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**TWENTY-SIXTH SESSION
28 May - 3 June 1999
Chiang Mai, Thailand**

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

Chiang Mai, Thailand

28 May - 3 June 1999

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REPORT ON MEMBERSHIP OF THE COUNCIL (Agenda Item 4)

8. The Officer-in-Charge, Dr. Manoel Sobral Filho, reported that the membership of Council had increased by one (1) following the accession of the Government of Trinidad and Tobago on 29 December 1998 as a producer Member. This had brought the total membership to fifty-three (53) countries, comprising twenty-nine (29) Producers and twenty-four (24) Consumers (Membership of Council is attached as Annex III).

PROPOSED DISTRIBUTION OF VOTES (Agenda Item 5)

9. The Officer-in-Charge drew Council's attention to the annex in document ITTC(XXVI)/1 Rev.1 which detailed the proposed distribution of votes for 1999. He also drew attention to document ITTC(XXVI)/5 concerning the distribution of votes and assessed contributions of Trinidad and Tobago. Trinidad and Tobago was accorded a total of twelve (12) votes for 1999 and US\$24,732 as its contribution to the Administrative Budget for 1999. The Council agreed the distribution of votes as proposed in the Annex to Document ITTC(XXVI)/1Rev.1

ADMISSION OF OBSERVERS (Agenda Item 6)

10. The Chairperson drew Council's attention to Document ITTC(XXVI)/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 OFFICER-IN-CHARGE (Agenda Item 7)

11. The Officer-in-Charge, Dr. Manoel Sobral Filho, welcomed delegates to the Twenty-sixth Session. He thanked the Government of Thailand for hosting the Session.
12. Dr. Sobral acknowledged the participation of the Minister for Lands and Forestry of the Republic of Ghana, H.E.Dr. Christina Amoako-Nuama, and the Minister of Environment and Forestry of the Republic of Côte d'Ivoire, H.E.Mr. Jean-Claude Kouassi. He also welcomed Trinidad and Tobago as a producer Member of the Organization.
13. He formally informed the Council that Dr. B.C.Y. Freezailah resigned as Executive Director of the Organization with effect from 24 March 1999. He paid tribute to Dr. Freezailah, under whose leadership ITTO had grown into a strong and effective Organization, with a membership of 53 countries and accounting for the bulk of the tropical forests in the world and virtually the whole international trade in tropical timber products. He said, within a few years of its birth, ITTO under the leadership of Dr. Freezailah had evolved into a major forum for policy dialogue, consultation, co-operation and assistance on all aspects of tropical forestry and mentioned that from zero project activities in 1987, ITTO had grown to a point where the Organization currently finances some 160 projects designed to assist tropical forest development and conservation in Africa, Asia Pacific and Latin America.
14. Dr. Sobral said the early departure of Dr. Freezailah called for urgent Council work on matters related to the appointment of a new Executive Director. He briefed the Council about some agenda items for the Session. Specifically, Dr. Sobral mentioned the revision of guidelines and manuals relating to project formulation and implementation and the need to review the Organization's policies and procedures relating to project work. He said the Organization continued to receive large number of project proposals which were, in most cases, not adequately prepared, thereby stretching ITTO's operational capability, particularly in relation to translation and appraisal of proposals. He also spoke about the ITTO Year 2000 Objective as a crucial issue facing ITTO which needed the collective consideration of the Council. He called for an appropriate Council resolution clarifying the meaning of ITTO Year 2000 Objective and said that such a resolution would be useful to assure the trade and the general public that producing countries were making substantial progress towards the achievement of the Objective through the adoption and implementation of sustainable forest management policies. He mentioned that remunerative prices and market access were essential to ensure the economic and financial sustainability of tropical forests.
15. The Officer-in-Charge informed the Council about the successful outcome of ITTO's cooperation with the statistical divisions of FAO as well as ECE and Eurostat in the development of a joint forest sector questionnaire. He said the questionnaire had been finalized and distributed to Member countries. According to Dr. Sobral, besides being an excellent example of inter-agency collaboration, the effort

would result in reduced demands on national statistical resources.

REPORT OF THE INFORMAL ADVISORY GROUP (IAG) – Decision 3(XXII) (Agenda Item 8)

16. The Chairperson, Mr. Jean Williams Sollo (Cameroon), reported that the Informal Advisory Group (IAG) established under Decision 3(XXII) met for the fourth time on Thursday, 27 May 1999. The meeting comprised the Chairperson of the Council, the Chairpersons of the Committees on Reforestation and Forest Management, Forest Industry and Finance and Administration, the Vice-chairpersons of the Committee on Economic Information and Market Intelligence, the two Spokespersons and the Officer-in-Charge.
17. Issues discussed by the IAG included the Draft Manual on Methods to Compile Data applying the ITTO Criteria and Indicators for Sustainable Management of Natural Forest, draft manuals on project formulation and implementation, the appointment of a new Executive Director, review of document translation costs, the Bali Partnership Fund, Members progress towards the Year 2000 Objective and ITTO's role in forest fire prevention and management. The IAG drew Council's attention to Decision 3(XXII) on reassessing the role and continued existence of the IAG at the Twenty-sixth Session and reaffirmed unanimously the importance and necessity of the IAG and the need for the continuation of the IAG as an important forum for key Members of the Council to focus on and flag issues for early consideration by caucuses, and for providing a very helpful first impression of the range of views likely to be encountered on matters before the Council, as well as receiving valuable inputs and perspectives from the Secretariat. (The full report of the IAG is attached as Annex VI).
18. In his contribution to the report, Mr. Ralph Friedländer (Switzerland) welcomed the proposal to consider reviewing the criteria for allocating the funds of the Bali Partnership Fund. He recalled that, at the Twenty-fifth Session, the Swiss delegation insisted that Switzerland was not in a position to contribute to the Bali Partnership Fund as long as the criteria was not modified to make it sufficiently clear the distinction between the Special Account and the Bali Partnership Fund. He indicated that in the opinion of Switzerland, all projects financed from the Special Account should fulfill the ITTO Year 2000 Objective. The Bali Partnership Fund should however serve the purpose of financing horizontal actions that were in line with the Libreville Action Plan. He said this would make a clear distinction between what would be financed by the Special Account which would be earmarked, and what would be financed by the Bali Partnership Fund which would be unearmarked.

REPORT OF THE EXPERT PANEL ON THE FORMULATION OF A MANUAL ON METHODS TO COMPILE DATA ON INDICATORS IN APPLYING THE ITTO "CRITERIA AND INDICATORS FOR SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS" – DECISION 3(XXIV) (Agenda Item 9)

19. The Chairperson, Mr. Jean Williams Sollo (Cameroon), invited Dr. Untung Iskandar (Indonesia), Chairperson of the Panel of Experts on the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests, to present the report.
20. In his presentation, Dr. Untung Iskandar (Indonesia) drew Members' attention to document ITTC(XXVI)/7. He acknowledged the immense contributions by Dr. Duncan Poore (U.K.) and Mr. Thang Hooi Chiew (Malaysia) who were the consultants for the production of the manual.
21. He said the value of the indicator information was in showing progress or lack thereof, of a producing country, in achieving sustainable forest management in accordance with ITTO Year 2000 Objective, and that it was essential that countries made every effort to document precisely the procedures and protocols used in preparing the baseline set of indicator information.
22. Dr. Untung Iskandar said that before a final manual was sent out for country use, limited field-testing and verification of the manual had to be carried out in specific country context and situations. There should also be one or two training sessions to instruct representatives from producing countries on the use of the manual.
23. He informed the Council that it was the recommendation of the Panel that the manual be published in two volumes in the Policy Development Series of ITTO - one for national level and the other for forest management unit. The Panel also agreed with the view that many countries would have to take a phased approach to implementing the criteria and indicators, and that where information was readily available, the indicators in question could be applied without delay.

24. Dr. Untung Iskandar said some countries might require assistance to implement these criteria and indicators as a means of reporting progress in the context of the ITTO Year 2000 Objective, and that there would be a need for training, capacity building and institutional strengthening, particularly through the Bali Partnership Fund.

25. In his contribution, Mr. Kazuo Tanaka (Japan), on behalf of the Japanese delegation commended the Panel of Experts for the excellent work and expressed support for the draft manual. He also supported the recommendation by the Expert Panel to conduct limited field-testing and verification of the manual as early as possible before a final manual was sent out for country use. He supported the idea of conducting a training session to instruct representatives from producer countries on the use of the manual.

26. Mr. James Gasana (Switzerland), on behalf of the Swiss delegation, commended the Expert Panel for the report and said the document represented an important step for ITTO in devising tools for sustainable management of tropical forest. He commended the Panel for having proposed indicators which were in most cases objectively measurable, both in time and space. He suggested that for some of the indicators, there was the need for user countries to determine thresholds. He said the report rightly emphasized the need to know the direction of change, which required thresholds and standards in order to determine objectives and provide statistics which would be meaningful because they measure performances.

27. Mr. Don Wijewardana (New Zealand) commended the work of the Expert Panel and said the document was very essential in implementing the criteria and indicators developed by ITTO which formed the basis of the Year 2000 Objective. He said the document should be revised according to country experiences. He suggested that the document should be adopted for use and revised later as country experiences become available.

28. Dra. Angela Andrade Perez (Colombia) commended the work of the Expert Panel and indicated that the manual would be very useful. She also supported the position expressed earlier by Switzerland to form an open-ended working group to discuss and finalize the draft manual for publication. She said the manual would help to adjust some of the standards in an ITTO funded project being implemented in the Colombian, Pacific and Amazonian region.

29. Ms. Aulikki Kauppi (Finland), on behalf of the European Union commended the consultants and the Expert Panel for producing a very good document. She said the issue of criteria and indicators was a complex one and therefore a quality document was very essential for the countries in determining the progress made. She suggested that ITTO should start using the manual and supported the position expressed by the New Zealand delegation that the document can only be perfected after using it and obtaining information and experience from the field.

30. Ms. Jan McAlpine (U.S.A.), on behalf of the United States delegation, congratulated Mr. Jean Williams Sollo on his accession as Chairperson of the Council. She also commended the consultants, the Expert Panel and the Secretariat for the manual. She mentioned that criteria and indicators contributed an essential component of sustainable forest management, and that ITTO's criteria and indicators efforts, would join the ranks of other criteria and indicators being implemented worldwide. However, she indicated that ITTO's criteria and indicators would play a different role as compared to other criteria and indicators processes because ITTO's Members comprise over 75 percent of the world's tropical forest and therefore uniquely placed to assist in the implementation of criteria and indicators in tropical forest. She suggested the formation of an open-ended working group to do further work on the manual at the Session. She also supported the suggestion that the Twenty-sixth Session should make a decision to implement the manual.

31. Mr. Haji Jamaluddin bin Mohd. Isa (IFBWW) briefed the Council on the activities of the International Federation of Building and Wood Workers. He said the IFBWW represent the economic and social interests of workers in the wood and forest industries and has over 13 million members in 117 countries throughout the world. He said, in August 1997, the Twentieth IFBWW World Congress adopted a new forest policy which placed emphasis on economic, social and environmental factors in sustainable forest management and IFBWW and its affiliated unions were committed to contribute to sustainable forestry practices, since the depletion of the forest affected the livelihood of workers.

32. Mr. Haji Jamaluddin bin Mohd. Isa spoke about occupational health and safety in industry as well as training of workers. He said sustainable forestry could only be achieved with well-trained workforce,

employed on continuous basis in safe and healthy jobs. He suggested that workers interests and rights be treated as an integral part of ITTO's sustainable forestry agenda, including the criteria and indicators process. He cited the seven ILO conventions which deal with the fundamental human rights of workers.

33. Mr. E.O. Nsenkyire (Ghana), on behalf of the Ghanaian delegation re-echoed the sentiments expressed earlier by Switzerland, Japan and other earlier speakers and suggested that the report be adopted. He, however, raised concern about some of the indicators. He said information might not be available on some of the indicators, and where available, they might not have been distilled enough. He drew Council's attention to indicators 7.9, 7.10, 7.11, 7.12 and 7.13 in document ITTC(XXVI)/7 and said for example indicator 7.9 requests information on the number and extent of forest sites available for research, education, recreation and direct use and benefit of local communities. He said such information might not be available in most producing countries. He also said indicators 7.10 and 7.11 request information on the number of people dependent on the forest for subsistence uses and traditional and customary lifestyles as well as the area of forest and that such information in most producing countries was not available.
34. Mr. Nsenkyire also mentioned that the use of the forest for recreational purposes in developing countries was minimal and also information on the total amount of carbon stored in forest stands was not available in most producing countries and would require some research work. He agreed with the recommendation of the Expert Panel that some field testing and training would have been carried out.
35. In his summary, the Chairperson, Mr. Jean Williams Sollo (Cameroon), welcomed the contributions made by Members on the criteria and indicators document.

COMPILATION AND CLASSIFICATION OF COUNCIL DECISIONS – Decision 2(XXV) (Agenda Item 10)

36. Dr. Manoel Sobral Filho, Officer-in-Charge, drew Members' attention to document ITTC(XXVI)/6 – "Classification of Council Decisions under Implementation or Still Relevant". He said, pursuant to ITTC Decision 2(XXV) which requested the Executive Director to compile all Decisions which were "still relevant", review and classify them according to specific subjects to facilitate easy reference, the Decisions considered "still relevant" and necessary for the work and activities of the Organization had been compiled and classified into Decisions relating to: a) Administration and Finance; b) Sustainable Forest Management; c) Market Issues and d) Others.
37. Mr. Kazuo Tanaka (Japan) on behalf of the Japanese delegation said they considered it very important to compile and classify the Council Decisions from the viewpoint of rationalizing the work of the Council, and the document prepared the Secretariat was very useful in that regard and commended the Secretariat's efforts. He, however, suggested further classification of Decisions in the category of Administration and Finance into sub-themes. He cited as an example classification into themes like "Streamlining the work of the Committees" and "Matters related to Article 16 of ITTA, 1994". He said, Decisions classified as "Others" could be classified further into sub-themes as "IFF" and "Projects". He further suggested the inclusion of page numbers under each sub-theme for readers easy reference.

REPORT ON THE REVISION OF GUIDELINES AND MANUALS RELATING TO PROJECT FORMULATION AND IMPLEMENTATION – Decisions 8(XXII) and 4(XXV) (Agenda Item 11)

38. The Chairperson, Mr. Jean Williams Sollo, invited Mr. Marcio de Paula Fernandes (consultant) to present the report.
39. In his presentation, Mr. Fernandes referred to document ITTC(XXVI)/8. He spoke about their terms of reference which requested them to revise the two manuals on: (i) project formulation (ii) project monitoring, review and evaluation as well as the ITTO guidelines for the selection and employment of consultants. He further indicated that they were also required to prepare manuals on ITTO's rules and procedures for project implementation.
40. Mr. Fernandes mentioned that the report of the consultants was presented to the Council at its Twenty-fifth Session in Yokohama and several Members requested for more time to study the report and submit comments. He indicated that the consultants received comments from the Secretariat, Japan, Finland, Colombia and Malaysia. The comments and suggestions had been incorporated in the revised report.

