues associated with a number of pre-projects. Details of these discussions are as follows:

**(A) Pre-projects under implementation**

- 1) PPD 4/96 Rev.1 (F) Development of a Master Plan for Forest Management in Congo (Congo)

The Congolese delegation informed the Committee that the implementation of the pre-project is towards completion and requested extension to finalize the remaining activities. The Committee agreed to grant the pre-project an extension until September 2000, without additional funds.

- 2) PPD 4/97 Rev.1 (F) Rehabilitation of Damaged Areas of the "Cerrado" (Brazil)

The Committee urged the Executing Agency to present the pre-project's final report, the audited financial statement and the project proposal to the Secretariat in order to deem this pre-project as complete before the Committee's Twenty-seventh Session in October 2000.

- 3) PPD 7/97 Rev.1 (F) Forestry Inventory for the Sustainable Production of Mahogany Timber (Brazil)

The Committee urged the Executing Agency to present the pre-project's final report, the audited financial statement and the technical reports to the Secretariat in order to deem this pre-project as complete before the Committee's Twenty-seventh Session in October 2000.

- 4) PPD 11/97 (F) Assessment of the Forestry Sector (Liberia)

The Committee took note of the information that the consultants for the project are under consideration in cooperation with the Secretariat and acknowledged that the Implementing Agency are still experiencing difficulties with communications.

- 5) PPD 19/99 Rev.1 (F) Strengthening Sustainable Management of Natural Forests in Asia-Pacific (Indonesia and Australia)

The Indonesian delegation informed the Committee that the delay in implementation was also due to intensive consultations with FAO, USDA, TFF and other partners. The project is now well underway. He stated that an international conference on reduced impact logging is scheduled for February 2001. The Committee noted this information.

**(B) Pre-projects awaiting implementation agreement**

(No comments)

**(C) Pre-projects awaiting financing**

The Committee noted the list of approved pre-projects awaiting financing and urged the donor community to provide the funds necessary for the implementation of the pre-projects.

**(D) Pre-projects coming under the sunset provisions since the last Session**None**Item 8 - Consideration of Project and Pre-project Proposals**

The Categories of Recommendations on Project and Pre-projects from the Committee to the Council as accepted by the Committee at its Twentieth Session are listed by Appendix I, Table B.

The Secretariat clarified that these categories are considered as templates and that the Committee may decide to adopt a different wording in individual cases. With this in mind, the Committee continued to review the project and pre-project proposals.

The Committee recalled its recommendation to the Council during its Eleventh Session in Yokohama in November 1992, requesting the Secretariat not to forward any revisions of proposals requiring complete reformulation until these revisions had again been technically evaluated by the Expert Panel. In compliance with this nine project proposals were considered by the Committee; similarly two pre-project proposals were considered.

• **PROJECTS ASSESSED BY THE COMMITTEE**

Project No.	Title
PD 8/98 Rev.3 (F)	Development of a Demonstration Area in the Sustainable Management of Gabonese Forests (Gabon)
PD 55/98 Rev.3 (F)	Evaluation of Mangrove Forests in the North-East of the Orinoco Delta Region in Venezuela with a View to Sustainable Forest Utilization (Venezuela)
PD 44/99 Rev.2 (F)	Implementation of a Management Plan by the Chiquiaca and Orozas Communities in Tarija, Bolivia
PD 49/99 Rev.2 (F)	Pilot Plan for the Sustainable Management of 10,000 Hectares of Secondary Forest in San Lorenzo, Esmeraldas (Ecuador)
PD 51/99 Rev.2 (F)	Support to Grassroot Forestry Promotion Initiatives in the Yoto Area (Togo)
PD 2/00 Rev.1 (F)	Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Ecuadorean Component)
PD 3/00 Rev.1 (F)	Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Peruvian Component)
PD 4/00 Rev.1 (F)	Biodiversity Management and Conservation in a Forest Concession Adjacent to a Totally Protected Area (Nouabale-Ndoki National Park), Northern Congo
PD 15/00 Rev.1 (F)	Management of the Phatam Protected Forests Complex to Promote Cooperation for Trans-Boundary Biodiversity Conservation Between Thailand, Cambodia and Laos (Phase I) (Thailand)

Details of the technical evaluation of these proposals are presented in Appendix 1 of this report. The Committee's recommendations regarding approval of these proposals are presented in Item 12 (A) below.

• **PRE-PROJECTS ASSESSED BY THE COMMITTEE**

Pre-project No.	Title
PPD 3/99 Rev.3 (F)	Enhancing Community Participation in the Philippine Community-Based Forestry Program (Philippines)

PPD 2/00 Rev.1 (F)	Evaluation of the Reforestation Potential for Industrial Timber Production from High Value Tropical Species in the Amakpave and Lili Reserved Forests of Togo
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Details of the technical evaluation of these proposals are presented in Appendix 1 of this report. The Committee's recommendations regarding approval of these proposals are presented in Item 12 (B) below.

#### **Item 9 - Policy Work**

The Report on Proposals for the Development of a Comprehensive Framework and Practical Working Manuals on all Relevant Aspects of Sustainable Forest Management prepared by the consultants is given in Council document ITTC(XXVIII)/11 and is considered under Council agenda item 14.

Training on ITTO's Manual for the Field Application of Criteria and Indicators under Decision 5(XXVI) is under implementation. The first training course was held in English in Malaysia in April 2000. The second training course in English will be held in Indonesia in July 2000. Two consultants are engaged to conduct these training courses. The time and venue for the training courses in French and Spanish will be announced to Member Countries in due time.

#### **Item 10 - Dates and Venues of the Twenty-eighth and Twenty-ninth Sessions of the Committees**

The Committee decided that the dates and venue of its Twenty-eighth and Twenty-ninth Sessions of the Committees will be determined in relation to the Council's decision on the dates and venue of its Sessions.

#### **Item 11 - Other Business**

##### **(a) Annual Audit**

According to the Decision by the Council an Annual Audit is requested for all projects with an ITTO contribution of US\$200,000 and a duration of 2 years or more. The Committee took note of the information that the Secretariat needs to receive a list of quotations from 3 external audit firms of which at least one with international affiliation. The Implementing Agency will suggest – with justification – which audit firm it would prefer to engage for ITTO's consideration. Original quotation papers are not to be forwarded to the Secretariat unless specifically requested.

The cost for the annual audit is to be borne by counterpart funds from the Implementing Agency unless a specific budget provision for auditing is given in the ITTO budget.

The Committee took note of this information.

##### **(b) Recommendation for Projects and Pre-projects Awaiting Financing**

The Swiss delegation recommended that the issue of projects awaiting financing was dealt with as a separate agenda item in order to highlight those project that had been approved by the Council but not yet funded. The Committee took note of this request.

##### **(c) Committee Meetings**

The Committee discussed the issue of parallel meetings of the Committee which made it difficult for small delegations to follow the work of the Committees. It was suggested that meetings of the Committee should be conducted at the beginning of the Council Session for one full day participation in the work of the Committees. Policy issues and suggestion by the Informal Advisory Group for decisions could then be dealt with by the Committee and recommendations forwarded for consideration by the Council later in the Sessions. The Committee recommends that the Council consider this suggestion.

**(d) Presentations of Project Results**

Special Presentations on the following projects were held as follows during the Council Session:

- **PD 8/92 Rev.2 (F) Study on the Growth of Native Species of Commercial Interest in Honduras (Honduras)**
- **PD 17/97 Rev.3 (F) Pilot Project for the Reforestation and Rehabilitation of Degraded Forest Lands in Ecuador (Ecuador)**

**Item 12 - Recommendations to the International Tropical Timber Council**

**(A) The Committee made the following recommendations regarding Projects:**

1. The Committee recommended that the Council approve PD 8/98 Rev.4 (F) and allocate US\$ 458,695 for its implementation.
2. The Committee recommended that the Council approve PD 55/98 Rev.3 (F) and allocate US\$ 304,104 for its implementation.
3. The Committee recommended that the Council approve PD 44/99 Rev.2 (F) and allocate US\$ 285,589 for its implementation.
4. The Committee recommended that the Council approve PD 49/99 Rev.2 (F) and allocate US\$ 393,990 for its implementation.
5. The Committee recommended that the Council approve PD 51/99 Rev.2 (F) and allocate US\$ 243,547 for its implementation.
6. The Committee recommended that the Council approve PD 2/00 Rev.2 (F) and allocate US\$ 701,701 for its implementation.
7. The Committee recommended that the Council approve PD 3/00 Rev.2 (F) and allocate US\$ 701,502 for its implementation.
8. The Committee recommended that the Council approve PD 4/00 Rev.1 (F) and allocate US\$ 1,022,084 for its implementation.
9. The Committee recommended that the Council approve PD 15/00 Rev.2 (F) and allocate US\$ 629,624 for its implementation.

**(B) The Committee made the following recommendations regarding Pre-projects:**

1. The Committee recommended that the Council approve PPD 3/99 Rev.3 (F) and allocate US\$ 47,327 for its implementation.
2. The Committee recommended that the Council approve PPD 2/00 Rev.1 (F) and allocate US\$ 49,269 for its implementation.

**Item 13 - Report of the Session**

The Committee accepted this Report for submission to the Council.

Appendix I

**TECHNICAL ASSESSMENT OF PROJECT PROPOSALS**

1. PD 8/98 Rev.4 (F): **Development of a Demonstration Area in the Sustainable Management of Gabonese Forests (Gabon)**

Conclusion of the Twenty-sixth Committee

The Gabonese delegation submitted the revised project of PD 8/98 Rev.3 (F) as contained in PD 8/98 Rev.4 (F) with reduced budget for ITTO contribution. The Committee approved the amended project PD 8/98 Rev.4 (F) and recommended the Council to allocate US\$ 458,695 for its immediate implementation.