41. The revised manuals aimed at:
- (i) Simplifying the project proposals as much as possible;
 - (ii) Simplifying the manual for project formulation itself, making it more concise and clear to readers;
 - (iii) Providing examples related to the three operational areas of ITTO; and
 - (iv) Simplifying budget presentation, and providing guidance on how to prepare project technical reports.
42. Mr. Richard Dewdney (U.K.) commended the work of the consultants. He, however, said a number of comments submitted by the United Kingdom to Mr. Krijnen during the Twenty-fifth Session of the ITTC in Yokohama, do not appear to have been incorporated in the revised manual and indicated that he would resubmit the comments to the consultants.
43. Mr. Kazuo Tanaka (Japan) commended the work of the consultants. He commented on the Executing Agency's management cost referred to under paragraph 7.1 on page 52 of the manual and indicated that the cost appeared to be on the higher side and sought clarification on the composition of the Executing Agency's management costs. He indicated that setting the upper limit at a higher level was going to affect the number of projects to be implemented as funds were limited. He also commented on the submission of audited statements referred to in paragraph 3 on page 100 and stated that accountability and transparency in the use of public funds was very much required and therefore proposed an additional statement to the paragraph, quote "a copy of the audited financial statement submitted in accordance with the requirement of (a) above shall be forwarded through the ITTO Secretariat to the funding donor/agency".
44. Mr. Marcio Fernandes responded to the comment on the Executing Agency's management cost raised by Mr. Kazuo Tanaka (Japan) and said in order to simplify the budget preparation by the Executing Agency, the consultants had eliminated the need to include administrative personnel and logistic costs of Executing Agencies and instead Executing Agencies would present a percent of the total cost of the project for covering administrative cost. That management cost should be considered as counterpart funding by the Executing Agency. On the issue of financial audit, Mr. Fernandes said that was already a Decision of the Council in Decision 5(XIV).
45. Dr. Manoel Sobral Filho in his contribution indicated that the Decision requested for an annual auditing but did not indicate that the Secretariat was to report on such financial audits automatically to donor countries. However, he mentioned that the Secretariat would make such financial audits available to any donor country, upon request.

**REPORTS BY MEMBERS ON PROGRESS TOWARDS ACHIEVEMENT OF THE YEAR 2000 OBJECTIVE –
Decision 3(X) (Agenda Item 12)**

Statement by Brazil

46. Mr. Luciano Helmold Macieira (Brazil) on behalf of the Brazilian delegation presented the report on Brazil's progress towards the Year 2000 Objective.
47. He reported on the new measures adopted by the Ministry of Environment and the Brazilian Institute of Environment and Natural Resources – IBAMA. He said a survey on the situation of the ongoing forestry management plans in the Amazon region had been undertaken and the results of the survey were available on the IBAMA Internet homepage. He indicated that a new legislation on sustainable forest management regarding sustainable community forest management on properties below 500ha had been approved as well as procedures for carrying out inspections of logging operations. Mr. Macieira said Brazil was implementing a national management program to provide support to the private sector on the sustainable management of natural forests.
48. He mentioned that the Ministry of Environment had been restructured in order to emphasize issues of biodiversity and forestry and a national secretariat for biodiversity and forests had been created with the responsibility of formulating and implementing the national forest development programs.

Statement by India

49. Mr. R.B.S. Rawat (India), presented the report on India's progress towards the Year 2000 Objective.
50. He said India National Forest Policy required that one-third (1/3) of the total geographical area of the country be under forest cover and also recognized protective and ecological functions of forests with

respect to soil, water and biodiversity as vital for the welfare of present and future generations. He mentioned that diversion of any forestland was being regulated by the central government under the Forest Conservation Act, 1980.

51. Mr. Rawat said India was in the final stage of finalization of a 20-year perspective National Forestry Action Plan with protection, production and participation as the main themes, and that about 4 percent of the geographical area had already been brought under Protected Area Network, for preservation of biodiversity and environmental conservation.
52. He indicated that timber harvesting was limited to sustained yield prescribed under scientific management plans duly approved by the central government. He said more than 21,000 Forest Protection Communities had been constituted under a Joint Forest Management Program to protect and regenerate 2 million ha of forest areas.
53. Mr. Rawat said the existing forestry research institute had been brought under a newly formed autonomous body known as the Indian Forestry Research and Education to meet the emerging needs of research in the forestry sector. He mentioned that biannual monitoring of changes in forest cover was being carried out using remote sensing and GIS.

Statement by China

54. Ms. Lin Xuan (China) presented the report on China's progress towards the Year 2000 Objective.
55. She said, although China was being considered as a consumer country, China had been producing tropical timber in the provinces of Hainan, Yunnan, etc. She mentioned new advancement on China's forest policy since the introduction of the new "Forestry Law" in 1998 which gave emphasis to the ecological environment.
56. Ms. Lin Xuan said the new Forestry Law intensified forestry development and forest protection and stipulated compensation system for ecological benefit.
57. She said in autumn of 1998 the government of China completely halted the cutting of the natural forest (including the areas of tropical forest in Hainan and Yunnan provinces) and the Forestry Departments were requested to prepare reforestation plans as well as plans to protect China's natural forest. She also indicated that in January 1999, the State issued a plan to control soil and water loss and reconstruct the ecological environment through protection and expansion of forest vegetation.
58. Ms Lin Xuan said the timber trade in China was not very much affected by the Asian financial crisis because the government adopted a series of measures to stimulate investment and consumption, including large-scale reduction of tariffs for timber and wood products.

Statement by Thailand

59. Mr. Apiwat Sretarugsa (Thailand) presented the report on Thailand's progress towards the Year 2000 Objective.
60. He said, Thailand had established 138 national parks, 57 wildlife sanctuaries and 25 watershed areas covering about 80 percent of the remaining forest area. Since 1994 the Royal Forest Department had launched 3 major projects to rehabilitate the degraded and denuded forest areas for conservation of the environment and biodiversity as well as reforest for commercial purposes in private land, and degraded forestlands allocated to the farmers.
61. Mr. Sretarugsa said the first project was the reforestation campaign in commemoration of the Royal Golden Jubilee which targeted to plant up to 5 million rai (800,000 ha) but up to date only 2.5 million rai (400,000 ha) had been planted due to the economic recession. The second project was the forest plantation promotion which aimed to plant trees for commercial purpose through the provision of government subsidy and a land allocation program to landless farmers. The total area under the program was 1 million rai (160,000 ha). The third project aimed at conversion of land planted with cassava into forest plantation through the provision of seedlings and fertilizer to participatory farmers by the government. He indicated that so far 300,000 rai (48,000 ha) had been planted under the project.

62. Mr. Sretarugsa said, a Cabinet resolution of 30 June 1998 provided a solution to the problem of forest encroachment which minimized the conflicts in land use among various groups. The Royal Forest Department had also given emphasis to forestry research for better production of industrial plantation as well as conservation of biodiversity.

Statement by Cameroon

63. Mr. Jean Bosco Samgba Ahanda (Cameroon) on behalf of the Cameroonian delegation presented the report on Cameroon's progress towards the Year 2000 Objective. He said, the ecosystem of Cameroon offered a remarkable environmental diversity with about 12,000 flora species. Forest Inventory on 14 million ha of closed forest showed an exploitable standing volume of 1.517 billion m³.
64. Mr. Ahanda said on the basis of Cameroon's timber potential, it would be able to log nearly 5 million m³ per annum for over a century or more. He said, in the past ten years, Cameroon had established all the basic instruments essential for the sustainable management of its forest resources. He cited the establishment of a ministry in charge of environment and forests (Forestry Development National Agency), development of a new forestry policy and organization of forestland through a zoning plan.
65. Mr. Ahanda informed the Council that Cameroon had adopted a five-year transitional period since 1994, to establish an efficient industrial structure and a clear policy on the promotion of new species. He said, as at 20 January 1999, Cameroon ceased to export logs. He commended ITTO for financing over ten projects in Cameroon. He also indicated that Cameroon's future forestry program included placing under management all production forests, undertaking the development and implementation of management plans in national parks and wildlife areas as well as effective participatory management.

PROMOTION OF MARKET ACCESS OPPORTUNITIES FOR INTERNATIONAL TRADE IN TROPICAL TIMBER – Decision 2(XXIII) (Agenda Item 13)

66. The Chairperson, Mr. Jean Williams Sollo (Cameroon) invited the consultants, Mr. Michael Ginnings and Tan Sri Dato Wong Kum Choon to present the report.
67. Mr. Michael Ginnings drew Members' attention to document ITTC(XXVI)/9 titled "Report on the Impediments to Market Access for Tropical Timber". He noted that international trade in primary tropical timber products had seen significant changes in recent years. In Europe, imports of tropical logs had dropped by 40 percent and lumber over 50 percent. Plywood, however, remained steady and veneer imports had increased by almost 50 percent. In U.S.A., consumption of primary tropical timber products had continued to increase despite a modest decline in sawn timber, from 1.0 million m³ to almost 1.6 million m³. Imports of tropical logs by Japan had decreased by almost 25 percent, however, imports of plywood had increased significantly.
68. Mr. Ginnings further noted that these changes in the international trade in tropical timber reflected a move towards added-value production by tropical log producing countries and a world-wide trend which had seen a dominant share of sawn timber gradually eroded by wood based panels.
69. The consultants acknowledged the immense contribution, in terms of communication and provision of information by almost 50 percent of ITTO Members (19 producer countries and 6 consumer countries) which was very helpful in supplementing the field research.
70. Mr. Ginnings noted that considerable number of factors had influenced the changes in consumption of tropical timber products. He mentioned substitution by other timber products, the graduation from primary to secondary processed wood products, and the use of alternative non-timber products. Other factors mentioned in the report include, resource depletion, as result of changes in land use by conversion to other agricultural uses, forest fires, unsustainable forest management practices in some countries, and public awareness of deforestation issues resulting in mounting pressures on governments and international organizations to adopt policies leading to sustainable forest management.
71. Mr. Ginnings also mentioned that log availability had been decreasing because of moves to sustainable forest management, production and/or export controls moves to reducing illegal trade in logs and losses by forest fire. He mentioned in particular moves by many tropical producers to reduce or eliminate tropical log exports in favour of further processing domestically. He also indicated that difficulties in obtaining high quality tropical hardwood had accelerated the moves towards substitutes. Consumers also sought ways to protect their investments in production facilities by seeking alternative wood supply.

72. He also mentioned that national economic and construction cycles had an influence on the change in consumption of tropical timber and indicated that the Asian economic crisis was an example of severe impact when economies lose their way. The reunification of East and West Germany also had a severe impact on their combined economies over the past decade.
73. Mr. Ginnings mentioned that markets where tropical timber was irreplaceable and unique were relatively small and therefore product prices had to be set at levels appropriate for the competition from other products. He indicated that there were instances where the authority of certain national governments had been used to influence private developers in the choice of building materials to the detriment of tropical timber.
74. He further mentioned the shift of environmental pressures from boycotts and bans to certification. He said, the dominating factor influencing the consumption of tropical timber products was price and availability. There were also market access problems due to export restrictions, high royalties and export taxes.
75. Mr. Ginnings said there was the feeling that environmental awareness in tropical timber markets was driven by NGOs and the media and to a lesser extent by politicians. There was also a general feeling that tariff and other regulatory issues were of low significance across the whole range of tropical hardwood products in the tropical timber market.
76. He concluded his presentation by saying that majority of respondents did experience some elements of environmental pressure and they expect these pressures to increase in the future. Respondents identified the European markets of the Netherlands, Germany and U.K. as the markets with most access difficulties. He further indicated that competition for market opportunities and therefore market access would continue to intensify.
77. Mr. Ginnings said ITTO should do more to promote the results and benefits of its excellent work, and that disseminating ITTO's outputs just through Member countries' official representatives had made it more difficult for ITTO to achieve an adequate level of recognition in the international timber market place. He therefore recommended that trade impediments connected with environmental issues affecting market access for tropical timber should be addressed through an information and communication programme aimed at changing negative perceptions on the purchase, sale and use of tropical timber. ITTO should also undertake to obtain unequivocal international support and recognition as well as acceptance for its criteria and indicators for sustainable management of tropical forests by holding meetings, seminars and workshops in environmentally sensitive countries.
78. The Chairperson, Mr. Jean Williams Sollo, thanked the consultants and invited comments on the report from Members.
79. Mr. Gary Dolman (Australia) thanked the consultants for the report but regretted that the report was not circulated to Members before the meeting. He suggested that the report be considered by the caucuses.
80. Mr. Osamu Hashiramoto (Japan) commended the consultants and indicated that much progress had been made in several parts of the report. He said, however, that some important comments made by Japan had not been reflected in the report and that there was still much imbalance among cities and countries with regard to their level of importance and influence in terms of market access and suggested further improvement of the report. He further indicated that since the report was circulated during the Council Session, most delegates had not had enough time to study the report thoroughly and further suggested that the consultants should revise the report taking into consideration comments which would be submitted after the Council Session.
81. Mr. Chadha A.R. (India), in his contribution said projects related to increasing production of unproductive or barren land should be given some priority by ITTO in order to increase the quantum of trade and mitigate any misunderstanding in trade between the consumers and producers.
82. Dr. Untung Iskandar (Indonesia) commended the consultants for the report. He supported the earlier suggestion made by the spokesperson for the consumers that the report be discussed in the caucuses.

83. Mr. Don Wijewardana (New Zealand) indicated that the report was very useful with wide ranging conclusions. He, however, requested further information on the survey and the level of confidence in the survey.
84. Mr. Michael Ginnings responded by saying that they received 21 questionnaires; 19 from producer countries, and 2 from consumer countries. They also received written suggestions and comments from some consumer countries. He indicated that the specific questions asked in the survey could be found in the document as well as in the appendices.
85. The Chairperson, Mr. Jean Williams Sollo (Cameroon) thanked the consultants and referred the document to the caucuses for further discussions.