2. PD 55/98 Rev.3 (F): **Evaluation of Mangrove Forests in the North-East of the Orinoco Delta Region in Venezuela with a View to Sustainable Forest Utilization (Venezuela)**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 55/98 Rev.3 (F) and recommended the Council to allocate US\$ 304,104 for its immediate implementation.

3. PD 44/99 Rev.2 (F): **Implementation of a Management Plan by the Chiquiaca and Orozas Communities in Tarija, Bolivia**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 44/99 Rev.2 (F) and recommended the Council to allocate US\$ 285,589 for its immediate implementation.

4. PD 49/99 Rev.2 (F): **Pilot Plan for the Sustainable Management of 10,000 Hectares of Secondary Forest in San Lorenzo, Esmeraldas (Ecuador)**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 49/99 Rev.2 (F) and recommended the Council to allocate US\$ 393,990 for its immediate implementation.

5. PD 51/99 Rev.2 (F): **Support to Grassroot Forestry Promotion Initiatives in the Yoto Area (Togo)**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 51/99 Rev.2 (F) and recommended the Council to allocate US\$ 243,547 for its immediate implementation.

6. PD 2/00 Rev.2 (F): **Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Ecuadorean Component)**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Moreover, the Committee requested an additional specific objective addressing the peace process be incorporated into the project document. This additional specific objective was included in the second revision of the project proposal. Therefore, the Committee approved the amended project PD 2/00 Rev.2 (F) and recommended the Council to allocate US\$ 701,701 for its immediate implementation.

7. PD 3/00 Rev.2 (F): **Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Peruvian Component)**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Moreover, the Committee requested an additional specific objective addressing the peace process be incorporated into the project document. This additional specific objective was included in the second revision of the project proposal. Therefore, the Committee approved the amended project PD 3/00 Rev.2 (F) and recommended the Council to allocate US\$ 701,502 for its immediate implementation.

8. PD 4/00 Rev.1 (F): **Biodiversity Management and Conservation in a Forest Concession Adjacent to a Totally Protected Area (Nouabale-Ndoki National Park), Northern Congo**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 4/00 Rev.1 (F) and recommended the Council to allocate US\$ 1,022,084 for its immediate implementation.

9. PD 15/00 Rev.2 (F): **Management of the Phatam Protected Forests Complex to Promote Cooperation for Trans-Boundary Biodiversity Conservation Between Thailand, Cambodia and Laos (Phase I) (Thailand)**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the amended project PD 15/00 Rev.2 (F) and recommended the Council to allocate US\$ 629,624 for its immediate implementation.

**TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS**

1. PPD 3/99 Rev.3 (F): **Enhancing Community Participation in the Philippine Community-Based Forestry Program (Philippines)**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 3/99 Rev.3 (F) and recommended the Council to allocate US\$ 47,327 for its immediate implementation.

2. PPD 2/00 Rev.1 (F): **Evaluation of the Reforestation Potential for Industrial Timber Production from High Value Tropical Species in the Amakpave and Lili Reserved Forests of Togo**

Conclusion of the Twenty-sixth Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 2/00 Rev.1 (F) and recommended the Council to allocate US\$ 49,269 for its immediate implementation.



**TABLE A**  
**TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS**  
**IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT**  
**CONSIDERED DURING THE TWENTY-SIXTH SESSION OF THE COMMITTEE**

PROJECT DOCUMENT	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Months)	RECOMMENDATION*	
				19th EP	26th CRF
PD 8/98 Rev.4 (F)	458,695	Gabon	36	-	1
PD 55/98 Rev.3 (F)	304,104	Venezuela	18	1 + BPF	1
PD 44/99 Rev.2 (F)	285,589	Bolivia	36	-	1
PD 49/99 Rev.2 (F)	393,990	Ecuador	36	-	1
PD 51/99 Rev.2 (F)	243,547	Togo	36	1	1
PD 2/00 Rev.2 (F)	701,701	Ecuador	24	1 + BPF	1
PD 3/00 Rev.2 (F)	701,502	Peru	24	1 + BPF	1
PD 4/00 Rev.1 (F)	1,022,084	Congo	36	1 + BPF	1
PD 15/00 Rev.2 (F)	629,624	Thailand	24	1 + BPF	1
PPD 3/99 Rev.3 (F)	47,327	Philippines	12	1	1
PPD 2/00 Rev.1 (F)	49,269	Togo	6	1	1

\* For Categories of Recommendation see Table B.

TABLE B

Categories of Decision for 19th Expert Panel	Categories of Recommendation from 26th CRF to the Council
<ol style="list-style-type: none"> <li>1. The Panel concluded that, with the incorporation of any minor amendments noted, the (pre-) project could be commended to the Committee for final appraisal. (In the view of the Panel, this (pre-) project is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).)</li> <li>2. The Panel concluded that the (pre-) project requires essential modifications (which are necessary for the project to succeed) and the Panel will need to assess the modified (pre-) project proposal before it can commend it to the Committee for final appraisal.</li> <li>3. The Panel concluded that a re-formulation of the proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal.</li> <li>4. The Panel concluded that a pre-project (not exceeding US\$ ..... ) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal. <ol style="list-style-type: none"> <li>a: (Such a pre-project could be commended to the Committee for final appraisal.)</li> <li>b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.)</li> </ol> </li> <li>5. The Panel concluded that it could not commend the modified or revised proposal and submits it to the Committee for further appraisal.</li> <li>6. The Panel concluded that the project (,in its present form,) is not sufficiently relevant to the mandate of ITTO. (The Panel encourages the submitting agency to seek other sources of project support.)</li> <li>7. The Panel concluded that there is insufficient information to assess the project adequately.</li> </ol> <p>(Text in Parentheses is optional)</p>	<ol style="list-style-type: none"> <li>1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.</li> <li>2. Recommend to the ITTC that the proposal be revised and resubmitted: <ol style="list-style-type: none"> <li>a) directly to the relevant Committee, or</li> <li>b) to the Expert Panel.</li> </ol> </li> <li>3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994.</li> <li>4. Recommend to the ITTC that a decision on the proposal be deferred until the next session.</li> <li>5. Recommend to the ITTC that the proposal should not be further considered by ITTO.</li> </ol>

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Lima, Peru

## **REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

### **TWENTY-SIXTH SESSION OF THE COMMITTEE ON FOREST INDUSTRY**

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## REPORT

### 1. Introduction

The Twenty-sixth Session was opened on 24 May 2000 by Ms. Kayoko Fukushima (Japan), the Chairperson of the Committee. The List of Participants is reproduced in Document [ITTC(XXVIII)/Info.2 Rev.1].

### 2. Adoption of Agenda and Organization of Work

At its first meeting on 24 May 2000, the Committee adopted the agenda of its Twenty-sixth Session as contained in Document CFI(XXVI)/1.

### 3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document [ITTC(XXVIII)/Info.3].

### 4. Report of the Expert Panel for Technical Appraisal of Project Proposals

The Committee took note of the report of the Nineteenth Expert Panel for Technical Appraisal of Project Proposals, as contained in the document CEM,CRF,CFI(XXVI)/1. The Committee considered in more detail the Panel's observations contained under the report's general points section, and urged project-submitting countries, implementing agencies and the ITTO Secretariat to take into account these general points in their work related to project proposals, in order to facilitate the Panel's appraisal work.

Mr. Henri Felix Maître (France), on behalf of the Expert Panel, presented its report as contained in document CEM, CRF, CFI(XXVI)/1. Mr. Maître informed the Committee that the new second edition of the ITTO Manual for Project Formulation had assisted in improving the quality of project proposals. He stressed the need for project formulation to strictly adhere to this manual. The Panel requested that project proposals should contain a list of abbreviations and acronyms used and a summary description of the implementing agency. He further highlighted the need to promote project proposals in the area of economic information and market intelligence and the need to address the role of women and the issue of gender balance when selecting members for the Panel.

The Panel requested that the administrative and budget items should be reviewed by the Secretariat, leaving more time for the Panel to deal with the technical issues. The question of long journey times and the need for rest in order to function optimally during the meeting was again raised, as was the problem of obtaining adequate travel insurance by some members of the Panel. In response to a query about the criteria used by the Panel to assess the eligibility of projects for funding through the Bali Partnership Fund, Mr. Maître noted that this assessment was undertaken in accordance with the criteria contained in the Annex of Decision 8(XXV).

The Secretariat introduced document ITTC(XXVIII)/12, which includes options to strengthen ex-post evaluation activities. The Secretariat briefed the Joint Session of the Committees on the different options proposed for selecting and funding projects for ex-post evaluation. It drew attention to the financial and logistical difficulties in hiring three consultants, as stipulated in Decision 2(X), to undertake in a simultaneous and coordinated way, such ex-post evaluations. The Joint Session decided to take up this matter in the Caucuses and Council with a view to arriving at a Decision.

### 5. 2000 Market Discussion (Joint Session of the Committees)

The Committee noted the report of the ITTO 2000 Market Discussion as contained in Appendix A of document CEM(XXVI)/6 Rev.1. The theme of the Market Discussion was "What does it take to be both responsible and successful in the international tropical timber market?". The moderator was Dr. Ivan Tomaselli (STCP Engenharia de Projetos, Brazil) and the Rapporteur was Mr. Graham Bruford (Forest Forever, The Timber Trade Federation, UK). The Discussion included the following presentations:

Dr. Steven E. Johnson, Statistician, ITTO	"Trade Flow Statistics and Forecasts"
Dr. Michael Adams, MIS Coordinator, ITTO	"Market News/Price Trends"
Eng. Guillermo Zender, President CORMADERA, Peru	"Entry Into the International Tropical Timber Market - Problems & Opportunities"

/ ...

Mr. Eric Thomsson, President, Int'l Wood Products Association	"Added Value Products: Buyer Perspective"
Mr. Alhassan N. Attah, Manager, Timber Export Development Board (London)	"Environment and Certification: the African Experience"
Mr. Keister Evans, Executive Director, Tropical Forest Foundation	"The Importance of RIL in SFM: Research and Practice"
Mr. Barney Chan, General Manager, Sarawak Timber Association	"A New Approach to Chain-of-Custody: Realities and Challenges"
Dr. Herbert Diemont, Team Leader, International Nature Management, ALTERRA, The Netherlands	"Producer-Consumer Cooperation from the Importers' Perspective"
Dr. Jim Bourke, FAO	"The Impact of Trade Restrictions"
Mr. Mike Snow, American Hardwood Export Council, American Forest & Paper Association	"Marketing Wood – The AHEC Experience"
Mr. Graham Bruford, Timber Trade Federation, UK	"Improving the Efficiency of the Tropical Timber Trade"

The Committee noted the statement by the trade as contained in Appendix B of document CEM(XXVI)/6 Rev.1 that would be presented to the Council at its current Session.

#### 6. Report on Completed Projects and Pre-Projects

The Committee took note of the work completed under the following project and pre-project:

PD 33/95 Rev.3 (M,F,I)	Impacts of Increased Utilization of Lesser Used Species (LUS) (Ghana)
PPD 5/98 Rev.2 (M,I)	Technical and Industrial Assistance and Development of International Markets for Manufactured Timber Products in Peru (Peru)

The Committee expressed its satisfaction with the successful completion of the project and pre-project, a summary of which is presented in document CFI(XXVI)/3.

With regard to PD 33/95 Rev.3 (M,F,I), the Committee recognized the genuine efforts made by the executing agency to implement the project and to develop draft guidelines for the sustainable utilization of lesser used species, a major output of this project. The Committee however felt that it needed more time to consider the draft guidelines which were distributed during the Session, and to advise on any future course of action. The Committee decided therefore to continue further discussion on this issue during its Twenty-seventh Session under the agenda item "Other Business". This would also allow adequate time for the translation of the guidelines into French and Spanish and its wider distribution to Members.

In order to facilitate document preparation and for a fuller understanding of project and pre-project outputs, results and recommendations, the delegations of Switzerland and the USA requested that the completed project documents be placed on the Internet prior to the Committee Session.

The consultant [Dr. Paul Smith (USA)] contracted to conduct the ex-post evaluation of PD 47/88 Rev.3 (I) "Utilization of Lesser Used Species as Alternative Raw Materials for Forest-Based Industries" reported to the Committee on the work carried out. The consultant's report [CFI(XXVI)/5] noted that the general objective of increasing the supply of industrial wood via increased utilization of LKS and LUS through: the selection and authentication of promising species; preparing a field guide and manual on properties and uses; development of value-added products; and technology transfer to the forest industry was accomplished. The consultant further noted that conceptualization, implementation and project management were all efficiently carried out under the project. He provided a series of recommendations which would assist further research on selected LUS and the marketing of potential value-added products.

While emphasizing the need and urgency to define clear criteria for the selection of completed projects eligible for ex-post evaluation, the Committee selected project PD 107/90 (I) "Strategies for Sustainable Wood Industries in Sarawak (Malaysia)" for ex-post evaluation and recommended to Council to provide funds for this purpose.

7. Review of Project and Pre-Project Work in Progress

The Committee took note of progress on the implementation of the following project and pre-project studies:

**PROJECTS**

**A. Projects under implementation:**

PD 73/89 (M,F,I)	Assistance for Project Identification and Formulation (Global)
PD 94/90 Rev.3 (I)	Integration of Forest-Based Development in the Western Amazon [Phase II] – Technology for Sustainable Utilization of Raw Forest Materials (Brazil)
PD109/90 Rev.4 (F,I)	Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Côte d'Ivoire (Côte d'Ivoire)
PD 179/91 Rev.2 (M,I)	Industrial Utilization and Improved Marketing of Some Ghanaian Lesser-Used Timber Species from Sustainably Managed Forests (Ghana)
PD 209/91 Rev.2 (I)	Study of Zairian Timber with a View to Promoting Certain Species (Democratic Republic of Congo)
PD 17/93 Rev.3 (M,F,I)	ITTO Network for Information Sharing and Project Support (Global)
PD 39/93 Rev.4 (I)	Project for the Development, Application and Evaluation of Biomass Energy Technologies through Briquetting, Gasification and Direct Combustion of (Wood and Agricultural) Wastes (Malaysia and Cameroon)
PD 7/94 Rev.3 (M,I)	Information and Technical Assistance for Production and Trade of Tropical Timber (Brazil)
PD 37/94 Rev.3 (I)	Strengthening of the Forest Products Laboratory of IBAMA (Brazil)
PD 47/94 Rev.3 (I)	Industrial Utilization of Lesser-Known Forest Species in Sustainably Managed Forests (Honduras)
PD 13/95 Rev.3 (I)	Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries (Phase I) (Finland)
PD 15/96 Rev.2 (M,I)	Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines (Philippines)
PD 31/96 Rev.2 (M,F,I)	Introducing Myanmar's Lesser-Known Timber Species to the World Market (Myanmar)
PD 46/96 Rev.2 (I)	Establishment of a Wood Workers and Craftsmanship Village (Ghana)
PD 15/97 Rev.2 (I)	Strategic Plan for the Upgrading of the Industrial Forestry Infrastructure of Panama (Panama)
PD 58/97 Rev.1 (I)	The Establishment of the Database of Tropical Industrial Lesser-Used Wood Species (Japan)

- |                        |   |
|------------------------|---|
| PD 12/98 Rev.2 (I)     | Technical Manpower Development for the Ghana Wood Industry Training Center (WITC) (Ghana)   |
| PD 44/98 Rev.2 (I)     | Handbook on Tree and Wood Identification of 100 Lesser-Used and Lesser-Known Timber Species from Tropical Africa with Notes on Ethnography, Silviculture and Uses (Ghana) |
| PD 13/99 Rev.2 (M,F,I) | ITTO Information Network and Project Support (Global) (Phase I)   |
| PD 34/99 Rev.2 (I)     | Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (Philippines)   |
| PD 40/99 Rev.2 (I)     | Fourth Plywood and Tropical Timber International Congress (Brazil)  |
| PD 58/99 Rev.1 (I)     | Introduction of a Village Industry in the Community Around an Industrial Forest Plantation in Indonesia (Indonesia)   |

**B. Projects awaiting implementation agreement:**

- |                    |  |
|--------------------|--|
| PD 46/97 Rev.3 (I) | Community Forest Products Processing in the Puerto Dias Extractive Reserve (Brazil)    |
| PD 56/99 Rev.1 (I) | Promotion of the Utilization of Bamboo from Sustainable Sources in Thailand (Thailand) |

**C. Projects awaiting financing:**

- |                        |  |
|------------------------|--|
| PD 13/95 Rev.3 (I)     | Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries (Phase II) (Finland) |
| PD 41/98 Rev.2 (I)     | National Seminar Workshop on the Promotion of Plantation timber Utilization (Philippines)  |
| PD 46/98 Rev.3 (I)     | Development of the Indian Rubberwood Industry (Phase I) (India)  |
| PD 13/99 Rev.2 (M,F,I) | <i>ITTO Information Network and Project Support (Global) (Phase II)</i>  |
| PD 14/99 Rev.2 (I)     | <i>General Nomenclature of Tropical Timber (France)</i>  |

**D. Projects coming under sunset provisions:**

- |                    |  |
|--------------------|--|
| PD 20/98 Rev.1 (I) | Establishment of a Training and Technical Information Center for Wood Based Industries (Myanmar) |
| PD 33/98 Rev.2 (I) | Sustainable Production of Construction Materials from Philippines Bamboos (Philippines)          |

**PRE-PROJECTS**

**A. Pre-projects under implementation:**

- |                     |   |
|---------------------|---|
| PPD 50/91 (I)       | Provision of Assistance for Reassessment and Reformulation of Zairian Project Proposals PD 205/91 (I) "National Saw Maintenance Centre" and PD 209/91 (I) "Study of Zairian Timber with a View to Promoting Certain Species" (Democratic Republic of Congo) |
| PPD 1/98 Rev.2 (I)  | Rubberwood Utilization and Marketing in Thailand (Thailand)   |
| PPD 13/98 Rev.2 (I) | Assessment of Forest Industry Training Needs (Fiji)   |

PPD 15/98 Rev.2 (I)	Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (Gabon)
PPD 1/99 Rev.2 (I)	Human Resources Development for the Improvement of Forest Industry in Cambodia (Cambodia)
PPD 6/99 Rev.3 (M,F,I)	Promotion of Non-Timber Forest Products in Terai Region of Nepal (Nepal)
PPD 11/99 Rev.1 (I)	Development of the Rubberwood Industry in Côte d'Ivoire – Phase I (Côte d'Ivoire)
PPD 24/99 (I)	Increasing Utilization Efficiency and the Reduction of Losses and Waste Throughout the Production Chain (Global)
PPD 25/99 (I)	Review of the Status of Further Processing of Tropical Timber in Producing Countries (Global)