**PROGRESS REPORT ON THE DOWNTURN IN THE INTERNATIONAL TROPICAL TIMBER MARKET –
Decision 6(XXIV) (Agenda Item 14)**

86. The report was presented by the consultants, Dr. Ivan Tomaselli and Mr. Geoffrey Pleydell.
87. Dr. Ivan Tomaselli referred Members to document ITTC(XXVI)/10 and provided a brief background to the study. He recalled Decision 6(XXIV) which requested Members to explore ways to facilitate the recovery of the international tropical timber market. He indicated that the report was a preliminary one and that a final report would be presented during the Twenty-seventh Council Session in Yokohama, Japan.
88. He provided information on the long-term production trends of tropical timber from 1980 to 1996. He also provided information on tropical log exports from 1990 to 1997, which showed an overall reduction of 40 percent, while tropical sawnwood exports showed a reduction of 30 percent. He indicated that most of the reduction was experienced between 1996 and 1997. He said in 1990, Malaysia had 64 percent market share of tropical sawnwood export but by 1997 the Malaysia's share of sawnwood exports had dropped to 51 percent. For the same period of 1990-1997, plywood exports reached its peak in 1993 and dropped back to the 1990 levels. Indonesia lost 33 percent of the market, while Malaysia's share increased from 10 percent to 36 percent.
89. Dr. Tomaselli also provided an overview of the tropical wood exports by region, and indicated that total tropical wood exports (roundwood equivalent) had been reducing over the years. He mentioned that prices of tropical logs showed a reduction of 46 percent, while tropical plywood also dropped by 50 percent between 1997 and 1998.
90. He said Malaysia was greatly affected by the market downturn. From 1990 to 1996, the value of Malaysia's exports increased annually by 7 percent. However, from 1997 to 1998 the value of Malaysia's exports dropped by 36 percent. Japan's imports of tropical timber were stable between 1990-1997 but dropped by 30 percent from 1997 to 1998.
91. In his presentation Mr. Geoffrey Pleydell (consultant) emphasized the fact that the report was a preliminary one and that the final report would be presented during the Twenty-seventh Session of the Council in Yokohama.
92. Mr. Pleydell concentrated his presentation on the Asian financial crisis which started in 1997. He said long before the 1997 crisis the Asian region was experiencing rising demand for wood at a time when the limits of sustainable harvest capacity of Asian tropical forest was becoming more obvious.
93. He indicated that the Asian region had some of the world's biggest importers of tropical wood. He cited China, Japan, Korea, Philippines, and Thailand and also the two biggest exporters, namely Indonesia and Malaysia. He said in 1992/3 there were planned reduction in log exports from Malaysia which caused Asian buyers to look for other sources of tropical timber. He indicated that the constraints in tropical log supply from Asian sources resulted in price increases of Asian tropical sawnwood and plywood and subsequent substitution by African tropical redwood and Brazilian plywood.
94. He said in 1997, the effect of the Asian economic crisis on the tropical timber trade was phenomenal, and indicated that confidence born of success bred assumptions that the future was sound and that risks were minimal which led the international tropical timber trade to be caught up in a macro-economic storm.

95. Mr. Pleydell said both exporters and importers have to cultivate an awareness of economic trends. Exporters need to be aware of the state of the economies of the markets and to consider diversification across markets, and that exporting companies with strong reputation for reliability, quality and service might have advantages in a poor market.
96. He suggested that ITTO should intensify its communication policy, especially in environmentally sensitive markets, as we approach the Year 2000.
97. Mr. Osamu Hashiramoto (Japan) on behalf of the Japanese delegation thanked the consultants for the interim report. He, however, indicated that since the report was circulated during the Council Session, Members required some time to study the report and therefore be allowed to present written comments to the Secretariat after the Council Session.
98. In his contribution, Mr. Don Wijewardana (New Zealand) on behalf of the New Zealand delegation thanked the consultants for the report. He supported the conclusion of the interim report that it was difficult to separate the macro-economic elements from the timber trade. He said there was therefore the need to identify the necessary approaches for the macro-economic aspect as well as the timber trade aspect. He further suggested the need to go into value-added processing in areas where the impact had been less severe. He expressed support for the recommendation in the report to lift restrictions on log exports and indicated that if the market was to adjust gradually to changes, then any impediments to the adjustment must be removed. He said restrictions on log exports would create problems in the wood supply market and that supply to domestic processing would invariably be subsidized by such restrictions which would not allow the anticipated adjustments.
99. Ms. Astrid Bergquist (Sweden) on behalf of the Swedish delegation commended the consultants for the interim report. She said the preliminary findings in the report confirmed the impressions of the UN-ECE Timber Committee. She mentioned that although the UN-ECE Timber Committee deals with softwood from boreal and temperate forests, similar trends had been observed with respect to developments in the markets. They very much look forward to the final report. She also commented on the suggestion made by the consultant for a study of much longer term trends to be undertaken by the ITTO in the future and said that would be a very important role for ITTO to assist Member countries in the market in terms of various factors influencing changes, like changes in consumer taste, and also other competing materials. She indicated that the UN-ECE Timber Committee would therefore like to cooperate very much with ITTO in that regard.
100. Mr. Pisal Wasuwanich (Thailand), on behalf of the Thai delegation, commended the consultants for the interim report. He mentioned that there were misconceptions in the market place that the utilization of wood was responsible for the destruction of the environment which had made people to turn to the use of wood substitutes. In his opinion, that misconception was partly responsible for the downturn in the timber market and suggested the intensification of ITTO's educational programme to create new awareness of the benefits of tropical forest.
101. Mr. Ralph Friedländer (Switzerland) on behalf of the Swiss delegation said the recommendations in the preliminary report appear very general and might be difficult to transform some of them into concrete actions. He suggested that the consultants should as much as possible try to operationalize those actions that could be undertaken by ITTO and to differentiate more clearly recommendations that could be made to governments and those that could be made to timber companies. He said that would assist ITTO in arriving at concrete decisions.
102. Ms. Sarah Smiley (U.S.A.) on behalf of the United States delegation commended the consultants for the preliminary report. She supported the comment made earlier by the delegation of Sweden concerning the long-term study of market trends and further product development. She also re-echoed the suggestion made by the delegation of Thailand to create a new awareness of the benefits of tropical timber in the market place and cited project PD52/97 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" as an example of how the resources of the Committee on Economic Information and Market Intelligence could be used to create a better environment in the market place for tropical timber. She also said that it was important to examine the issue of illegal timber harvesting and trade and also develop and explore the positive links between environmental and trade policies of the tropical timber market. She said ITTO should realize its strength in the practical area of trade and market development.

103. Mr. Harajono (Indonesia) in his contribution said some economic elements were missing in the report. He said, in Asia the macro-economic crisis affected the value of the dollar and therefore companies which relied on imports for production were hard hit by the financial crisis. However, the timber industry was not so much hard hit by the crisis because they tend to be export oriented and their domestic cost component of production did not change very much. What actually affected the industries was the reduction in the export prices of their products.
104. Dr. Hinrich Stoll (ATIBT) agreed with the comments made by the delegation of Switzerland that some of the recommendations were too general and suggested the formation of small working group to discuss the final report. He suggested that a representative of the timber trade be included in such a working group.

REVIEW OF ITTO'S POLICY INITIATIVES AND PROJECTS SUPPORTIVE OF IPF/IFF PROPOSALS – Decision 5(XXV) (Agenda Item 15)

105. The report was presented by Mr. Amha bin Buang, Assistant Director, Economic Information and Market Intelligence Division of the ITTO Secretariat. He drew Members' attention to document ITTC(XXVI)/12.
106. He recalled Decision 5(XXV) which requested the Executive Director to prepare a report cataloguing existing ITTO policy initiatives and projects supportive of the IPF proposals for action.
107. He mentioned the five categories of the IPF work programme elements, namely: (1) the implementation of forest-related decisions of the United Nations Conference on Environment and Development at the National and International Levels, including an examination of sectoral and cross-sectoral linkages; (2) international cooperation in financial assistance and technology transfer; (3) scientific research, forest assessment and the development; (4) trade and environment in relation to forest products and services; (5) international organizations and multilateral institutions and instruments, including appropriate legal mechanisms.
108. Mr. Amha said, since the IPF proposals for action were endorsed in 1997, the catalogue contained a list of existing ITTO policy initiatives and projects as from 1997, and some important ITTO policy initiatives conceived before 1997 and still on-going and relevant in the context of the IPF proposals. He said altogether, the catalogue contained 21 existing ITTO policy initiatives and 181 existing ITTO projects costing US\$159,043,459.02, which, according to him, was indicative of the high level of relevance of these ITTO policy initiatives and projects in the context of the effective implementation of the IPF proposals for action.

CITES LISTING PROPOSALS BY MEMBERS – Decision 3(XVI) (Agenda Item 16)

109. Dr. Manoel Sobral Filho, Officer-in-Charge, recalled Decision 3(XVI) which called on Members to inform the ITTO at the earliest opportunity of any proposals by Members to list internationally traded tropical timber species in CITES appendices and informed the Council that he had not been advised by Members or CITES of any such proposal. He also said the Secretariat had been cooperating very well with CITES, especially with respect to the CITES timber working group.
110. Dr. Hinrich Stoll (ATIBT) raised the issue of compatibility of ITTO's efforts with those of CITES. He said ITTO's objectives had been to promote sustainable management of tropical forests, better market access for tropical timber and promotion of the use of tropical timber, especially in consumer countries. On the other hand, CITES objectives had been to protect threatened species.
111. He said ATIBT technical association members were present in about 30 countries world wide with a wide range of scientific, practical and realistic experience. He further explained ATIBT's view of the role of ITTO and CITES. He said there should be no conflict of interest in the roles of the two Organizations since both Organizations seek to protect threatened species as mentioned in the Libreville Action Plan. However, in his opinion a conflict of interest would arise when CITES try to set barriers against the use of tropical hardwood species which were not threatened by extinction. He cited CITES Appendix 1 which prohibited the international trade of all species listed in the Appendix. He further noted that CITES Appendix II could be a strong barrier which permitted consumer countries to prohibit the importation of timber species listed in the Appendix, which according to Dr. Stoll, internationally officialized the boycott of timber species. He said the Netherlands had already prepared a long list of timber species to be discussed at the next meeting of CITES in Australia. He also reminded Members of Germany's action four years ago to put all entandrophragma and khaya species in the Appendix II

of CITES. He said, if that unjustifiable demand had been accepted, it would have meant a lot of red tapeism and cost to producers and exporters, as later studies proved that the species were not threatened. He further stated that delegates to CITES conference should not forget the immense contribution of ITTO's projects towards sustainable management of tropical forests. He mentioned that sustainable forest management would not be achieved when the lives of producers were unnecessarily complicated and investments were discouraged with unnecessary trade barriers instead of providing incentives to improve the sustainable management of forests.

112. In conclusion, Dr. Stoll requested ITTO Members who would be attending the upcoming CITES meeting to intervene on any proposals to list tropical timber species in the appendices of CITES.

MATTERS RELATED TO ARTICLE 16 OF THE ITTA, 1994 – Decision 3(XXV) (Agenda Item 17)

113. The Chairperson, Mr. Jean Williams Sollo, introduced this agenda item. He referred to Decision 3 (XXV) and said that decision was taken when Dr. B.C.Y. Freezailah was still the Executive Director of the Organization. However, Dr. Freezailah had since 24 March 1999 resigned his position as the Executive Director. He indicated that it was therefore incumbent upon the Organization to speed up the appointment of a new Executive Director. He also mentioned that the UNCTAD Senior Legal Counsel, Mr. Erik Chrispeels, had been invited to the ITTC Session to address any legal questions relating to the appointment of a new Executive Director.
114. Dr. Gary Dolman (Australia) sought clarification on certain issues from the UNCTAD Senior Legal Counsel. He wanted to know whether it was mandatory that the Executive Director should come from a producer Member country; the steps required in choosing a future Executive Director from a short list of candidates; the mechanism or use of the special vote system and how to avoid an impasse in the selection system.
115. Mr. Erik Chrispeels (UNCTAD) in his response said, neither the ITTA, 1994 nor the Rules of Procedures address the issue of whether the Executive Director should come from a producer or a consumer Member country. He said, in practice he had, however, observed over the years that there was a view that the Executive Director of Commodity Organizations should be selected from a producer country. However, he had also observed recently that there were a few Commodity Organizations where the Executive Director had been chosen from both consumer country and producer country. On the second clarification sought by Dr. Gary Dolman, the UNCTAD Senior Legal Counsel said, once the short list of applicants had been completed by the Panel, the next step to be taken had already been addressed by Decision 3(XXV). He quoted inter alia "the short list of candidates will be discussed by the producer and consumer caucuses with each caucus presenting the conclusions of its debate to Council as an element for an informed decision by the Council". Mr. Erik Chrispeels also provided clarification on the use of the special vote. He said, if there was more than one candidate, then an election system would be applied and he said, he supposed that the Rules of Procedures would treat election as having to be carried out by a secret ballot. He pointed out that Article 2 paragraph 8 of the ITTA, 1994 state the type of majority that would be required in case of a special vote. Mr. Chrispeels said, that meant a vote requiring at least two-thirds of the vote cast by producing Members present and voting and at least 60 percent of the votes cast by consuming Members present and voting and counted separately. These votes must be cast by at least half of the producing Members present and voting and at least half of the consumer Members present and voting. He said that meant a double majority would be required in the secret ballot.
116. Mr. Enzo Barattini (European Union) wanted to know whether the Rules of Procedure for the appointment of an Executive Director as set out in Decision 3(XXV) had been applied and if not why they had not been applied.
117. Dr. Untung Iskandar (Indonesia) sought clarification from the UNCTAD Senior Legal Counsel on Decision 3(XXV) Annex paragraph IV regarding the composition of the Panel charged with the responsibility of short-listing of applicants for the position of Executive Director. He said among the producer countries, they informally adopt regional grouping, namely Asia, Africa and Latin America and wanted an indication on how many representatives from producers and consumers should make up the Panel. He also wanted to know whether the voting would be based on one country one vote or the distribution of votes as specified in the Annex to the Provisional Council Agenda.
118. Mr. Erik Chrispeels (UNCTAD) said with respect to the composition of the Panel, one would take equal number of each group of producers and consumers. However, in choosing the number, allowance

should be made for regional representation. He said, the ITTA, 1994 was quite clear on the issue of voting and that voting would not be based on one Member one vote but rather on the distribution of votes established at the Council Session which meant the distribution of votes prevailing at the Council Session where the election would be conducted.