**B. Pre-projects awaiting implementation agreement:**

PPD 18/99 Rev.2 (I)	Utilization of Tropical Plantation Timber in the Southern Part of China (China)
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**C. Pre-projects awaiting financing:**

PPD 14/98 Rev.2 (I)	Development of Forest Industries in Congo (Congo)
PPD 10/99 Rev.1 (I)	Utilization of Small Logs from Forest Plantation in Thailand (Thailand)
PPD 15/99 Rev.2 (I)	Pre-Project for the Ecuadorian Tropical Timber Industry Environmental Management (Ecuador)
PPD 17/99 Rev.1 (I)	Efficient Utilization of Bamboo in India (India)
PPD 20/99 Rev.2 (I)	Study on Utilization of Plantation Teak (Myanmar)

**D. Pre-projects coming under sunset provisions:**

PPD 9/98 Rev.1 (I)	Assessment of Forest Industry Training Needs (Guyana)
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When reviewing progress in the implementation of project PD 73/89 (M,F,I), the Committee recalled that Decision 2 (XXVI) approved the organization of four additional project formulation workshops to provide training on the use of the revised ITTO Manual for Project Formulation. The Committee was pleased to learn that three regional workshops had been conducted in Indonesia, Brazil and Cameroon, respectively, and that the last regional workshop will be convened in Trinidad and Tobago from 28 June to 6 July 2000.

The Committee took note of the presentation made by FUNTAC, the executing agency, to update the Committee on recent developments with regard to the implementation of project PD 94/90 Rev.3 (I). The Steering Committee of the project was expected to be convened immediately following the Session in order to agree on a workplan to complete remaining project activities.

The Committee was informed that the Government of the Democratic Republic of Congo (DRC) had advised the Secretariat that the working conditions in the country were now adequate and that the implementation of PD 209/91 Rev.2 (I) could be initiated. The Secretariat also informed the Committee that an international consultant had been hired and dispatched to the DRC in order to help finalize remaining activities of pre-project PPD 50/91(I). The consultant was expected to complete his assignment before 15 June 2000, and to confirm the appropriateness of working conditions in the country. The Committee requested the Secretariat to initiate project activities as soon as it felt that working conditions were adequate to allow the successful implementation of the project.

The Committee took note of the presentation made by the delegation from Brazil to update the Committee on recent developments with regard to the implementation of project PD 37/94 Rev.3 (I). The Committee urged Members for the timely submission of progress reports and invited IBAMA to consider

/...



and approve the long-term research programme of the Forest Products Laboratory as soon as possible, so as to facilitate the implementation of the remaining project activities.

The Committee noted that PD 39/93 Rev.4 (I) had experienced delays in project execution and requested the delegation of Cameroon to provide background information on counterpart funding and clearance of briquetting equipment by port customs in Douala. The delegation from Cameroon explained to the Committee that government funds to support national staff were now available and that scheduled activities related to the development of the research and marketing programme for briquets could now take place. A memorandum with a forest industry collaborator (TIB) was near completion and would be forwarded to the ITTO Secretariat. Regarding customs clearance, the delegation informed the Committee that the equipment was now ready for transport to the collaborator's site for commissioning. Given project delays, the delegation from Cameroon requested a time extension of one year for project activities, which was approved by the Committee. The Committee commented on the importance of this project and urged the Government of Cameroon to further enable the conditions for the successful implementation of the project, including the provision of the counterpart contribution. In this connection the Committee requested that the executing agency (IRGM) provide the ITTO Secretariat with confirmation that counterpart funds were available.

The Committee discussed the proposal [CFI(XXVI)/6] for a new implementation framework, budget considerations and terms of reference for an international consultant under PD 44/98 Rev.2 (I). The delegation of Ghana provided background information related to project activities which were now proposed to be carried out by the executing agency (FORIG). The Committee noted the withdrawal of the Swiss collaborating agency (SFIT) and was satisfied that these activities and outputs could be achieved by FORIG. The Committee decided to accept the proposed framework and extended duration for the project.

In its review of the implementation of pre-project PPD 13/98 Rev.2 (I), the Committee was informed by the Secretariat that the field survey and the local workshop was expected to start in July 2000 when the pre-project funds were released to the Fiji Forest Department (executing agency) from the Fiji Ministry of Finance and when working conditions became stable. The Committee urged the Government of Fiji to expedite the release of funds to allow full implementation of the pre-project.

The Committee acknowledged the declaration made by the delegation from France indicating that delays in transferring France's contribution (\$30,000) to the ITTO Special Account for the implementation of PPD 15/98 Rev.2 (I) were attributable to administrative procedures and that funds would be transferred in the near future to allow the continued preparation of the Conference.

Considering and assessing its own project progress review work, the Committee reiterated the view that the procedures in Council Decision 4(XXV) requesting the Secretariat and implementing agencies to report only on projects and pre-projects with implementation problems streamlined and increased efficiency of its work. To further facilitate the work of Members, the Committee reiterated its request to the Secretariat to identify these projects and pre-projects in the report which it usually prepared and distributed to Members in order to assist the Committee to review project and pre-project work in progress.

## 8. Consideration of Project and Pre-Project Proposals

Seven project proposals and four pre-project proposals were submitted by Member governments in time for Committee consideration and appraisal:

### PROJECTS

PD 31/99 Rev.2 (I)	Non-timber Production and Sustainable Development in the Amazon (Brazil)
PD 35/99 Rev.3 (I)	Performance Evaluation of Export Wood Furniture in Relation to Strength and End-Use Applications Using Established Test Standard (Philippines)
PD 36/99 Rev.3 (I)	Processing and Utilization of Almaciga ( <i>Agathisphilippinensis</i> Warb.) Resin as Source of Industrial Chemicals (Philippines)

- |                      |   |
|----------------------|---|
| PD 46/99 Rev.2 (I)   | Pre-Feasibility Study for the Industrial Utilization of Rubberwood ( <i>Hevea brasiliensis</i> ) Including the Formulation of a Pilot Case Study for Implementation in a Specific Area of Colombia (Colombia) |
| PD 52/99 Rev.2 (I)   | Development and Extension of Preservation Technology of Tropical Plantation Timber (China)  |
| PD 10/00 Rev.1 (F,I) | Sustainable Management and Utilization of Sympodial Bamboos in South China (China)  |
| PD 20/00 Rev.1 (I)   | Training Workshop on Further Processing of Tropical Timber in the Asia-Pacific Region (Korea)   |

#### **PRE-PROJECTS**

- |                    |   |
|--------------------|---|
| PPD 1/00 Rev.1 (I) | Improvement of Sustainable Management and Utilization of Tropical Non-Timber Forest Products (NTFPs) in Cambodia (Cambodia) |
| PPD 5/00 Rev.1 (I) | Sustainable Management of Non-timber Forest Products (NTFPS) in Maharashtra State of India (India)                          |
| PPD 6/00 (I)       | Formulation of a Project Proposal to Support the Sustainable Development of Small Forest Industries (Peru)                  |
| PPD 7/00 (I)       | Feasibility Study for the Production of Sawnwood from Tropical Forest Using Appropriate Technologies (Ecuador)              |

The Committee considered in detail the results of the evaluation of earlier versions of these projects and pre-projects carried out by the Nineteenth Expert Panel for Technical Appraisal of Project Proposals, as contained in document CEM,CRF,CFI(XXVI)/1. The final versions were thoroughly evaluated by the Committee. The detailed results of the Committee's evaluation and appraisal of these seven project and four pre-project proposals are presented in Appendix I.

The delegate from Switzerland observed that the Committee agenda sent to members usually did not mention pre-projects to be submitted directly to the Committee and which were developed at the request of the Expert Panel for Technical Appraisal of Project Proposals when considering certain project proposals. This situation, sometimes, may prevent donors to appropriately plan their funding interventions. The Secretariat explained that this situation was attributable to the early dispatch of the agenda, which usually occurs before the deadline of receiving revised project/pre-project proposals. The Secretariat indicated that in the future this matter would be considered when discussing its timetable for dispatching documents to Members.

#### **9. Policy Work**

The Committee decided to focus its deliberations on policy work related to the final reports of pre-projects PPD 24/99 (I) "Guidelines on Increasing Utilization Efficiently and the Reduction of Losses and Waste Throughout the Production Chain" and PD 25/99 (I) "Review of the Status of Further Processing of Tropical Timber in Producing Countries" during its Twenty-Seventh Session.

#### **10. Dates and Venue of the Twenty-ninth Session of the Committee**

The dates and venue of the Twenty-ninth Session of the Committee are in practice determined in relation to the dates and venue fixed by the Council for its Thirty-first Session.

#### **11. Other Business**

No discussion was held under this agenda item during the Twenty-sixth Session of the Committee.

12. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. To approve for implementation of the following project and pre-project proposals:

- |                      |   |
|----------------------|---|
| PD 31/99 Rev.3 (I)   | Non-timber Production and Sustainable Development in the Amazon (Brazil) [US\$387,185]  |
| PD 35/99 Rev.4 (I)   | Performance Evaluation of Export Wood Furniture in Relation to Strength and End-Use Applications Using Established Test Standard (Philippines) [US\$139,999]  |
| PD 36/99 Rev.4 (I)   | Processing and Utilization of Almaciga ( <i>Agathisphilippinensis</i> Warb.) Resin as Source of Industrial Chemicals (Philippines) [US\$342,743]  |
| PD 46/99 Rev.3 (I)   | Pre-Feasibility Study for the Industrial Utilization of Rubberwood ( <i>Hevea brasiliensis</i> ) Including the Formulation of a Pilot Case Study for Implementation in a Specific Area of Colombia (Colombia) [US\$137,684] |
| PD 52/99 Rev.2 (I)   | Development and Extension of Preservation Technology of Tropical Plantation Timber (China) [US\$166,690]  |
| PD 10/00 Rev.2 (F,I) | Sustainable Management and Utilization of Sympodial Bamboos in South China (China) [US\$482,452]  |
| PD 20/00 Rev.1 (I)   | Training Workshop on Further Processing of Tropical Timber in the Asia-Pacific Region (Korea) [US\$192,432]   |
| PPD 1/00 Rev.1 (I)   | Improvement of Sustainable Management and Utilization of Tropical Non-Timber Forest Products (NTFPs) in Cambodia (Cambodia) [US\$77,648]  |
| PPD 5/00 Rev.1 (I)   | Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India (India) [US\$64,522]   |
| PPD 6/00 Rev.1 (I)   | Formulation of a Project Proposal to Support the Sustainable Development of Small Forest Industrialist (Peru) [US\$57,323]  |
| PPD 7/00 (F,I)       | Feasibility Study for the Production of Sawnwood from Tropical Forest Using Appropriate Technologies (Ecuador) [US\$57,986]   |

2. To urge Member countries to contribute funds to finance forest industry pre-projects and projects approved by the Committee and Council in previous Sessions and still pending funding. These are:

- |                        |  |
|------------------------|--|
| PD 13/95 Rev.3 (I)     | Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries (Phase II) (Finland) [US\$442,261] |
| PD 41/98 Rev.2 (I)     | National Seminar Workshop on the Promotion of Plantation timber Utilization (Philippines) [US\$53,784]   |
| PD 46/98 Rev.3 (I)     | Development of the Indian Rubberwood Industry (Phase I) (India) [US\$283,097]  |
| PD 13/99 Rev.2 (M,F,I) | ITTO Information Network and Project Support (Global) (Phase II) [US\$516,106]   |
| PD 14/99 Rev.2 (I)     | General Nomenclature of Tropical Timber (France) [US\$113,413]   |

PPD 14/98 Rev.2 (I)	Development of Forest Industries in Congo (Congo) [US\$97,271]
PPD 10/99 Rev.1 (I)	Utilization of Small Logs from Forest Plantation in Thailand (Thailand) [US\$54,333]
PPD 15/99 Rev.2 (I)	Pre-Project for the Ecuadorian Tropical Timber Industry Environmental Management (Ecuador) [US\$71,740]
PPD 17/99 Rev.1 (I)	Efficient Utilization of Bamboo in India (India) [US\$39,985]
PPD 20/99 Rev.2 (I)	Study on Utilization of Plantation Teak (Myanmar) [US\$49,529]

13. Report of the Session

The Committee adopted this report for submission to the Council.

## Appendix I

### Technical Evaluation of Project Proposals

**PD 31/99 Rev.2 (I)      Non-Timber Production and Sustainable Development in the Amazon (Brazil)**

The delegate from Brazil introduced background information on the project proposal, which aims to promote non-timber production in the Amazon region, initiated under project PD 143/91 Rev.2 (I) Non-wood Tropical Forest Products: Processing, Collection and Trade. The Committee noted that the promotion of non-timber products would contribute to socio-economic development of the local communities in the Amazon region. The Committee further noted the comments from the delegate from the United States regarding the use of project funds for paying honoraria to project personnel and the inconsistency in the presentation of the capital items between Tables 2 and 5. The Committee was satisfied with the revised proposal [PD 31/99 Rev.3 (I)], which included clarifications on these issues. The Committee decided to recommend to the Council the approval and implementation of the revised proposal.

**PD 35/99 Rev.3 (I)      Performance Evaluation of Export Wood Furniture in Relation to Strength and End-Use Applications Using Established Test Standard Government of the (Philippines)**

The Committee noted the importance of the export furniture sector to the Philippine economy and recalled the importance of standards to the ITTO Action Plan for the Committee of Forest Industry. The delegate from the Philippines addressed the five recommendations from the Nineteenth Expert Panel for Technical Appraisal of Project Proposals and reported to the Committee on the revised project document [PD 35/99 Rev.3 (I)]. The Committee was satisfied that the executing agency had incorporated these points into the revised documents. The revised proposal included provisions to strengthen the development objective, linkage to the Libreville Action Plan and further technical clarifications related to furniture performance standards.

However, the delegate from Switzerland questioned the use of project funds to support the salaries of national experts. The delegate from the United States also requested clarification on whether the salaries were honoraria or considered as consultant's fees. After consultation with the executing agency, the delegation from the Philippines reported and clarified the salaries of the national expert, project leader and assistant project leader. The Committee was informed that the candidates for these positions were coming from the private sector and are not currently government employees. The Committee was satisfied that project funds were appropriately budgeted for the administrative support personnel as honoraria.

The Committee decided to recommend to Council the approval of the further revised proposal [PD 35/99 Rev.4 (I)], which includes minor budget amendments to appropriately reflect the ITTO administrative support costs.

**PD 36/99 Rev.3 (I)      Processing and Utilization of Almaciga (*Agathis philippinensis* Warb.) Resin as Source of Industrial Chemicals (Philippines)**

The Committee discussed the economic importance of the pilot project for the rural communities in the Philippines. The Committee viewed the project as appropriately positioning the technology with the village level processors. The Committee agreed that this revised project proposal appropriately met the recommendations made by the Expert Panel, particularly by providing further details on the profile of workshop participants, price quotation for equipment to be purchased and the subsequent commissioning and placement of the equipment, and the unit cost of salaried personnel.

The delegation from the USA questioned the use of project funds to support government employees. The delegate from the Philippines reported that the national experts will conduct this project on top of their regular duties in the institute. Additional clarification was provided on the role of research assistants and local experts from the private sector. The Committee was satisfied with the explanation provided and decided to recommend to Council the approval of the further revised proposal [PD 36/99 Rev.4 (I)], which

includes minor budget amendments to appropriately reflect the ITTO monitoring and evaluation as well as administrative support costs.

**PD 46/99 Rev.2 (I)      Pre-Feasibility Study for the Industrial Utilization of Rubberwood (*Hevea brasiliensis*) including the Formulation of a Pilot Case Study for Implementation in a Specific Area of Colombia (Colombia)**

The Committee noted that the revised proposal had fully incorporated the recommendations of the Nineteenth Expert Panel for Technical Appraisal of Project Proposals. Noting that the project would contribute to the utilization of rubberwood in Colombia, the Committee decided to recommend to the Council the approval and implementation of a further revised proposal [PD 46/99 Rev.3 (I)], which includes a minor budget amendment to appropriately reflect the ITTO Programme Support Costs.

**PD 52/99 Rev.2 (I)      Development and Extension of Preservation Technology of Tropical Plantation Timber (China)**

The delegate from the People's Republic of China introduced background information on the project proposal and emphasized the importance of the project to develop appropriate preservation technology for tropical plantation timber. The Committee noted that there was a need to develop preservation technology for further utilization of plantation timber in South China. The delegate from the United States supported the budget presentation for the national experts to be covered by the national contributions. The Committee noted the comments made by the delegate from the Republic of Korea regarding the necessity to monitor the environmental impact of using preservatives and treated timber. The Chinese delegation confirmed that this aspect will be closely monitored during project implementation. The Committee noted that the revised proposal adequately addressed the Expert Panel's recommendations. The Committee decided to recommend to the Council the approval and implementation of proposal [PD 52/99 Rev.2 (I)].

**PD 10/00 Rev.1 (F,I)      Sustainable Management and Utilization of Sympodial Bamboos in South China (China)**

The delegate from the People's Republic of China introduced the objectives of the proposal along with background information on the problems and potential to utilize sympodial bamboos and the amendments to the proposal, based on the recommendations of the Nineteenth Expert Panel for Technical Appraisal of Project Proposals. The Committee noted that the revised proposal was focused on the promotion of sympodial bamboo growing in the tropical region of China in Guangdong province and Guangxi Autonomous Region, which are located south of the Tropic of Cancer. The Committee further noted that proposal PD 10/00 Rev.1 (F,I) had fully incorporated the Expert Panel's recommendations.

However, the delegate from Japan questioned whether the promotion of sympodial bamboos was within the ITTO mandate. In this regard, the Committee agreed with the Expert Panel's comments that sympodial bamboo located below the Tropic of Cancer were indeed within the mandate. The Committee was also satisfied with the clarifications made by the Chinese delegate indicating that INBAR would support technically the implementation of the project but did not have resources to support this project financially. The Committee further noted the comments made by the delegates from Switzerland and the United States regarding the possible inappropriateness of paying honoraria for the project personnel from the ITTO contribution and that this had been clarified in the revised proposal [PD 10/00 Rev.2 (F,I)]. The Committee decided to recommend to the Council the approval and implementation of the revised proposal.

**PD 20/00 Rev.1 (I)      Training Workshop on Further Processing of Tropical Timber in the Asia-Pacific Region (Korea)**

The delegate from the Republic of Korea introduced the objectives of this project proposal and clarified the amendments made, based on the recommendations of the Nineteenth Expert Panel for Technical Appraisal of Project Proposals. The Committee noted that the proposal would contribute to the promotion of increased and further processing of tropical timber, in accordance with a goal for Forest Industry in the ITTO Libreville Action Plan. The Committee further noted that the revised proposal had fully incorporated

the Expert Panel's recommendations. The Committee decided to recommend to the Council the approval and implementation of proposal [PD 20/00 Rev.1 (I)].