119. Mr. Don Wijewardana (New Zealand) said Decision 3(XXV) only indicated the procedure for short-listing of applicants but did not go far enough to indicate how further progress could be made in selecting only one of the applicants. He sought clarification from Mr. Chrispeels on how that had been done in other commodity organizations. He also wanted to know how the double majority would work.
120. Mr. Erik Chrispeels (UNCTAD) said there could be several ways of approaching it. One way of doing it, according to him, was to carry out the voting among all the short-list of candidates for several rounds until such time that one candidate emerged as having special vote majority. A second way to proceed, would be to agree before the voting process, that any candidate that did not receive any vote would be automatically eliminated and one could also agree that the candidate who received the lowest total number of votes in each caucus would be eliminated. He, however, said, from his experience very few organizations had resorted to voting in the choice of an Executive Director.
121. Mr. Chrispeels briefed Members on the election process for executive heads of specialized agencies of the United Nations. He said with those agencies he had observed that in those voting processes there was the rule of eliminating those candidates with no votes at all or those that received the lowest number of votes. On the issue of the double majority, Mr. Chrispeels said double majority had been defined in Article 1 of the ITTA, 1994 under the definition of special vote – two-thirds of one thousand in the producer groups and 60 percent of one thousand in the consumer group. He said in practice the system used for the selection of the first Executive Director could be applied and indicated that there could be two sets of ballot papers – e.g. yellow (producers) and blue (consumers). The Secretariat would prepare the ballot papers and indicate on each ballot paper the number of votes held by a particular country. The ballots would be placed in an envelope and the name of the country indicated at the back of the envelope. These envelopes would then be handed out by the Secretariat to the head of delegations who in turn would indicate their choice of candidate on the ballot paper. A ballot box would be placed on a small table at the front of the podium. The Chairperson of the Council would then invite Members of the Council in alphabetical order to place their ballots in the ballot box. After voting the tellers would open the ballot box and add up the number votes received for each candidate.
122. Mr. Ralph Friedländer (Switzerland) wanted to know the procedure that the Panel would use to arrive at a short-list of six applicants if there were more than six applications.
123. Mr. Chrispeels said the procedure to be applied by the Panel to arrive at a short-list of six must be put in place and agreed upon by the Panel itself. He also said only Members of the Council of good standing would be eligible to vote in the Council. He indicated that the provisions of Article 19 paragraph 7 would apply unless the Council by special vote decide otherwise.
124. Mr. Enzo Barattini (E.U.) said in his experience with organizations in the appointment of an Executive Director, a procedure was put in place and the Council appointed a Panel to examine the applications. The Panel established its own rules and procedure in evaluating all the applications and arriving at a short-list for the consideration of the Council.
125. The Chairperson referred the matter to the caucuses for further discussions. The outcome of the caucuses discussions on some procedures related to the selection of the Executive Director is reproduced in Annex VII

REPORT ON OPTIONS FOR THE FREQUENCY AND DURATION OF COUNCIL AND COMMITTEES SESSIONS – Decision 4(XXV) (Agenda Item 18)

126. The Chairperson, Mr. Jean Williams Sollo (Cameroon), drew Members' attention to document ITTC(XXVI)/11 and invited the Secretariat to present the report.
127. Dr. Manoel Sobral Filho, Officer-in-Charge, presented the document. He indicated that the document had been prepared pursuant to ITTC Decision 4(XXV) which requested the Executive Director to prepare for consideration of the Council a preliminary paper on options for the frequency and duration of Sessions of Council and Committees.

128. He said the preliminary paper provided three (3) options.

- Option 1: bi-annual Sessions with a duration of six (6) working days each as presently in effect;
- Option 2: An annual Session with a duration of eight (8) working days;
- Option 3: Bi-annual Sessions for Council and technical Committees, comprising one regular Council and Committee meetings scheduled for six (6) working days, as at present and another with a four (4) working day schedule, where the first three days would be allocated to the technical Committees and the fourth, reserved for a one-day Council Session to deal with the approval/financing of pre-projects, projects and activities, the annual market discussions and any other urgent matters included in the agenda in accordance with the rules of procedures. According to the third option, the Committee on Finance and Administration would meet once a year during the six (6) working day Sessions of Council and Committees.

129. Dr. Gary Dolman (Australia) on behalf of the consumers informed the Council that the consumer group had expressed interest in any option that reduced cost while maintaining the bi-annual project cycle. He further indicated that the consumer group would discuss the issues further with a view to developing additional options and requested further information on the level of cost savings with regard to each of the options suggested.

130. Dr. Untung Iskandar (Indonesia), on behalf of the producer group, said most Members of the group favoured Option 1. He said the group supported the cost reduction options, but there was, however, no information about the level of cost reduction with regard to each of the options suggested. He requested further discussions of the issue in the caucus but indicated a strong inclination for an option providing for a biannual project cycle.

REVIEW OF DOCUMENT TRANSLATION COSTS – Decision 6(XXV) (Agenda Item 19)

131. The Chairperson, Mr. Jean Williams Sollo referred Members to document ITTC (XXVI)/13 and invited the Chairman of the Committee on Finance and Administration to present the report.

132. Mr. Luciano Helmold Macieira (Brazil), Chairman of the Committee on Finance and Administration said pursuant to Decision 6(XXV), the Committee reviewed the situation regarding translation costs and noted that in the last years there had been a net average amount of US\$90,300.00 of deficit per year on the translation cost component of the Programme Support.

133. Mr. Macieira said considering that the implementation of measures for reducing translation costs of documents as requested by the Council in Decision 2(XXV) was decided only recently and the implementation only started with the Twenty-sixth Session of the Council and that the full impact of these measures could not be fully analyzed, the Committee therefore recommended to the Council: (1) to authorize the transfer of an amount of US\$155,800.00 from the "General Programme Support" component to the component of "Translation Costs" in the Programme Support Fund to eliminate most of the deficit incurred in that account as at the end of the financial year 1998; (2) to maintain the charges to be deducted in all budgets of projects, pre-projects and activities, to defray the costs of translating project and pre-project proposals at the current percentage of 0.50%; and (3) to continue to monitor the resources of the "Translation Costs" component in the Programme Support Fund until its Session in mid-2001 and to request the Secretariat to prepare a document showing the expenditures and income under the component of "Translation Costs" to facilitate discussion of the Committee at that Session.

134. The Chairperson, Mr. Jean Williams Sollo, on behalf of the Council commended the Government of Japan for its financial contributions to the translation costs.

REPORT ON THE INTERNATIONAL CROSS-SECTORAL FORUM ON FOREST FIRE MANAGEMENT IN SOUTH-EAST ASIA, JAKARTA, INDONESIA, 7-8 DECEMBER 1998 – Decision 8(XXIV) (Agenda item 20)

135. The Chairperson, Mr. Jean Williams Sollo drew Members' attention to document ITTC (XXVI)/14 and invited the Secretariat to present the report.

136. Dr. Efransjah, Project Manager, presented the report. He recalled Decision 8(XXIV) which requested the dispatch of ITTO mission on forest fire prevention and management to Malaysia and Indonesia and also requested ITTO in co-operation with JICA to organize an international cross-sectoral forum on forest fire management in the South East Asia.

137. He indicated that in addition to the forum, ITTO convened an informal consultation on the niche role of ITTO in forest fire prevention and management in Jakarta, Indonesia on 9 December 1998. He said the report of the informal consultation had been annexed to document ITTC(XXVI)/14.
138. Dr. Efransjah said that, following the ITTO mission on forest fire prevention and management, the international cross-sectoral forum enabled further gathering of information concerning the causes of forest fire and its impact on human, biological diversity and the environment.
139. He mentioned that the forum reviewed the existing land use condition and developed proposals for policy and mechanism, including institutional development. He informed the Council that the forum was hosted by the Government of Indonesia and jointly sponsored by JICA and ITTO. The forum was attended by 215 participants from 19 countries and 8 international organizations representing a wide range of disciplines. He said a total number of 39 papers on various aspects of forest fire were presented at the forum.
140. Dr. Efransjah said the recommendations of the ITTO mission to Malaysia and Indonesia were presented to the forum. Also presented at the forum were the outputs of the project in Indonesia which aimed at developing the national guidelines on forest fire management which was financed by ITTO and the Common Fund for Commodities.
141. He said, the forum identified the constraints of Member countries in dealing with problems of forest fire, and noted the several initiatives taken at regional levels to address the problem of trans-boundary haze pollution. The forum recognized that integrated forest fire management was very essential in order to control the damages caused by fire.
142. Dr. Efransjah said, an informal consultation was organized to discuss the niche role of ITTO in forest fire management. The informal consultation made specific recommendations on ITTO's future work in forest fire management. He said the consultation, among other things, emphasized the following: (i) capacity building; (ii) planning support; (iii) support to Member countries in elaborating and operationalizing a fire permit system to control the sources of fire; (iv) promotion of buffer zone management; and (v) creation of awareness. He said the consultation further recommended that ITTO should take initiative to establish an inter-agency task force involving interested international agencies such as World Bank, Asian Development Bank, FAO, WHO, WMO, UNESCO, UNEP and CIFOR in forest fire management. He indicated that the consultation specifically recommended that ITTO should provide support, as appropriate, to the Global Fire Monitoring Centre.
143. Dr. Untung Iskandar (Indonesia) on behalf of the Indonesian delegation gratefully acknowledged the efforts of ITTO and JICA in organizing the international cross sectoral forum. He referred to the recommendations of the Informal Consultation and especially on the establishment of pilot demonstration centres for promoting improved forest fire management and said Indonesia was willing to participate in the establishment of such centres and suggested Sumatra and Kalimantan areas where such centres could be established.
144. Mr. Shaharuddin Mohamad Ismail (Malaysia) on behalf of the government of Malaysia expressed appreciation and gratitude to the government of Indonesia, JICA and ITTO for organizing the cross sectoral forum. He said Malaysia participated in the forum and indicated that the recommendations were wide ranging in addressing the issues of forest fire prevention and trans-boundary pollution in the region. He said Malaysia had already started implementing some of the recommendations. He cited the extension of jurisdiction of the National Disaster Committee to include forest and plantation fires as one of the recommendations being implemented.
145. Mr. Shaharuddin Mohamad Said Malaysia had signed a Memorandum of Understanding to facilitate the exchange of expertise and information relating to forest fire. He indicated that since large scale forest fires have a global impact on sustainable development of tropical forest resources, ITTO should continue to play a major role in facilitating international efforts in future prevention and control of forest fire. He further mentioned that ITTO should fully support the recommendation to establish an inter-agency task force to coordinate international assistance for forest fire prevention and management. He, however, expressed caution that the recommendation to establish a global fire monitoring centre should take into consideration existing Asian efforts in that respect, to avoid duplication.
146. Mr. Patrick Durst (FAO) said, the recommendations made by the cross sectoral forum were consistent and similar to those made by similar meetings organized by the FAO especially the FAO meeting on

"Public Policies Affecting Forest Fires (28-30 October 1998, Rome). He said the similarities in the recommendations had created opportunities for cooperation between ITTO and FAO in addressing the underlying causes of forest fires, strengthening country capacity for dealing with forest fires and promoting global and regional fire information systems. He further said FAO was encouraged by the cooperation initiatives contained in the "Multi-Agency Proposal on Prevention of Climate Change, Biological Diversity Loss and Human Health Problems Originated by Wildfires" which involved UNDP, UNEP, WHO, WMO, FAO, ITTO and CIFOR.

147. Mr. Durst said FAO was working to revise and improve fire management terminology to support global and regional fire reporting systems and also was planning to include information on forest fires in the ongoing Forest Resources Assessment 2000.
148. Mr. Mark Raimers (U.S.A.) on behalf of the U.S. delegation commended the report of the international cross sectoral forum on forest fire management in South East Asia. He said effective control of wild fires was critical to any strategy for sustainable forest management and it involved multi-sectoral challenges.
149. Mr. Raimers said ITTO has the opportunity to build on and recognize the Organizational strengths and expertise to address the challenges of issues involving forest fire control.

DRAFT ANNUAL REPORT FOR 1998 (Agenda Item 21)

150. The Secretariat reported on the activities of the Organization during 1998, as detailed in the Draft Annual Report, document ITTC(XXVI)/4. The key decisions of the Twenty-fourth and Twenty-fifth Sessions of the Council held in Libreville, Gabon and Yokohama, Japan were noted. A summary of projects, pre-projects and activities funded by the Organization was given as well as key policy development issues considered by the Council in 1998. A summary of the statistics of the world tropical timber situation was given, based on ITTO in-house analysis. The reports by Members on progress towards achievement of the Year 2000 Objective were also noted.

REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 22)

151. The report of the Credentials Committee was presented by Mr. Henri-Felix Maitre (France) on behalf of Mr. Laurent Vigier (France), Chairperson of the Committee.
152. He referred to document ITTC(XXVI)/3 Rev.1. He reported that the Committee which comprised representatives from China, France, Japan, Peru, Philippines, Thailand, Togo and U.S.A. met on 1 June 1999 and examined and accepted the credentials of 37 countries and the European Community which participated in the Twenty-sixth Session of the ITTC and Sessions of the associated Committees.

PLEDGES OF NEW VOLUNTARY CONTRIBUTIONS TO THE SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 23)

153. The Chairperson, Mr. Jean Williams Sollo, invited Members to make voluntary contributions to the Special Account and the Bali Partnership Fund. There were, however, no voluntary contributions.

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda item 24)

154. The report of the Committee on Reforestation and Forest Management was presented by Mr. Ralph Friedländer (Switzerland), on behalf of Dr. James Gasana (Switzerland).
155. He referred Members to document CRF(XXIV)/14 Rev.1 and reported that the Committee reviewed the reports of four (4) completed projects as well as four (4) completed pre-projects. He said the Committee took note of the status report on seventy (70) projects under implementation; six (6) projects pending agreement; twenty-three (23) projects pending finance; and three (3) projects falling under the sunset provision.
156. Mr. Friedländer informed the Council that the Committee considered fourteen (14) new projects and six (6) new pre-project proposals and recommended that the Council should approve these projects and pre-projects and seek funding for their implementation. He said the Committee noted with concern the number of approved projects (23) and pre-projects (5) that remained unfunded.