**PPD 1/00 Rev.1 (I)      Improvement of Sustainable Management and Utilization of Tropical Non-Timber Forest Products (NTFPs) in Cambodia (Cambodia)**

The Committee noted that the revised proposal adequately addressed the recommendations made by the Nineteenth Expert Panel for Technical Appraisal of Project proposals. Considering that sustainable utilization of NTFPs would increase income from the forests received by local communities and provide support for sustainable forest management, the Committee decided to recommend to the Council the approval and implementation of pre-project [PPD 1/00 Rev.1 (I)].

**PPD 5/00 Rev.1 (I)      Sustainable Management of Non-Timber Forest Produce (NTFP) in Maharashtra State of India (India)**

*The Committee noted that the revised proposal adequately addressed the recommendations made by the Nineteenth Expert Panel for Technical Appraisal of Project Proposals. Detailed information on four pre-project sites was provided in Section 3.2 "Characteristics of the pre-project area". A map showing four sites was provided as Annex VI. Considering that sustainable management of NTFP would contribute to the socio-economic development of local communities, the Committee decided to recommend to the Council the approval and implementation of pre-project [PPD 5/00 Rev.1 (I)].*

**PPD 6/00 (I)      Formulation of a Project Proposal to Support the Sustainable Development of Small Forest Industries (Peru)**

The Committee commented on the recommendation of the Expert Panel to resubmit the project proposal [PD 16/00(I)] directly to the Committee as a pre-project proposal. The Committee noted that the pre-project would compile information on the institutional planning of forest areas allocated for long-term concessions and for small scale timber extraction, the associated land tenure issues for both category areas, the experience generated by actual operation of portable sawmills, and the technical characteristics of portable sawmills including the number of sawmills to be installed and the timber resources. The delegation from Peru commented that the pre-project activities would also investigate the utilization of wastes from chainsaw operations.

The Committee was satisfied with the explanation provided and decided to recommend to Council the approval of the further revised proposal [PPD 6/00 Rev.1 (I)], which included minor budget amendments to appropriately reflect the ITTO monitoring and evaluation as well as administrative support costs.

**PPD 7/00 (F,I)      Feasibility Study for the Production of Sawnwood from Tropical Forest Using Appropriate Technologies (Ecuador)**

The Committee noted that the Expert Panel had recommended that the executing agency resubmit the project proposal [PD 39/99 Rev.2 (F,I)] as a pre-project, which could be submitted directly to the Committee. The Committee noted that this project had been examined by two previous Expert Panels and that the revised pre-project proposal addressed the recommendations made by these panels in terms of the information to be gathered.

The delegation from Ecuador presented the pre-project as a feasibility study on the production of sawnwood with the involvement of identified target groups and with a view to formatting a project proposal on the production of sawnwood from sustainable sources by implementing relevant training courses. The Committee was satisfied with the pre-project formulation and decided to recommend to Council the approval of this pre-project.

**TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS  
IN THE AREA OF FOREST INDUSTRY**

PROJECTS	ITTA OBJECTIVES Article 1	FIELD OF ACTIVITY	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		Art. 25 Para. 1				
PD 31/99 Rev.3 (I)	a, c, f, j, l	Research and development	\$387,185.00	24 months	Brazil	1
PD 35/99 Rev.4 (I)	d, e, f, g	Further and increased processing	\$139,999.00	18 months	Philippines	1
PD 36/99 Rev.4 (I)	c, f, i	Further and increased processing	\$342,743.00	3 years	Philippines	1
PD 46/99 Rev.3 (I)	c, d, e, i, k	Further and increased processing	\$137,684.00	12 months	Colombia	1
PD 52/99 Rev.2 (I)	c, d, e, i, k	Further and increased processing	\$166,690.00	30 months	China	1
PD 10/00 Rev.2 (F,I)	c, f, i, j	Research and development	\$482,452.00	36 months	China	1
PD 20/00 Rev.1 (I)	a, f, i	Further and increased processing	\$192,432.00	18 months	Regional	1
<b>PRE-PROJECTS</b>						
PPD 1/00 Rev.1 (I)	a, b, f, i	Research and development	\$77,648.00	6 months	Cambodia	1
PPD 5/00 Rev.1 (I)	a, b, f, i	Research and development	\$64,522.00	12 months	India	1
PPD 6/00 Rev.2 (I)	c, i, f, j, m	Further and increased processing	\$57,323.00	6 months	Peru	1
PPD 7/00 (F,I)	d, e, f, i, k, m	Further and increased processing	\$57,986.00	6 months	Ecuador	1

1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.
2. Recommend to the ITTC that the proposal be revised and resubmitted: (a) directly to the relevant Committee, or (b) to the Expert Panel.
3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994.
4. Recommend to the ITTC that a decision on the proposal be deferred until the next session.
5. Recommend to the ITTC that the proposal should not be further considered by ITTO.



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SEVENTH SESSION  
24 - 30 May 2000  
Lima, Peru

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

**SEVENTH SESSION OF THE COMMITTEE ON**

**FINANCE AND ADMINISTRATION**

**(24-30 May 2000, Lima, Peru)**

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL  
BY THE SEVENTH SESSION OF THE  
COMMITTEE ON FINANCE AND ADMINISTRATION**

**Item 1: Opening by the Chairperson**

1. The Session was opened by the Chairperson, Ms. Ellen M. Conway (U.S.A.), who welcomed all delegates to the Seventh Session.

**Item 2: Adoption of Agenda and Organization of Work**

2. The Chairperson drew the attention of the Committee to Council Decision 9(XXVII) on "Prioritization and Monitoring of Actions, Pre-Projects and Projects funded by Sub-Account "B" of the Bali Partnership Fund (BPF) which, *inter alia*, established a Sub-Committee under the Committee on Finance and Administration (CFA) for the allocation of funds under Sub-Account "B" of the BPF, and that this Sub-Committee shall be chaired by the Vice-Chair of the CFA and be composed of: (a) three consumer member representatives that are main contributors to the BPF; and (b) three producer member representatives, one from each geographic region. The Chairperson also advised that the Sub-Committee is a new body that may require formal creation and suggested that Members discuss the matter further in the meetings of the Producer and Consumer Groups, which could select their respective membership and later to consult with the Secretariat on an appropriate schedule for its work. Concern was also expressed on the tenure of memberships of the Sub-Committee, lack of clear guidelines for its work as well as a time schedule for its work. With regard to the mandate of the Sub-Committee, suggestions were made that it also consider the sunset period of projects. It was also suggested that the Sub-Committee submit a report to the CFA on the experience learned from its work at this Session as well as suggestions for further improvements of the Sub-Committee's operation in future Sessions.

3. The Chairperson suggested that item 8 of the Provisional Agenda (Medical and Health Insurance Scheme for Non-Japanese Staff Members) be taken up for discussion first before other items. This suggestion was agreed to and the Committee adopted its agenda as presented in document CFA(VII)/1.

**Item 3: Report of the Expert Panel for Technical Appraisal of Project Proposals**

4. The Chairperson advised the Committee that the Report of the Nineteenth Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI(XXV)/1] was discussed in the Joint Session of the Committees on 24 May 2000, and that the Joint Session had taken note of the report. The Chairperson also drew attention to the repeated recommendations of the Expert Panel for business class air travel for Panel Members traveling over 12 hours or rest-stops and that provision be made for medical insurance for Panel Members while attending the meeting. The Committee recalled that these matters had been discussed at the last meeting of the Committee, and after a brief discussion, decided to recommend to the Council, as it had already done so at the last Session, that the present practice be continued.

**Item 4: Review of Contributions to the Administrative Budgets (1986 – 2000)**

5. The Finance/Administrative Officer, Mr. Charas Mayura, introduced document CFA(VII)/3, which details the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2000, including assessments, receipts, interest, and arrears in contribution. He also informed the Committee that the contribution for 2000 from Switzerland in the amount of \$24,640.00 was received on 24 May 2000 and, following the request by the Chairperson, document CFA(VII)/3 Rev.1 was issued, dated 25 May 2000, to reflect this change. The Secretariat also informed the Committee that on 27 May 2000, an amount of \$7,300.00 was given to the Secretariat in Lima by Congo, representing partial payment by Congo of its contribution for the financial year 2000.

6. Concern was expressed on the large arrearages in contribution to previous years' budgets, which amount to \$3,696,364.45, as well as the outstanding interest charges on late contributions as levied in the former ITTA, 1983, in the amount of \$311,413.79.

7. The Committee decided to put this issue on the Agenda for the Eighth Session of the CFA in order to find solutions to reduce the arrears in contributions of Members to the Administrative Budgets.

#### **Item 5: Current Status of the Administrative Account**

8. Mr. Charas Mayura, Finance/Administrative Officer, presented document CFA(VII)/4 which shows the current status of the Administrative Budget for 2000 (as of 10 May 2000) and estimated expenditures for the current year. The Secretariat advised the Committee that it is estimated that the total expenditures for 2000, after some cost saving measures, amount to \$4,103,065.00, which is \$362,875.00 less than the approved budget of \$4,465,940.00. As payments from a number of members may not be received before the end of the current year, it is therefore anticipated that a deficit of \$523,645.00 may be incurred in the current year's budget. The Committee discussed the reasons for the possible deficit and decided that for the purposes of continuing the work of the ITTO, a Council decision would be needed to authorize the Executive Director to transfer funds from the Working Capital Account (WCA) to the Administrative Account in the event of a deficit. The Committee then discussed the elements of a decision, including further cost saving measures by both the Secretariat and the Council.

9. The Secretariat also informed the Committee that, with payments by Members of arrears in contribution and interests in the early months of this year, the Working Capital Account at present amounts to US\$3,006,046.16, which is an increase from the amount of US\$2,947,490.00 accounted as at 31 December 1999. This was due to payment by Members of arrearages in contributions and interest charges levied on late contributions under the old Agreement.

10. The Committee took note of the report.

#### **Item 6: Resources of the Special Account and the Bali Partnership Fund**

11. Mr. Charas Mayura, Finance/Administrative Officer, presented document CFA(VII)/5, which is a comprehensive listing of expenditures on, and contributions to, the two sub-accounts of the Special Account, namely Pre-Project and Project Sub-Accounts. A list of completed Pre-Projects, Activities and Projects was also included and showed the pro-rated refunds to relevant donors. The Secretariat also advised that since this document serves as an information and reference document, Members are invited to contact the Secretariat for further information or clarifications on the details either during the course of this Session or by correspondence at a later date. The delegate from Switzerland, Mr. Ralph Friedländer, requested the Secretariat to verify the voluntary contributions paid by his country in 1999 which did not seem to be included in the document. The Secretariat advised that the contribution was received in early 2000. The Committee took note of the document.

12. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as shown in this document, the unearmarked resources in Sub-Account "B" of the BPF at present amount to US\$5,253,086.46 and that an amount of \$1,610,556.00 had been allocated at the last Session for financing three activities and two Projects. It was pointed out that the Sub-Committee on the Sub-Account "B" of the BPF will be working during this Session of the Committee on identification of pre-projects, activities and projects to be financed from these resources.

#### **Item 7: Auditor's Report for the Financial Year 1999**

13. The Secretariat introduced document CFA(VII)/2 which is the report of the auditor, Arthur Andersen & Co., Tokyo that was appointed by the Council under Decision 2(XXVII) to audit the accounts of the Organization for the financial year 1999. The Secretariat informed the Committee that the audit work was carried out during February 2000 between the auditors and the Secretariat and that audit reports were submitted separately on: (a) the Administrative Account; (b) the Special Account; and (c) the Bali Partnership Fund. The three reports were combined by the Secretariat in document CFA(VII)/2.

14. The Committee took note of the auditor's reports and decided to recommend their approval to the Council.

#### **Item 8. Medical and Health Insurance Scheme for non-Japanese Staff Members**

15. The Secretariat introduced document CFA(VII)/6, "Medical and Health Insurance Scheme for non-Japanese Staff Members". The Committee agreed that the current insurance scheme is inadequate but felt that more information comparing various insurance plans, including the UN staff plan, would be useful. A suggestion to create a table comparing the premium and benefits of various schemes was accepted, and one of the Delegates from the United States, Dr. DeAndra Beck, volunteered to work with the Secretariat to compile this table. The Committee discussed the table, which showed a comparison of costs and benefits among the present insurance scheme and four others, including the UN. Recognizing that any new insurance scheme would require a slight increase to the draft Administrative Budget for 2001, the Committee decided to recommend to the Council to take a Decision authorizing the Executive Director to increase in the relevant budget heading of the draft 2001 Administrative Budget by \$20,000.00, in order to select a scheme with benefits comparable to that provided by other international organizations, and to report the details of the selected scheme to the Eighth Session of the CFA in Yokohama later this year.

#### **Item 9: Dates and Venues of the Ninth and Tenth Sessions**

16. The Chairperson advised the Committee that the Eighth Session of the Committee will be held in Yokohama, Japan, from 30 October to 4 November 2000; and that the dates and venues of the Ninth and Tenth Sessions of the Committee will be determined in relation to the dates and venues fixed by the Council for its Thirtieth and Thirty-first Sessions.

#### **Item 10: Other Business**

17. Following Decision 9(XXVII), the Sub-Committee of the CFA met for the first time during this Session under the leadership of the CFA Vice-Chair Mr. Batoum Thémotio (Cameroon) to take up consideration of projects, pre-projects and activities to be funded from the resources of the Sub-Account "B" of the Bali Partnership Fund. The Committee consisted of three producer representatives (from Ecuador, Ghana and Malaysia) and three consumer member representatives (from Japan, Switzerland and the U.S.A.). The report of the Sub-Committee on its work at this Session is attached as an Annex of this Report.

18. The Committee noted the request made by the Executive Director in his opening statement at this Session for agreement by Council on the proposed appointment of a Finance/Administrative Officer to oversee administrative and financial control of projects financed from the Special Account and the Bali Partnership Fund. The Committee also noted that the costs associated to this appointment are to be charged to the Programme Support Fund in the Special Account and not to the Administrative Budget. After discussions, the Committee decided to recommend to Council to authorize the Executive Director to appoint a qualified person to this position for an initial period of one year. The Committee also decided to review the resources of the Programme Support Fund at the Ninth Session in mid-2001 together with the review of Translation Costs that had already decided in Council Decision 7 (XXVII), and requested the Secretariat to prepare an information document to facilitate the discussion of the Committee.

#### **Item 11: Recommendations to the International Tropical Timber Council**

19. The Committee decided to make the following recommendations to the Council:

- (1) To adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 1999 as contained in document CFA(VII)/2;
- (2) To authorize the Executive Director to transfer, if necessary, an amount not exceeding \$200,000.00 from the Working Capital Account (WCA) to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization for the year 2000, until the Eighth Session of the CFA later this year;
- (3) To authorize the Executive Director to select a new insurance scheme with benefits comparable to those provided to staff members of the United Nations system and increase the relevant budget heading of the draft Administrative Budget for the Financial Year 2001 by an amount not exceeding \$20,000.00, to take account of the increased subsidy payable by the Organization for insurance premiums of the new insurance scheme, and request the Executive Director to provide comprehensive details of the selected insurance plan together with the proposed draft

Administrative Budget for the Financial Year 2001, for consideration at the Eighth Session of the CFA later this year in Yokohama, Japan; and

- (4) To authorize the Executive Director to appoint a qualified person to the post of Finance/Administrative Officer, for an initial period of one year, to oversee administrative and financial control of projects financed from the Special Account and the Bali Partnership Fund and to charge associated costs of this position to the Programme Support Fund of the Special Account; and
- (5) To recommend to Council to allocate financing of the activities, pre-projects and projects from the Sub-Account "B" of the Bali Partnership Fund taking into account the priority list as proposed by the Sub-Committee of the CFA in the Annex to this report.

**Item 12: Report of the Session**

20. The Committee adopted this report as amended.

## ANNEX

### **Report of the Sub-Committee on Sub-Account "B" of the Bali Partnership Fund**

1. The Sub-Committee on Sub-Account "B" of the Bali Partnership Fund is established by Decision 9(XXVII) for the prioritization and monitoring of non-country specific actions, pre-projects and projects funded by the Bali Partnership Fund.
2. The Sub-Committee was chaired by the Vice-Chairperson of the CFA, Mr. Batoum Thémotio (Cameroon), and composed of:
  - (a) Three consumer member representatives that are main contributors to the BPF:
    - (i) Mrs. Kayoko Fukushima (Japan);
    - (ii) Mr. Ralph Friedländer (Switzerland); and
    - (iii) Ms. Jan McAlpine (U.S.A.).
  - (b) Three producer member representatives, one from each geographic region:
    - (i) Mr. Danilo da Silva (Ecuador) – Latin America;
    - (ii) Mr. Alhassan Attah (Ghana) – Africa; and
    - (iii) Mr. Shaharuddin Mohamad Ismail (Malaysia) – Asia/Pacific.
3. The Sub-Committee held its First Meeting during the Seventh Session of the CFA.
4. The Secretariat informed the Sub-Committee that three Activities and two Projects had been funded from the resources of the Sub-Account "B" at the Twenty-seventh Session of the Council of a total amount of \$1,610,556.00. The Sub-Committee was further advised by the Secretariat that current resources of the Sub-Account "B" at this Session is \$5,253,086.46.
5. The Sub-Committee discussed the criteria and procedures: (a) for selection actions, pre-projects and projects to be prioritized in its recommendations to the Council for financing; and (b) for monitoring actions, pre-projects and projects already financed from Sub-Account "B" of the BPF.
6. Suggestions were made that all actions arriving from decisions of Council which have direct relation to the Year 2000 Objective should be selected for consideration by the Sub-Committee. It was of the view that the Expert Panel for Technical Appraisal of Project Proposals should automatically be allocated funds from the Sub-Account "B" for implementation. It was suggested that the Expert Panel for Technical Appraisal of Project Proposals in its future work should provide indications on the appropriateness of projects, pre-projects and activities suitable for financing from the Sub-Account "B" of the BPF.
7. With regard to monitoring, the Sub-Committee agreed that the work should consist of monitoring and review: (a) the management of the Sub-Account; and (b) the progress of actions, pre-projects and projects already financed under this Sub-Account. The Sub-Committee expressed appreciation to the Secretariat for the details on the financial reports on the Sub-Account "B" of the BPF as contained in the relevant statements in document CFA(VII)/5 and agreed that monitoring of progress on the implementation of actions pre-projects and projects funded from Sub-Account "B" will commence only from the second meeting of the Sub-Committee in October 2000.
8. Members of the Sub-Committee participated in the Chairperson's open-ended drafting group meetings in order to obtain relevant information on decisions relevant to actions, pre-projects and projects eligible for financing from the resources of the Sub-Account "B" of the BPF. The list of prioritized actions, pre-projects and projects is as follows:
  - (1) Expert Panel for Technical Appraisal of Project Proposals, Twelfth Meeting  
(\$89,675.00)
  - (2) Consultants and Expert Panel to Development of a Framework for Auditing System for ITTO's Criteria and Indicators for Sustainable Forest Management  
(\$200,000.00)  
[Decision 5(XXVIII)]

- (3) ITTO Participation in the Forestry Compendium Programme  
(\$100,000.00)  
[Decision 2(XXVIII)]

9. The Sub-Committee recommends that financing of the following activity, decided at this Session of Council, may be brought up for consideration at the next meeting:

Expert Panel to Synthesize Lessons Learned from the Outcome of Ex-post Evaluations of Projects –  
Decision 3(XXVIII).