157. Dra. Angela Andrade Perez (Colombia), Chairperson of the Committee on Forest Industry, referred Members to document CFI(XXVI)/9. She said the Committee considered the reports of four (4) completed projects and one (1) pre-project and reviewed the status of twenty-three (23) projects and six (6) pre-projects which were under implementation. She mentioned that the Committee considered five (5) new projects and three (3) new pre-project proposals and recommended them to the Council for approval and funding. Policy issues considered by the Committee included: (i) tropical timber standardization and harmonization of nomenclature; (ii) guidelines on increasing utilization efficiency and reduction of losses; (iii) voluntary code of conduct of the forest industry.
158. Mr. Alhassan Attah (Ghana), Chairperson of the Committee on Economic Information and Market Intelligence reported on the work of the Committee. He referred Members to document CEM(XXIV)/5. He said, the Committee noted the resignation of Dr. Kwame Asumadu (Australia) as Chairperson and duly elected Mr. Alhassan Attah (Ghana) and Ms. Astrid Bergquist (Sweden) as Chairperson and Vice-chairperson respectively. He said the Committee also noted the successful completion of four (4) projects and one (1) pre-project and considered the reports of ten(10) projects, one (1) pre-project, which were under implementation.
159. Mr. Attah said, the Committee noted the status of eight (8) projects pending financing and urged donors to provide funds for the implementation of those approved projects. The Committee recommended to the Council two (2) new projects for approval and funding. He urged Members to submit projects in the field of Economic Information and Market Intelligence.
160. Mr. Attah mentioned that the Committee noted the successful conduct of the 1999 Annual Market Discussion under the theme "The Downturn in the World Tropical Timber Market and the Positive Contributions that ITTO should make". He said the Committee also considered policy issues in the area of market access, the downturn in the international tropical timber market, timber certification and matters pertaining to Customs Classification and the Harmonized System (HS).
161. Mr. Luciano Helmond Macieira (Brazil), Chairperson of the Committee on Finance and Administration, reported on the work of the Committee. He referred Members to document CFA(V)/7. He said, the representative of the Common Fund for Commodities (CFC) presented a brief explanation of the possibilities of funding of projects by the CFC. The Committee adopted the report of the independent public accountants on the accounts of the Organization for the financial year 1998, and recommended to the Council the transfer of an amount of US\$155,800 from the "General Programme Support" component to the component of "Translation costs" in the programme support fund to eliminate the deficit incurred in that account in 1998.
162. Ms. Sarah Smiley (U.S.A.) on behalf of Ms. Jan L. McAlpine (U.S.A.), Chairperson of the Fellowship Selection Panel, reported on the work of the Panel. She said a total of 209 fellowship applications (163 from producer countries and 46 from consumer countries) were considered by the Panel. The Panel recommended for approval twenty-four applications, subject to the availability of funds, at a total cost of approximately US\$139,333. She mentioned that the Panel used the selection criteria to review the applications, also taking into account the need to maintain as far as possible a balance between the three subject areas, and in the different geographic regions as well as gender of applicants.
163. Ms. Smiley said the Panel also considered the application form, selection criteria and advertisement of the programmes and recommended to the Committee the establishment of an Expert Panel to review these matters in further detail.

DATES AND VENUE OF THE THIRTIETH SESSION OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda item 25)

164. Mr. Mamadou Sangare (Côte d'Ivoire) informed the Council of the intention of Côte d'Ivoire to make an offer to host the Thirtieth Session of the Council. He said that would be confirmed after consultations with the appropriate government authorities.

OTHER BUSINESS (Agenda item 26)

Statement by the International Forestry Students Association

165. In a statement presented on behalf of the International Forestry Students Association, the IFSA expressed its gratitude to the ITTO for having been allowed to participate for the first time in the ITTC Session, as an observer. The statement said, IFSA aimed at encouraging the development of global

perspective on forestry and to enrich formal education of forestry students world-wide while encouraging an understanding of cultural differences through international encounters such as symposia, working camps, exchange programme, publications and community-based projects. The IFSA statement called for cooperation between the ITTO and the IFSA through the organization of practical training for students, support for IFSA's community forestry projects such as the village concept project and IFSA participation in ITTO organized workshops.

Statement by Guatemala

166. Mr. Luis Eduardo Granados Frieley (Guatemala) presented the report on Guatemala's forest resources and institutional framework.
167. Mr. Frieley gave a brief account about the historic, geographic, political and economic situation of Guatemala.
168. He said 51% of Guatemala's land area was forest with a clear division between protected forests and productive forests. He mentioned that the deforestation rate was 82,000 hectare per year, which was mainly due to the change of land use towards agricultural activities.
169. Mr. Frieley said the National Institute of Forests managed lands with forest covers while the National Council of Protected Areas managed protected forests. The National Institute of Forests (INAB) had nine (9) regional offices and thirty-three (33) sub regional offices. He mentioned the main functions of INAB, which included:
 - execution of the forest policy;
 - promotion and encouraging forest development;
 - granting, denying, supervising as well as canceling the use of forest utilization licenses; and
 - developing programs and projects for the conservation of forests.
170. Mr. Frieley said since the enactment of the Forestry Law in 1996, INAB as well as the Ministry of Agriculture, Livestock and Food and the National Council of Protected Areas had been working to implement the Forestry Policy of Guatemala which aimed at:
 - contributing to the strengthening of the Guatemalan system of strategic forestry ecosystems;
 - development of productive management of the forests;
 - promotion of plantation silviculture;
 - promotion of agroforestry and silvipastoral systems;
 - development of the modernization and application of the primary and secondary transformation of the industrial park;
 - support to the search and utilization of forestry markets and products design; and
 - promoting Guatemala as a country with high potential for forestry development.
171. Haj Jamaluddin bin Mohd. Isa Amn. Ppn (IFBWW) on behalf of trade unions commended Dr. B.C.Y. Freezailah for his excellent performance as Executive Director of ITTO.
172. The Chairperson, Mr. Jean Williams Sollo (Cameroon), informed the Council that the Vice-chairperson of the Council, Mr. Young-Woo Chung (Rep. of Korea) was on national assignment which would not enable him to perform his duties as Vice-chairperson. The Republic of Korea had accordingly nominated Mr. Rae-Kwong Chung to replace Mr. Young-Woo Chung. He then requested the Council to approve the nomination of Mr. Rae-Kwon Chung as Vice-chairperson of the ITTC for 1999.
173. The Council unanimously approved the nomination and Mr. Rae-Kwon Chung was elected by acclamation as Vice-chairperson of the Council for 1999.

DECISIONS AND REPORT OF THE SESSION (Agenda item 27)

174. The Chairperson, Mr. Jean Williams Sollo (Cameroon), referred to document ITTC(XXVI)/16 comprising the ten Decisions and one Statement for adoption by the Council at its Twenty-sixth Session. The Council approved all the Decisions (these are reproduced in this report as Annex IV). Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedure was to be applied to the circulation of the Decisions and the Council Report to Members.

CLOSING SESSION (Agenda item 28)

Statement by the Representative of FAO

175. Mr. Patrick Durst (FAO) said the finalization and distribution of the 1998 Joint ITTO/FAO/ECE/Eurostat Forest Products Questionnaire represented a model of interagency cooperation. He said all four agencies participated actively in this forward-looking development, and that the joint questionnaire would reduce the information collection burden on Member countries. He also informed Members that the joint questionnaire was available to countries in electronic form (EXCEL Workbook). He commended ITTO and the Government of Japan for sponsoring the coordination meeting in 1998 that facilitated the preparation of the draft questionnaire.
176. Mr. Durst said FAO strongly supports the need for long-term market trend studies and cited the Asia-Pacific Forestry Sector Outlook Study carried out under the auspices of the Asia-Pacific Forestry Commission. He informed Members that FAO had initiated a similar Forestry Outlook Study for Africa with financial support of the European Commission and the African Development Bank. He hoped that ITTO would become actively involved in the study.
177. On the issue of codes of practices for forest harvesting, Mr. Durst said FAO had recently printed and distributed the Code of Practice for Forest Harvesting in Asia-Pacific, which was developed by Member countries in the region and endorsed by the Asia-Pacific Forestry Commission. He said the Code would complement the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests and the ITTO Criteria and Indicators for Sustainable Management of Natural Tropical Forests. He expressed FAO's appreciation for the financial and technical support being provided by the Governments of Australia, Japan and the United States. He indicated that FAO was organizing a regional consultation on effective implementation of codes of logging practice in Vanuatu, in July and hoped ITTO would join the consultation in developing effective support for implementing the codes.
178. Mr. Durst informed the Council that FAO had initiated a study of the efficacy of removing natural forests from timber production as a strategy for conserving forests in Asia-Pacific. The study would focus on Thailand, Philippines, Sri Lanka, New Zealand and other countries, and would look at the implementation of logging bans as a strategy for conserving forests, and the possible implications of implementing such bans in China and Vietnam.
179. In conclusion, Mr. Durst informed the Council that FAO had released "The State of the World's Forests 1999" report.

Statement by the Producer Spokesperson

180. Dr. Untung Iskandar (Producer Spokesperson) on behalf of the Producer Group commended and acknowledged the hospitality of the people and government of Thailand, especially the Royal Forest Department for efficient organizational efforts, which made the Council Session very successful.
181. He also commended the Chairperson, Mr. Jean Williams Sollo, for his efficient and inspiring leadership during the Council Session. Dr. Iskandar expressed his appreciation to Dr. Gary Dolman, the Consumer Spokesperson for the spirit of cooperation which resulted in meaningful discussions among the caucuses.
182. He welcomed the decision to extend the mandate of the Informal Advisory Group. He, however, said there were some decisions which required careful considerations, especially by the producer Members and cited the decision on the ITTO Year 2000 Objective which called on producer Members to prepare a report on their successes and limitations in achieving sustainable forest management. He also said the Manual for Application of Criteria and Indicators would create special challenges for producing Members.
183. On the issue of appointment of a new Executive Director, Dr. Untung Iskandar urged Members to appoint the new Executive Director by consensus and avoid, as much as possible, utilizing the special vote system. In his opinion, the new Executive Director should come from a producer Member country and requested producer Members to nominate the best candidate for the position. He also welcomed the decision on the management of the Bali Partnership Fund and looked forward to its implementation. Dr. Iskandar commended the Secretariat for efficiently expediting the meetings of the Session. He also commended the efforts of Members who had been financing projects and activities of the Organization.

Statement by the Consumer Spokesperson

184. Mr. Richard Dewdney (U.K.), the alternative spokesperson for the Consumer Group, on behalf of the consumer caucus commended the hospitality of the government of Thailand and especially the Royal Forest Department. He commended the Chairperson, Mr. Jean Williams Sollo, for his exemplary leadership throughout the Session.
185. On the selection of a new Executive Director, Mr. Dewdney urged Members to make every effort to select the new Executive Director by consensus and that it was important that the selection process be seen as transparent, fair and based on objective criteria. He also said that the review of the Year 2000 Objective should enable Members demonstrate to the world what had been achieved as well as what remained to be done and that the criteria and indicators would form the basis for measuring Members progress.
186. Mr. Dewdney acknowledged the decision to link funding under the Bali Partnership Fund to priorities outlined in the Libreville Action Plan and looked forward to the final report on the downturn in the tropical timber market at the next Session.
187. He paid tribute to Dr Freezailah and praised his pioneering role in bringing ITTO to its present status in international tropical forestry. He also said, the Consumer caucus have expressed their appreciation to Dr Freezailah in the Statement adopted by Council.
188. In conclusion, Mr. Dewdney, on behalf of the Consumer Spokesperson, Dr. Gary Dolman, commended the Producer Spokesperson, Dr. Untung Iskandar for the warm and friendly atmosphere that characterized their discussions. He also commended the efforts of the Secretariat during the Session.

Statement by the Delegation of Brazil

189. Mr. Luciano Macieira (Brazil) on behalf of the Brazilian delegation thanked the government and people of Thailand for the warm and generous hospitality accorded delegates during the Session. He expressed the satisfaction of the Brazilian delegation with the fruitful results achieved at the Twenty-sixth Session of the Council. He said the decisions and recommendations of the Session would go a long way in accomplishing the goals of the Organization, particularly with regard to the ITTO Year 2000 Objective, as well as the procedures for the appointment of a new Executive Director.
190. Mr. Macieira commended the high spirit of cooperation that characterized the discussions within the producer caucus, under the competent leadership of Dr. Untung Iskandar, the Producer Spokesperson. He expressed the appreciation and gratitude of the Brazilian delegation to all donors, especially the government of Japan for financing projects of Member countries.
191. In conclusion, Mr. Macieira announced to the Council that the government of Brazil had decided to support Dr. Manoel Sobral Filho as the Brazilian candidate for the post of Executive Director of the Organization.

Statement by the Delegation of Japan

192. Mr. Kazuo Tanaka (Japan) on behalf of the delegation of Japan thanked the government of Thailand, and in particular the Royal Forest Department for their generous hospitality. He also thanked the Chairperson of ITTC, Mr. Jean Williams Sollo for his excellent guidance. Mr. Tanaka also paid tribute to the Spokespersons and the Secretariat.

Statement by the Delegation of the European Union

193. Mr. Enzo Barattini (E.U.) on behalf of the delegation of the European Union commended the Government of Thailand, especially the Royal Forest Department for hosting the Session in a memorable manner. He also thanked the Chairperson, Mr. Jean Williams Sollo (Cameroon) and acknowledged the important decisions taken at the Session under his able chairmanship. Mr. Barattini commended highly the efforts of the Officer-in-Charge, Dr. Manoel Sobral Filho for holding the fort so successfully during this transition period. He also paid tribute to all and sundry who had made the Session successful.

Statement by the Delegation of Thailand

194. M. Wanida Subansence (Thailand) on behalf of the government of Thailand, thanked the ITTC for selecting Chiang Mai as the venue for the Twenty-sixth Session of the ITTC. She paid tribute to the Chairperson, Mr. Jean Williams Sollo, for his exceptional leadership during the Session. Ms. Subansence thanked donors for funding project proposals submitted by the government of Thailand.

She also commended the efforts of the Secretariat in making the Session successful. She extended gratitude to all delegates for their active and diligent participation in the Session.

Closing Statement by the Chairperson

195. Mr. Jean Williams Sollo (Cameroon), the Chairperson of the ITTC expressed his profound gratitude to the Government and people of Thailand for successfully hosting the Twenty-sixth Session of the ITTC. He also thanked all the Members of the Council as well as Observers to the Session and noted the admission of new Observers to the Session.
196. Mr. Sollo acknowledged the adoption of important decisions at the Twenty-sixth Session and cited the decisions on the Bali Partnership Fund, and the ITTO Year 2000 Objective. He appealed to Members to contribute the needed financial resources to enable Producer Members implement programmes to achieve the goals of the Libreville Action Plan and thereby achieve sustainable management of their forest resources.
197. He recalled the fruitful discussions on the vacant position of Executive Director, following the resignation of Dr. Freezailah and urged Members to continue the consultations to enable the Council appoint a new Executive Director during the Twenty-seventh session in Yokohama.
198. Mr. Sollo recalled the discussions and the decision on Market Access and commended the efforts of Members. He was pleased that the issue would be further discussed at the next Council Session in Yokohama. The Chairperson expressed his profound gratitude to the consumer and producer spokespersons, as well as the consultants and interpreters.
199. Mr. Jean Williams Sollo finally paid tribute to Dr. B.C.Y. Freezailah, the former Executive Director, for his pioneering role and immense contribution to the growth and development of ITTO and wished him every success in his future endeavours. He invited the Council to show appreciation to Dr. Freezailah with an applause.
200. The Chairperson officially closed the Twenty-sixth Session of ITTC.