10. The Sub-Committee recommends that future Council drafting of Decisions includes some indications of relative priority if at all possible. The Sub-Committee noted that it had no basis upon which to determine priority other than an indication by the drafters of the need to fund the activities in the next funding period, and moreover, no basis upon which to prioritize. The Sub-Committee also noted the need to prepare some criteria for its future work.

**ANNEX VI**

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)**

**DOCUMENT: ITTC(XXVIII)/2**



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24 – 30 May 2000  
Lima, Peru

## **REPORT OF THE INFORMAL ADVISORY GROUP (IAG)**

### **AT ITS SIXTH MEETING**

**23 May 2000  
Lima, Peru**

**Sixth Meeting of the Informal Advisory Group (IAG)  
Lima, Peru, 23 May 2000**

**Report of the Chairperson**

The Sixth Meeting of the IAG was convened on Tuesday, 23 May 2000 at the Salon Mochica, Swissôtel, Lima, Peru at 9:40 a.m. under the chairmanship of Mr. Rae-Kwon Chung (Republic of Korea), Chairman of the Council. The meeting was attended by Dra. Josefina Takahashi Sato (Peru), Vice-Chairperson of the Council, Ms. Astrid Bergquist (Sweden), Chairperson of the Committee on Economic Information and Market Intelligence, Mr. Pisal Wasuwanich (Thailand), Chairman of the Committee on Reforestation and Forest Management, Ms. Kayoko Fukushima (Japan), Chairperson of the Committee on Forest Industry, Ms. Ellen M. Conway (U.S.A.), Chairperson of the Committee on Finance and Administration, Mr. Kazuo Tanaka (Japan), Representative of the Host Country, Dr. Untung Iskandar (Indonesia), Producer Spokesperson, Mr. Richard Dewdney (United Kingdom), Alternate Consumer Spokesperson, Mr. Luciano Macieira (Brazil), Alternate Producer Spokesperson, and Dr. Manoel Sobral Filho, the Executive Director.

1. The IAG considered the following agenda items for discussion:
  - i. Brief background on the IAG:
    - Decision 5(XXVI);
    - Report of the IAG at its Fifth Meeting, 31 October 1999;
  - ii. The ITTO Year 2000 Objective;
  - iii. Matters Relating to Article 46 of the ITTA, 1994;
  - iv. Issues on the forest and forest product related international agenda;
  - v. Review of reporting requirements as set out in ITTA, 1994 and ITTC decisions;
  - vi. Other Matters.
2. In its deliberation, the IAG noted and made reference to the Report of the Informal Advisory Group (IAG) at its Fifth Meeting held on 31 October 1999 in Yokohama, Japan as contained in document ITTC(XXVII)/2 dated 31 October 1999. The IAG also noted the general comments made in relation to the ITTO Year 2000 Objective, criteria and indicators for sustainable forest management, the Global Environment Facility (GEF) as well as the on-going negotiations under the United Nations Framework Convention on Climate Change (UNFCCC), the Inter-governmental Panel on Climate Change (IPCC) and the Kyoto Protocol.
3. The IAG noted that the focus of the Council's deliberation at its Twenty-eighth Session would be on the review of the progress made by Members and ITTO towards achieving the ITTO Year 2000 Objective. In this regard, the IAG agreed to recommend to the Council that emphasis should be placed on the assessment of the actual progress being made and the analysis of the factors contributing to or hindering the attainment of the Objective. As the year 2000 had arrived, the IAG noted the potential confusion that could arise since progress made by Members would indicate that the Objective would not be fully realized. The IAG considered the desirability of bringing the ITTO Year 2000 Objective beyond the current year in a form of a continuous process with no specific time-frame and in a way that would avoid the risk of misinterpretation arising from redefining the Objective as a process. The IAG further agreed to recommend that the Council should give due consideration of an appropriate change to the title of the Objective to ensure its continuing relevance beyond the year 2000.
4. The IAG noted that the duration of the ITTA, 1994 which had entered into force on 1 January 1997 would expire on 31 December 2000. The IAG was further advised by the Executive Director that previous decisions to extend the ITTA, 1983 were taken by the Council at least a year before the expiry of the duration of the agreement. In view of this experience and in cognizance of the growing support among Members for the duration of the ITTA, 1994 to be extended, the IAG agreed to recommend that the Council should consider the matter under item 18 of its agenda at its Twenty-eighth Session with a view to arriving, at least, to a decision in principle for the extension of the ITTA, 1994 for the first period of three years as provided for in paragraph 2, Article 46 of the Agreement.
5. In its consideration of the issues on the forest and forest-product related international agenda, the IAG recalled paragraph 8 of its Report at its Fifth Meeting as contained in document ITTC(XXVII)/2 dated 31 October 1999. In this regard, the IAG reiterated that the on-going developments and deliberations within GEF, UNFCCC, IPCC and the Kyoto Protocol would have some implications of direct relevance to the role and work undertaken by ITTO. This included the opportunity for ITTO to explore the possibility of assisting Members in formulating and submitting appropriate projects particularly in the field of conserving

biological diversity for funding by GEF. It was also noted that carbon credits now being discussed in the course of Kyoto Mechanism negotiations of climate change would have implications for tropical forest management. It was necessary for the Council to be briefed of the developments in the field of climate change negotiations. In view of the foregoing, the IAG agreed to recommend to the Council that relevant experts be invited to provide technical advice on the implications of the on-going negotiations under the UNFCCC, IPCC and the Kyoto Protocol to ITTO and its Members as well as the opportunities that could be gained from the project work of the GEF and those arising from the Clean Development Mechanism of the Kyoto Protocol. In conjunction with the Twenty-eighth Session of the Council, the IAG was informed by the Executive Director of the availability of Dr. Nigel Asquith from the Centre for International Forest Research (CIFOR) to make a presentation on the Kyoto Mechanisms before the Council.

6. The IAG noted the outcome of the IFF process in the form of its report which contained more than a hundred proposals for action and particularly the proposal for an international arrangement on forests incorporating the United Nations Forum on Forests (UNFF) as the new structure and intergovernmental body to be recommended for establishment by the United Nations Economic and Social Council (ECOSOC) and General Assembly (UNGA). The IAG was also advised by the Executive Director that Mr. Jaime Muñoz-Reyes, the senior ITTO staff seconded to the IFF Secretariat, would be present at the Twenty-eighth Session of the Council to provide information on the latest development on these matters. Recalling the active involvement of ITTO in the IPF and IFF processes and its substantive contributions made to the processes in the form of senior staff secondments, direct financial contributions, commissioning of background documents and participation in IPF-IFF meetings and selected government-led initiatives, the IAG agreed to recommend that Council should consider assigning an appropriate role to ITTO in supporting the work of the UNFF.
7. The IAG was informed by the Executive Director that reporting had emerged as a strong component in the Sessions of the IFF and the United Nations Commission on Sustainable Development (CSD). In the case of ITTO, reporting had been undertaken principally on the basis of the format contained in the Annex to Decision 4 (XIV) and in accordance with the provisions under articles 27 and 28 of the ITTA, 1983, during the time when that agreement was still in force. In meeting the current and future needs for reporting and in keeping with the relevant provisions of the ITTA, 1994, there was a need for the Council to consider a comprehensive approach and format for information sharing among Members. In considering this matter, the IAG agreed to recommend that Council should take into account the burden placed on Members in meeting the reporting requirements emanating from the various international conventions, agreements and organizations which they were member of. The IAG underlined the importance of streamlining Members' responses in meeting these reporting requirements and recommended that Council should explore the feasibility of formulating joint reporting mechanisms along the lines of the ITTO/UNECE/FAO/EUROSTAT Joint Forest Sector Questionnaire developed in 1999.
8. On procedural matters, the IAG underlined the importance of time management in ensuring the smooth conduct of the deliberations of the Council and its Committees at their current Sessions. In this regard, the IAG agreed to recommend that Sessions of the Council and its Committees should be given priority and should begin and end on time. Considering the time consumed by Council in waiting for the translation of its decisions prior to their adoption, as experienced in previous Sessions of the Council, the IAG agreed that the Council should consider the possibility of adopting its decisions on the basis of the English text of the decisions.
9. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Twenty-eighth Session as follows:

#### Projects, Pre-projects and Activities

- i. ITTO Year 2000 Objective (possibly more than one decision)
- ii. Framework for Guidelines on Tropical Forest Management
- iii. Comparative Study on the Auditing Systems of Sustainable Forest Management
- iv. Ex-post Evaluation of Projects
- v. Project Related Guidelines and Manuals
- vi. Transfer of Funds from the Working Capital Account
- vii. Extension of the ITTA, 1994
- viii. Frequency and Duration of Council and Committee Sessions
- ix. The Role of ITTO on Issues within the Forest and Forest-Product Related International Agenda