ANNEX I

LIST OF PARTICIPANTS

Document: ITTC(XXVI)/Info. 2 Rev.1

Distr.
General

ITTC(XXVI)/Info.2 Rev.1
2 June 1999

English/French/Spanish

TWENTY-SIXTH Session
28 May – 3 June 1999
Chiang Mai, Thailand

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ANNEX II

DOCUMENT: ITTC(XXVI)/1 Rev.1

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ITTC(XXVI)/1 Rev.1
25 March 1999

Original: ENGLISH

TWENTY-SIXTH SESSION
28 May – 3 June 1999
Chiang Mai, Thailand

PROVISIONAL 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. Proposed Distribution of Votes for 1999
6. Admission of Observers
7. Statement by the Officer-in-Charge
8. Informal Advisory Group - Decision 3(XXII)
 - (i) Report of the Informal Advisory Group (IAG)
[Document ITTC(XXVI)/2]
 - (ii) Assessment of IAG's role and continued existence
9. Report of the Expert Panel on the Formulation of a Manual on Methods to Compile Data on Indicators in Applying the ITTO "Criteria and Indicators for Sustainable Management of Natural Tropical Forests" - Decision 3(XXIV)
[Document ITTC(XXVI)/7]
10. Compilation and Classification of Council Decisions – Decision 2(XXV)
[Document ITTC(XXVI)/6]
11. Revision of Guidelines and Manuals relating to Project Formulation and Implementation Decisions 8(XXII) and 4(XXV)
[Document ITTC(XXVI)/8]
12. Reports by Members on Progress towards Achievement of the Year 2000 Objective – Decision 3(X)
13. Promotion of Market Access Opportunities for International Trade in Tropical Timber – Decision 2(XXIII)
[Document ITTC(XXVI)/9]
14. Progress Report on the Downturn in the International Tropical Timber Market – Decision 6(XXIV)
[Document ITTC(XXVI)/10]
15. Review of ITTO's Policy Initiatives and Projects Supportive of IPF/IFF Proposals – Decision 5(XXV)
[Document ITTC(XXVI)/12]

16. CITES Listing Proposals by Members – Decision 3(XVI)
17. Matters Related to Article 16 of the ITTA, 1994 – Decision 3(XXV)
18. Report on Options for the Frequency and Duration of Council and Committees Sessions – Decision 4(XXV)
[Document ITTC(XXVI)/11]
19. Review of Document Translation Costs – Decision 6(XXV)
[Document ITTC(XXVI)/13]
20. Report on the International Cross Sectoral Forum of Forest Fire Management in South-East Asia, Jakarta, Indonesia, 7-8 December 1998 - Decision 8(XXIV)
[Document ITTC(XXVI)/14]
21. Draft Annual Report for 1998
[Document ITTC(XXVI)/4]
22. Report of the Credentials Committee
[Document ITTC(XXVI)/3]
23. Pledges of New Voluntary Contributions to the:
 - (i) Special Account
 - (ii) Bali Partnership Fund
24. Reports of the Associated Sessions of the Committees
25. Dates and venue of the Thirtieth Session of the Council and the Associated Sessions of the Committees
26. Other Business
27. Decisions and Report of the Session
28. Closing of Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 - Opening of the Session

The Twenty-sixth Session will be opened by the Chairperson of the Council, Mr. Jean Williams Sollo (Cameroon).

Item 2 - Ascertainment of the Quorum

The Officer-in-Charge 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. However, registration shall be open from 14:30-18:00 hours on Thursday, 27 May 1999 at Room Manee 2-3 on the second floor of the Chiang Mai Plaza Hotel; and from 08:30-12:30 and 14:30-17:00 hours on Friday and Saturday, 28 and 29 May 1999 (please see General Information Notes). Late registration will be available in the ITTO Secretariat Office (Room Manee 2-3). The first Council meeting of the Session will convene at 09:30 hours on Friday, 28 May 1999.

Item 4 - Report on Membership of the Council

The Officer-in-Charge will report on the status of membership of the Council.

Item 5 - Proposed Distribution of Votes for 1999

The proposed distribution of votes for the year 1999 is reproduced as Annex to these Annotations. In accordance with Article 19(4) of the ITTA, 1994, this distribution will be used for the assessment of the contribution of each Member to the Draft Administrative Budget for 2000.

Item 6 - 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. Council may decide to examine both sets of applications separately.

Item 7 - Statement by the Officer-in-Charge

The Officer-in-Charge will address the Council on activities of the Organization and other developments of relevance to the Organization.

Item 8 - Informal Advisory Group (IAG)

[Document ITTC(XXVI)/2]

The Council may consider the report of the fourth meeting of the Informal Advisory Group (IAG) set up under Decision 3(XXII), to be convened on 27 May 1999. It will be presented by the Chairperson.

Pursuant to Decision 3(XXII), the Council may wish to assess the IAG's role and continued existence.

Item 9 - Report of the Expert Panel on the Formulation of a Manual on Methods to Compile Data on Indicators in Applying the ITTO "Criteria and Indicators for Sustainable Management of Natural Tropical Forests" - Decision 3(XXIV)

[Document ITTC(XXVI)/7]

The Council may receive the report of the Expert Panel and consider appropriate follow up action.

Item 10 - Compilation and Classification of Council Decisions - Decision 2(XXV)
[Document ITTC(XXVI)/6]

Pursuant to Decision 2(XXV), the Secretariat prepared a report compiling by subject Council Decisions classified as "under implementation" or "still relevant". The Council may wish to consider this report.

Item 11 - Revision of Guidelines and Manuals relating to Project Formulation and Implementation – Decisions 8(XXII) and 4(XXV)
[Document ITTC(XXVI)/8]

The consultants have revised their report on project related Guidelines and Manuals, taking into account the comments received from Members and Decision 4(XXV).

The Council may consider the revised Report of the Consultants [document ITTC(XXVI)/5] and take any action it considers appropriate.

Item 12 - Reports by Members on Progress towards Achievement of the Year 2000 Objective - Decision 3(X).

The Council may receive Members' reports under this agenda item.

Item 13 - Promotion of Market Access Opportunities for International Trade in Tropical Timber – Decision 2(XXIII)
[Document ITTC(XXVI)/9]

The Council may consider the final report of the consultants engaged to carry out the market access study.

Item 14 - Progress Report on the Downturn in the International Tropical Timber Market - Decision 6(XXIV)
[Document ITTC(XXVI)/10]

The Council may consider the progress report of the consultants engaged for the study on the downturn in the international tropical timber market.

Item 15 - Review of ITTO's Policy Initiatives and Projects Supportive of IPF/IFF Proposals - Decision 5(XXV)
[Document ITTC(XXVI)/12]

The Council may consider the report prepared by the Secretariat cataloguing existing ITTO policy initiatives and projects that are supportive of IPF/IFF.

Item 16 - 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 reported to the Secretariat since the last Session.

Item 17 - Matters Related to Article 16 of the ITTA, 1994 - Decisions 4(XXIV) and 3(XXV)

The Council may consider matters related to Articles 16(1) & (2) concerning the appointment of the Executive Director.

Item 18 - Report on Options for the Frequency and Duration of Council and Committees Sessions – Decision 4(XXV)
[Document ITTC(XXVI)/11]

The Council may consider the Secretariat's preliminary report on options for the frequency and duration of Council and Committees Sessions.

Item 19 - Review of Document Translation Costs – Decision 6(XXV)
[Document ITTC(XXVI)/13]

The Council may review the situation regarding the costs of document translation.

For this review the Council will receive a report from the Chairperson of the CFA.

Item 20 - Report on the International Cross Sectoral Forum of Forest Fire Management in South-East Asia, Jakarta, Indonesia, 7-8 December 1998 - Decision 8(XXIV)
[Document ITTC(XXVI)/14]

The Council may receive the Report of the above Meeting pursuant to the Item 2 of the ITTC Decision 8(XXIV). The Report includes an appendix on the deliberations of the Informal Consultation on the Niche Role for ITTO in Forest Fire Prevention and Management. Council may wish to consider appropriate follow-up action.

Item 21 - Draft Annual Report for 1998
[Document ITTC(XXVI)/4]

The Officer-in-Charge will present the draft annual report for 1998.

Item 22 - Report of the Credentials Committee
[Document ITTC(XXVI)/3]

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

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 venue of the Thirtieth Session of the Council and the Associated Sessions of the Committees

The Council has already approved the dates and venues of the following Sessions:

Twenty-seventh Session:	Yokohama, 1-6 November 1999
Twenty-eighth Session:	Lima, Peru, 24 - 30 May 2000
Twenty-ninth Session:	Yokohama, 30 October - 4 November 2000

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 and venue of the Thirtieth Session.

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 Officer-in-Charge and shall be circulated to all Members as soon as possible.

Item 28 - Closing of Session

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

ANNEX III

MEMBERSHIP OF COUNCIL AND DISTRIBUTION OF VOTES FOR MEMBER STATES FOR 1998

PROPOSED DISTRIBUTION OF VOTES FOR 1999

<u>PRODUCERS</u>	(allocated)	(proposed)	<u>No. of Votes</u>	
			1998	1999
Africa				
Cameroon			25	25
Central African Republic			25	25
Côte d'Ivoire			25	25
Democratic Republic of Congo			25	25
Gabon.			25	25
Ghana			25	25
Liberia			25	25
Republic of Congo			25	25
Togo			25	25
Asia & Pacific				
Cambodia			20	19
Fiji			15	15
India			27	26
Indonesia			144	144
Malaysia			127	131
Myanmar			26	25
Papua New Guinea			34	34
Philippines			16	16
Thailand			17	17
Latin America				
Bolivia			29	27
Brazil			159	157
Colombia			26	24
Ecuador			17	17
Guyana			19	18
Honduras			15	14
Panama			14	13
Peru			29	28
Suriname			17	16
Trinidad and Tobago			--	12
Venezuela			24	22
Total:			<u>1,000</u>	<u>1,000</u>

	<u>No. of Votes</u>	
	1998 (allocated)	1999 (proposed)
<u>CONSUMERS</u>		
Australia	16	16
Canada	13	14
China	131	137
Egypt	15	15
European Union		
Austria	11	11
Belgium/Luxembourg	20	21
Denmark	12	13
Finland	10	10
France	38	34
Germany	30	29
Greece	12	11
Italy	38	33
Netherlands	29	28
Spain	25	26
Sweden	11	11
United Kingdom	39	39
Japan	344	356
Nepal	10	10
New Zealand	10	10
Norway	10	10
Republic of Korea	98	95
Switzerland	11	11
United States of America	67	60
Total:	<u>1,000</u>	<u>1,000</u>

ANNEX IV

TEXT OF THE MAIN DECISIONS AND STATEMENT

ADOPTED BY THE COUNCIL AT ITS TWENTY-SIXTH SESSION

Documents:	DECISION 1(XXVI)	ITTC(XXVI)/15 Rev.1
	DECISION 2(XXVI)	ITTC(XXVI)/16
	DECISION 3(XXVI)	ITTC(XXVI)/17 Rev.1
	DECISION 4(XXVI)	ITTC(XXVI)/18
	DECISION 5(XXVI)	ITTC(XXVI)/19
	DECISION 6(XXVI)	ITTC(XXVI)/20 Rev.1
	DECISION 7(XXVI)	ITTC(XXVI)/21
	DECISION 8(XXVI)	ITTC(XXVI)/22 Rev.1
	DECISION 9(XXVI)	ITTC(XXVI)/23 Rev.1
	DECISION 10(XXVI)	ITTC(XXVI)/24 Rev.1
	STATEMENT 1(XXVI)	ITTC(XXVI)/25Rev.1

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ITTC(XXVI)/15 Rev.1
3 June 1999

Original: ENGLISH

TWENTY-SIXTH SESSION
28 May – 3 June 1999
Chiang Mai, Thailand

DECISION 1(XXVI)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Twenty-sixth Session the recommendations of the three Committees on Projects and Pre-Projects, as contained in documents CEM(XXIV)/5, CRF(XXIV)/14 Rev.1 and CFI(XXIV)/9;

1. Decides:

(i) to approve the following Projects:

PD 39/98 Rev.2 (M)	Research on Value Accounting of Tropical Forest Environmental Resources and Bringing it in Line with the National Economic Accounting in China (\$ 340,774.00)
PD 40/98 Rev.2 (F)	Preparation for the Implementation of a Community-Based Sustainable Forest Development Plan in the Miguel River Basin, District of Donoso (\$ 614,485.00)
PD 46/98 Rev.3 (I)	Development of the Indian Rubberwood Industry – Phase I (\$ 283,097.00)
PD 47/98 Rev.2 (M)	Establishing a Data Collection and Dissemination System on a Sustainable Basis for Timber Marketing Statistics in Cameroon (\$ 271,198.00)
PD 2/99 Rev.2 (F)	Preparatory Studies to Install a Continuous Monitoring System for the Sustainable Management of Thailand's Forest Resources (\$ 681,034.00)
PD 3/99 Rev.2 (F)	An Assessment of the Status of Conservation Areas in Sabah, Malaysia (\$ 391,616.00)
PD 7/99 Rev.1 (F)	East New Britain Balsa Industry Strengthening Project - Phase II (\$ 325,468.00)
PD 9/99 Rev.2 (F)	Sustainable Management of Missahoe Reserved Forest Forestry Resource with the Participation of the Local Rural Communities for an Optimal Timber Production (\$ 384,524.00)
PD 10/99 Rev.3 (F)	Selection and Cultivation of Fast-Growing and High-Yielding Strains of Rubber Trees for Timber Production in Hainan, China (\$ 385,138.00)

PD 13/99 Rev.2 (M,F,I)	ITTO Information Network – Phase I and Phase II (Phase I - \$ 505,556.00 Phase II - \$ 516,106.00)
PD 14/99 Rev.2 (I)	General Nomenclature of Tropical Timber (\$ 113,413.00)
PD 16/99 Rev.2 (F)	Development of Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area – Phase III (\$ 743,775.00)
PD 17/99 Rev.1 (F)	National Forest Inventory and Forest Resource Monitoring Program in Bolivia (INFOBOL-2000) (Phase I - \$ 1,374,006.00 Phase II - \$ 992,644.00)
PD 18/99 Rev. 1 (M,F,I)	Latin American Forestry Congress (\$ 220,495.00)
PD 21/99 Rev.1 (F)	International Conference on Timber Plantation Development (\$ 98,203.00)
PD 22/99 Rev.1 (F)	Study on the Behavior of Native Timber Species of Commercial Value in the Tropical Moist Forests of Honduras – Phases I and II (Phase I - \$ 802,855.00 Phase II – 466,099.00)
PD 23/99 Rev.2 (F)	Testing of ITTO Revised Criteria and Indicators and Dissemination of Results Applying to Cameroon (\$ 172,136.00)
PD 27/99 Rev.2 (F)	Pilot Project for the Sustainable Management of the So-o Lala Forest – Phase II (\$ 246,304.00)
PD 28/99 Rev.2 (F)	A Scientific and Technical Workshop for S.E. Asia on Forest Restoration for Wildlife Conservation (\$ 36,514.00)
PD 34/99 Rev.1 (I)	Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (\$ 577,909.00)
PD 38/99 Rev.1 (F,I)	Demonstration Community Forest Management in the Natural Cloud Forests of the Urumba Basin, San Ignacio, Peru (\$ 443,100.00)
PD 40/99 Rev.2 (I)	Fourth Plywood and Tropical Timber International Congress (\$ 175,658.00)

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

PD 39/98 Rev.2 (M)	(\$ 340,774.00)
PD 2/99 Rev.2 (F)	(\$ 681,034.00)
PD 3/99 Rev.2 (F)	(\$ 391,616.00)
PD 7/99 Rev.1 (F)	(\$ 325,468.00)
PD 9/99 Rev. 2 (F)	(\$ 384,524.00)
PD 10/99 Rev.3 (F)	(\$ 385,138.00)
PD 16/99 Rev.2 (F)	(\$ 743,775.00)
PD 21/99 Rev.1 (F)	(\$ 98,203.00)

PD 23/99 Rev.2 (F)	(\$ 172,136.00)
PD 27/99 Rev.2 (F)	(\$ 246,304.00)
PD 28/99 Rev.2 (F)	(\$ 36,514.00)
PD 34/99 Rev.2 (I)	(\$ 577,909.00)
PD 38/99 Rev.1 (F,I)	(\$ 443,100.00)
PD 40/99 Rev.2 (I)	(\$ 175,658.00)

- (iii) to authorize the release of additional funds for the continued implementation of the following Projects:

PD 1/93 Rev.1 (M,F,I)	(\$ 200,000.00)
PD 73/89 (M,F,I)	(\$ 170,000.00)

- (iv) to authorize the release of additional funds for the extended implementation of the following Project:

PD 26/93 Rev.1 (F)	(\$ 37,100.00)
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- (v) to authorize financing for immediate implementation as soon as funds are available in the Special Account, of the following Projects approved at this Session:

PD 40/98 Rev.2 (F)	(\$ 614,485.00)
PD 46/98 Rev.3 (I)	(\$ 283,097.00)
PD 47/98 Rev.2 (M)	(\$ 271,198.00)
PD 13/99 Rev.2 (M,F,I)	Phase I – (\$ 505,556.00)
Phases I and II	Phase II – (\$ 516,106.00)
PD 14/99 Rev.2 (I)	(\$ 113,413.00)
PD 17/99 Rev.1 (F)	Phase I – (\$ 1,374,006.00)
Phases I and II	Phase II – (\$ 992,644.00)
PD 18/99 Rev.1 (M,F,I)	(\$ 220,495.00)
PD 22/99 Rev.1 (F)	Phase I – (\$ 802,855.00)
Phases I and II	Phase II – (\$ 466,099.00)

2. Decides:

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

PPD 1/99 Rev.2 (I)	Human Resources Development for the Improvement of Forest Industry in Cambodia (\$ 58,363.00)
PPD 2/99 Rev.1(F)	A Model Forest Management Area in Papua New Guinea (\$ 95,267.00)
PPD 4/99 Rev.2 (F)	Pre-Project for the Protection and Sustainable Use of Forest Resources in the Special Management Area of Darien (\$ 58,236.00)
PPD 5/99 Rev.1 (F)	Development of a Model Forest for Sustainable Forest Management in Thailand (\$ 82,079.00)
PPD 7/99 Rev.1 (F)	Initiative to Develop a Conservation Project for the Condor Range Region (\$ 177,367.00)
PPD 8/99 (F)	Identifying an Indigenous Forest Plantation Strategy for Fast-Growing Tropical Species in the Nyong Valley, Central Province of Cameroon (\$ 31,125.00)

PPD 10/99 Rev.1 (I)	Utilization of Small Logs from Forest Plantation in Thailand (\$ 54,333.00)
PPD 11/99 Rev.1 (I)	Development of the Rubberwood Industry in Côte d'Ivoire – Phase I (\$ 130,504.00)
PPD 12/99 (F)	Sustainable Tropical Forest Management through Community Participation in India (\$ 59,186.00)

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

PPD 1/99 Rev.2 (I)	(\$ 58,363.00)
PPD 5/99 Rev.1 (F)	(\$ 82,079.00)
PPD 7/99 Rev.1 (F)	(\$ 177,367.00)
PPD 8/99 (F)	(\$ 31,125.00)
PPD 11/99 Rev.1 (I)	(\$ 130,504.00)
PPD 12/99 (F)	(\$ 59,186.00)

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

PPD 2/99 Rev.1 (F)	(\$ 95,267.00)
PPD 4/99 Rev.2 (F)	(\$ 58,236.00)
PPD 10/99 Rev.1 (I)	(\$ 54,333.00)

3. Decides:

- (i) to approve the following activities and to authorize financing for immediate implementation:
- Expert Panel for Technical Appraisal of Project Proposals, Eighteenth Meeting (\$95,000.00); and
 - Publication and distribution of the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests (\$ 55,500.00) – [Decision 3(XXVI)].
- (ii) to authorize financing for immediate implementation as soon as funds are available in the Special Account, of the following activities approved at this Session and invite Members to make contributions to the Special Account for such purposes:
- Workshops to train the trainers for the wide use and implementation of the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests [Decision 3(XXVI)];
 - Consultants to conduct field testing of the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests [Decision 3(XXVI)];
 - Consultants to undertake a study on the Assessment of the Sustainability of Forests [Decision 9(XXVI)]; and
 - Consultants to prepare: (a) a report on Members' progress towards achieving the Year 2000 Objective; (b) a report on ITTO's contribution towards enhancing the capacity of member countries to implement a strategy for achieving the Year 2000 Objective [Decision 10(XXVI)].

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

PD 40/96 Rev.5 (M)	(\$ 274,300.00)
PD 3/98 Rev.1 (F)	(\$ 229,315.00)
PD 4/98 Rev.1 (F)	(\$ 428,006.00)
PD 15/98 Rev.2 (M)	(\$ 471,691.00)
PD 31/98 Rev.1 (F)	(\$ 105,500.00)
PD 49/98 Rev.1 (F)	(\$ 589,543.00)
PD 51/98 Rev.1 (F)	(\$ 490,966.00)

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. 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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TWENTY-SIXTH SESSION
28 May – 3 June 1999
Chiang Mai, Thailand

DECISION 2(XXVI)

REVISION OF PROJECT RELATED GUIDELINES AND MANUALS

The International Tropical Timber Council,

Recalling Decision 8(XXII) on the revision of project related Guidelines and Manuals,

Welcoming the Report on the revision of project-related Guidelines and Manuals [ITTC(XXVI)/8] as produced by two consultants and presented to the Council at its Twenty-sixth Session and which contains the revised *ITTO Manual for Project Formulation*, the revised *ITTO Manual for Project Monitoring, Review and Evaluation* and the *Manual on Rules and Procedures for Project Implementation*.

Considering the comments and the advice of the Open-ended Informal Working Group, which evaluated the report during the Twenty-sixth Session of the Council,

Decides to:

1. Adopt the revised ITTO Manual for Project Formulation and the revised ITTO Manual for Project Monitoring, Review and Evaluation subject to amendments proposed by Members during the Twenty-sixth Session.
2. Recommend to member countries to promote the use of the revised manuals and to request member countries to submit from December 1999 new (pre)project proposals exclusively based on the revised ITTO Manual for Project Formulation approved under this Decision.
3. Request member countries to provide any feedback on the use of the revised manuals to the Secretariat before 1 February 2000 to further improve the manuals.
4. Request the Executive Director to evaluate suggestions for improvement and to propose consequently any modifications to the revised manuals at the Twenty-eighth Council Session.
5. Request the Executive Director to assess the new Manual on Rules and Procedures for Project Implementation and to propose any modifications, which are deemed necessary at the next Council Session.
6. Recommend the immediate training for the use of the revised manuals among others through the facilities provided by the project PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation."
7. Invite donor members and other sources to contribute the necessary resources to the Special Account to finance the training workshop set out above.

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DECISION 3 (XXVI)

THE APPLICATION OF CRITERIA AND INDICATORS FOR SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS

The International Tropical Timber Council,

Recalling Decision 3(XXIV) on "Criteria and Indicators for Sustainable Management of Natural Tropical Forests," which encourages Member countries to apply the revised ITTO Criteria and Indicators for reporting in relation to the Year 2000 Objective and urges countries to prepare projects to test the revised ITTO Criteria and Indicators;

Also recalling Decision 8(XXV) on "Management of the Bali Partnership Fund" and noting that implementation of Criteria and Indicators for Sustainable Forest Management also supports the goals of the Bali Partnership Fund;

Also noting that many ITTO Member countries are also members of regional and international Criteria and Indicators initiatives;

Recognizing that sets of Criteria and Indicators are used worldwide to measure progress and make decisions in the sustainable management of forests;

Further noting that the "Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests" will assist Member countries in implementation of Criteria and Indicators;

Also recognizing that the Manual will require further revision as it is tested in the field;

Decides to:

1. Adopt the "Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests";
2. Request the Executive Director to publish the Manual and to widely circulate it to Members and relevant international organizations, particularly to the regional and international Criteria and Indicators initiatives;
3. Authorize the Executive Director to arrange financing from the Special Account to meet the cost of publication and circulation of the Manual, and invite Members to contribute to the Special Account for this purpose;
4. Request the Executive Director to organize workshops to train the trainers for the wide use and implementation of the Manual, based on the attached Terms of Reference in the Annex to the decision;
5. Encourage Member countries to test the Manual in the field;

6. Request the Executive Director to engage two consultants to conduct testing of the Manual in the field, drawing on country experiences where relevant, based on the attached Terms of Reference in the Annex to the decision;
7. Review the Manual on the basis of the experience acquired and on the consultants' report on field tests;
8. Authorize the Executive Director to arrange financing from the Special Account for the workshops and testing of the Manual by the consultants, and invite Members to contribute to the Special Account for these purposes;
9. Request the Executive Director to cooperate with and support regional and international Criteria and Indicator initiatives worldwide, consistent with the mandate of the ITTO;
10. Request the Executive Director to facilitate active ITTO participation in and representation at international Criteria and Indicators working groups that may be convened to consider common definitions of key concepts and terms related to Criteria and Indicators.

ANNEX FOR DECISION 3(XXVI)

**TERMS OF REFERENCE FOR THE CONSULTANTS FOR TRAINING AND FIELD TESTING OF THE
MANUAL FOR THE APPLICATION OF CRITERIA AND INDICATORS FOR SUSTAINABLE MANAGEMENT
OF NATURAL TROPICAL FORESTS**

- Assist the Executive Director to organize and implement four ITTO regional workshops (in Asia, Africa, and Latin America) to train the trainers on the effective use of the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests. The aim of the workshops is to train the participants to enable them to provide instructions to others at the national and forest management unit levels on the proper use of the Manual.
- In addition to surveying the participants of the above workshops visit four producer countries to evaluate the clarity of the Manual and test if it can be applied effectively and consistently in a range of country conditions. This testing would be done at both the national and forest management unit levels.
- Testing of the Manual should be done making use of the experience of, and in cooperation with, an organization, such as CIFOR, that has experience in field testing of criteria and indicators.
- Based on the experience, from both the training workshops and the field visits, make recommendations to ITTO to revise the Manual and its practical applications.

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28 May – 3 June 1999
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DECISION 4(XXVI)

FREQUENCY AND DURATION OF THE SESSIONS OF COUNCIL AND COMMITTEES

The International Tropical Timber Council,

Recalling Decision 4(XXV), which requested the Executive Director to prepare for consideration of the Council a preliminary paper on options for the frequency and duration of the sessions of Council and Committees with a view to further strengthening and streamlining the work of Council and Committees;

Also recalling Decision 7(XXV) on the endorsement of the Work Programme for 1999 pursuant to the point 3 of the Libreville Action Plan and in particular its point 4;

Welcoming the preliminary paper on options for the frequency and duration of the sessions of Council and Committees [ITTTC(XXVI)/11];

Noting the deadline for reassessing the frequency and duration of the sessions of Council and Committees mentioned in Decision 5(XXII) regarding duration of Council sessions and the need for preparation;

Stressing the need to improve the overall cost efficiency of the work done by ITTO;

Decides to:

1. Request the Executive Director to:
 - i. Continue to monitor the six-days Council Sessions;
 - ii. Present a paper for discussion by the Council at its Twenty-seventh Session which will:
 - a) identify the information Members and the ITTO Secretariat need to collect in order to facilitate the review and reassessment of the frequency and duration of the sessions of Council and Committees as mentioned in Decision 5(XXII);
 - b) make proposals regarding the methodology for reviewing and reassessing the frequency and duration of the sessions of Council and Committees.
2. Encourage Members to further reflect on the potential rationalization of the work of Council and Committees and provide comments to the Secretariat that would assist it in implementing this decision.

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28 May – 3 June 1999
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DECISION 5(XXVI)
INFORMAL ADVISORY GROUP (IAG)

The International Tropical Timber Council,

Recalling Decision 3(XXII) which established the Informal Advisory Group (IAG) and called for a reassessment of its role and continued existence at the Twenty-sixth Session of the Council;

Recognising the supreme role of Council to provide effective leadership within the ITTO and to make decisions which direct the work of the Organization;

Welcoming the contribution which the IAG has made in providing advice to Council;

Noting the continuing need for Council to proactively identify and discuss relevant policy issues;

Decides to:

1. Renew the mandate of the IAG up to the Thirtieth Session of the Council and reassess its role and continued existence at that Session;
2. Continue to apply the Terms of Reference of Decision 3(XXII) as attached to this decision.

TERMS OF REFERENCE FOR THE INFORMAL ADVISORY GROUP (IAG) ON ORGANIZATION OF WORK UNDER THE ITTA, 1994

Composition of the IAG

The IAG shall comprise the Chair and Vice-chair of the Council, the four Committee Chairs, the two Spokespersons of the producer and consumer groups, a representative of the host country of ITTO Headquarters and the Executive Director;

Roles and Responsibilities of the IAG

Under the direction of the Council, the IAG shall:

1. Receive, generate, synthesize and provide advice to Council, and in this context, review previous Council decisions, assess and advise Council on the need to sunset or further examine previous Council decisions in the light of ITTA, 1994;
2. Consider, in the context of the overall policy and strategic priorities of the Council, priorities related to public relations and public education of the ITTO;
3. Advise Council on ITTO's coordination and cooperation priorities with external agencies and organizations; for further decision and implementation of appropriate action by the Council;

Mode of Operation

1. The IAG shall be chaired by the Chairperson of Council or, in his or her absence, the Vice-chair of Council;
2. The IAG may propose informal Joint Producer/Consumer sessions to address policy options and strategies during Council Sessions;
3. The IAG shall meet prior to Council sessions for one half or one full day as necessary, during and following Council sessions. Intersessional work of the IAG shall be performed by e-mail, telephone, facsimile and mail;
4. The IAG shall be supported by the Secretariat to the extent needed to plan meetings, provide meeting support and undertake any necessary intersessional work.

Relationship to other ITTO Organizational Entities

The IAG shall take direction only from the Council and shall not give direction to, nor take direction from, the Committees, the Bureau, the producer/consumer groups, individual members or the Secretariat.

Financial Implications

Costs associated with any necessary intersessional work of the IAG shall be met through in-kind support from the organizations with which IAG members are associated. Costs to the ITTO of the establishment of the IAG shall be related to administrative support to be provided by the Secretariat for the effective and efficient functioning of the IAG.

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DECISION 6(XXVI)

MANAGEMENT OF THE BALI PARTNERSHIP FUND AND FUNDING OF ACTIONS DEFINED BY THE ITTO ACTION PLAN

The International Tropical Timber Council,

Recalling Decision 9(XXIV) on the adoption of the Libreville Action Plan of the ITTO and the scope of the ITTO Libreville Action Plan to help members to achieve the Year 2000 Objective of the ITTO which is an open-ended process;

Also recalling Decision 7(XXV) on the endorsement of the Work Programme for 1999 pursuant to point 3 of the ITTO Libreville Action Plan;

Further recalling Decision 6(XXIII) concerning the revision of Rules of Procedure, Financial Rules and Rules Relating to Projects of the ITTO, Decision 8(XXV) concerning the management of the Bali Partnership Fund, the Financial Rules, and Rules relating to Projects of the ITTO [Doc. No. CFA(II)/5 Rev.2];

Noting the need to build upon Decision 8(XXV) regarding the management of the Bali Partnership Fund;

Stressing the need to secure the financial resources necessary to implement the Programme of Work of the ITTO based on the current ITTO Action Plan and other actions of the Action Plan the Council may decide to implement;

Decides to:

1. Build upon Decision 8(XXV) to:
 - i. Establish two sub-accounts: A) the sub-account for country specific actions, pre-projects and projects; B) the sub-account for non-country specific actions, pre-projects and projects.
 - ii. Determine eligibility for funding out of sub-account A as:
 - (a) actions, pre-projects and projects implementing those activities captured under the goals of the current ITTO Action Plan that would encourage and assist members as appropriate;
 - (b) actions, pre-projects and projects eligible for funding through the Special Account upon decision of the donor country.
 - iii. Determine the eligibility for funding out of sub-account B as: pre-projects, projects, and Council decisions which implement those actions captured under the goals set in the current ITTO Action Plan that are non-country specific.

TWENTY-SIXTH SESSION
28 May – 3 June 1999
Chiang Mai, Thailand

DECISION 6(XXVI)

MANAGEMENT OF THE BALI PARTNERSHIP FUND AND FUNDING OF ACTIONS DEFINED BY THE ITTO ACTION PLAN

The International Tropical Timber Council,

Recalling Decision 9(XXIV) on the adoption of the Libreville Action Plan of the ITTO and the scope of the ITTO Libreville Action Plan to help members to achieve the Year 2000 Objective of the ITTO which is an open-ended process;

Also recalling Decision 7(XXV) on the endorsement of the Work Programme for 1999 pursuant to point 3 of the ITTO Libreville Action Plan;

Further recalling Decision 6(XXIII) concerning the revision of Rules of Procedure, Financial Rules and Rules Relating to Projects of the ITTO, Decision 8(XXV) concerning the management of the Bali Partnership Fund, the Financial Rules, and Rules relating to Projects of the ITTO [Doc. No. CFA(II)/5 Rev.2];

Noting the need to build upon Decision 8(XXV) regarding the management of the Bali Partnership Fund;

Stressing the need to secure the financial resources necessary to implement the Programme of Work of the ITTO based on the current ITTO Action Plan and other actions of the Action Plan the Council may decide to implement;

Decides to:

1. Build upon Decision 8(XXV) to:
 - i. Establish two sub-accounts: A) the sub-account for country specific actions, pre-projects and projects; B) the sub-account for non-country specific actions, pre-projects and projects.
 - ii. Determine eligibility for funding out of sub-account A as:
 - (a) actions, pre-projects and projects implementing those activities captured under the goals of the current ITTO Action Plan that would encourage and assist members as appropriate;
 - (b) actions, pre-projects and projects eligible for funding through the Special Account upon decision of the donor country.
 - iii. Determine the eligibility for funding out of sub-account B as: pre-projects, projects, and Council decisions which implement those actions captured under the goals set in the current ITTO Action Plan that are non-country specific.

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DECISION 7(XXVI)

DOCUMENT TRANSLATION COSTS

The International Tropical Timber Council,

Recalling its Decision 5(XI) on the "Programme Support" in the Special Account which are to be charged to projects, pre-projects and activities;

Recalling also its Decision 4(XV) which decided that 0.5% of the total budget for all projects, pre-projects and activities, to be placed in a pool of funds to be used solely to defray the costs of translating project and pre-project proposals;

Recalling also its Decision 6(XXV) which decided to review the costs of translation at the Twenty-sixth Session;

Acknowledging with gratefulness the continued willingness of the Government of Japan to bear the translation costs of all project and pre-project proposals, Council and other Committee documents;

Acknowledging also the efforts made by the Secretariat in exercising measures to achieve savings in costs of translation of documents as requested by Council in its Decision 2(XXV);

Noting the recommendations made by the Committee on Finance and Administration at its Fifth Session regarding its review of translation costs in the Programme Support;

Decides to:

1. Authorize the transfer of an amount of US\$150,800.00 from the General Programme Support to the component of "Translation Costs" in the Programme Support to eliminate most of the deficit incurred in that account as at the end of the financial year 1998;
2. Maintain the charges to be deducted in all budgets of projects, pre-projects and activities, to defray the costs of translating project and pre-project proposals at the current percentage of 0.50% as decided in Decision 4(XV);
3. Continue to monitor the resources of the "Translation Costs" component in the Programme Support Fund until its Session in mid-2001 and to request the Secretariat to prepare a document showing the expenditures and income under the component of "Translation Costs" to facilitate discussion at that Session.

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DECISION 8(XXVI)

MATTERS RELATED TO ARTICLE 16 OF THE ITTA, 1994

The International Tropical Timber Council,

Recalling Article 16 of the ITTA, 1994;

Further recalling Decision 4(XXIV) and 3(XXV) on matters related to Article 16 of the ITTA, 1994, including the transitional rules in Annex 2 of Decision 4(XXIV);

Noting that the position of Executive Director is vacant due to the resignation of Dr. B.C.Y. Freezailah, effective 24 March 1999;

Decides to:

1. Request the Officer-in-Charge to take action to advertise the position, using the text in the Annex to this Decision, in the ITTO newsletter, on the ITTO homepage, in "The Economist", in "Le Monde" and in "El Pais (Madrid)", and through national governments. The advertisement shall be published by 30 June 1999;
2. Establish a panel composed of four producer members, plus the caucus spokesperson, and four consumer members, plus the caucus spokesperson, to examine the applications and agree on an indicative short list of no more than six names, with at least half of these to be from producer Members, and each candidate must be endorsed by his/her government. Each Member is entitled to endorse only one candidate. The Panel shall meet and finalize its work before 30 September 1999 and shall circulate its report to Members by 5 October 1999. The Panel will elect co-chairs from the producers and consumers panel Members;
3. Urge Members to inform their candidates to submit their applications by 14 September 1999 at 17:00 hours (Japan time), taking into account that each Member is entitled to endorse only one candidate;
4. Instruct the Panel to consider only applications accompanied by endorsement from the government of the ITTO Member country of which the applicant is a national;
5. Request the producer and consumer caucuses to discuss the short list of candidates prepared by the Panel and to present their conclusions to the Council at its Twenty-seventh Session;
6. Select the Executive Director, if possible at its Twenty-seventh Session, if not by consensus, by special vote;
7. Authorize the Officer-in-Charge to transfer an amount not exceeding US\$ 100,000.00 from the Working Capital Account to the Administrative Account to meet the costs of advertising the position of Executive Director and the work of the Panel.

ANNEX FOR DECISION 8(XXVI)

VACANCY FOR THE POSITION OF THE EXECUTIVE DIRECTOR OF ITTO

The International Tropical Timber Organization (ITTO), a commodity organization headquartered in Yokohama, Japan is in the process of appointing a new Executive Director. The ITTO mission is to facilitate discussion, consultation and international cooperation on issues relating to the international trade and utilization of tropical timber and the sustainable management of its resource base.

The Executive Director is the chief administrative officer of the International Tropical Timber Organization and is responsible to the International Tropical Timber Council for the administration and operation of the International Tropical Timber Agreement, 1994, in accordance with decisions of the Council.

Candidates with the following qualifications may apply:

1. Professional experience

- (i) Managerial experience - a proven track record in managing programs, staff and finances preferably in matters relevant to the work of the ITTO;
- (ii) International experience - previous governmental work and experience in dealing with international organizations.

2. Background

Advanced degree, preferably in matters relevant to the work of the ITTO.

3. Language

Proven ability in both oral and written communication in one or preferably more of the working languages (English, French and Spanish) of the ITTO.

4. Nationality

Candidates should be nationals of ITTO Member countries and should be endorsed by their respective governments. Only one candidate per country can be endorsed.

Salary and Emoluments

Salary is equivalent to that of an Assistant Secretary General (ASG) in the scale of the United Nations, including benefits such as removal expenses, home leave travel every 24 months, children's education grant, rental subsidies, etc.

Any national of an ITTO Member country (see list below) may apply. Interested persons must submit their applications for ITTO consideration accompanied by a letter of formal endorsement from the Government of their respective countries. A list of ITTO contact points in member countries can be obtained upon request from the ITTO Secretariat at:

International Tropical Timber Organization (ITTO)
International Organizations Center, 5th Floor
Pacifico-Yokohama, 1-1-1, Minato-Mirai
Nishi-ku, Yokohama, Japan 220-0012

Tel: (81-45) 223-1110
Fax: (81-45) 223-1111
E-mail: itto@mail.itto-unet.ocn.ne.jp

Applicants should seek Government endorsement by 31 August 1999. Government endorsed applications should be received at ITTO headquarters by 14 September 1999.

List of ITTO Member Countries

PRODUCERS

Africa

Cameroon
Central African Republic
Côte d'Ivoire
Democratic Republic of Congo
Gabon
Ghana
Liberia
Republic of Congo
Togo

Asia & Pacific

Cambodia
Fiji
India
Indonesia
Malaysia
Myanmar
Papua New Guinea
Philippines
Thailand

Latin America

Bolivia
Brazil
Colombia
Ecuador
Guyana
Honduras
Panama
Peru
Suriname
Trinidad & Tobago
Venezuela

CONSUMERS

Australia
Canada
China
Egypt

European Union

Austria
Belgium/Luxembourg
Denmark
Finland
France
Germany
Greece
Italy
Netherlands
Spain
Sweden
United Kingdom

Japan
Nepal
New Zealand
Norway
Republic of Korea
Switzerland
United States of America

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DECISION 9(XXVI)
MATTERS RELATING TO MARKET ACCESS

The International Tropical Timber Council,

Recalling Decision 2(XXI) and Decision 2(XXIII) on market access opportunities for international trade in tropical timber;

Noting the report and recommendations of the two consultants on trade impediments to market access for tropical timber;

Further noting the concerns and comments of ITTO member countries on the issue of market access for tropical timber in the annual market discussions;

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

Recognising the importance of improving public understanding of the potential positive contribution of international tropical timber trade to sustainable forest management;

Decides to:

1. Request members to inform the Council at the Twenty-eighth Session on progress made with regard to measures undertaken to eliminate possible obstacles to market access for tropical timber as a possible means to facilitate sustainable forest management pursuant to Decision 2(XXI);
2. Request the Executive Director to undertake greater efforts to foster better understanding of the role and activities of ITTO in member countries as well as the role of tropical timber trade in contributing towards sustainable forest management. These efforts could include dissemination of information on:
 - i) efforts and progress towards sustainable forest management in producer countries;
 - ii) the problem and causes of tropical deforestation;
 - iii) the role of trade in contributing towards sustainable forest management.
3. Request the Executive Director to explore the options and issues concerning holding Council Sessions in consuming countries taking into considerations cost implications, logistics, benefits, etc.;
4. Request the Executive Director to inform members once a year on the actions taken in 2 above;
5. Request the Executive Director to undertake a study on the Assessment of the Sustainability of Tropical Forests as per attached Terms of Reference;

6. Authorize the Executive Director to engage two consultants, one from producer and the other from consumer country to undertake a study and to present a preliminary report at the Twenty-eighth Session;
7. Authorize the Executive Director to arrange for financing the two consultants from the Special Account and urge member countries to contribute to the Special Account for this purpose.

* * *

**TERMS OF REFERENCE FOR A STUDY ON
THE ASSESSMENT OF THE SUSTAINABILITY OF FORESTS**

1. Survey existing auditing systems and/or protocols for demonstrating sustainable forest management by drawing on the experiences of the public and private sectors of Member countries, building upon existing studies as much as possible.
2. Identify areas of commonality amongst such systems.
3. Identify essential elements of an auditing systems for demonstrating the sustainable management of tropical forests.
4. Examine and analyse the implications for developing an auditing systems for demonstrating the sustainable management of tropical forests in terms of:
 - human resources and training;
 - cost;
 - development and implementation time;
 - steps required for development; and
 - relationship with ITTO's criteria and indicators.
5. Identify options for further work to improve market opportunities for tropical timber.

* * *

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3 June 1999

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TWENTY-SIXTH SESSION
28 May – 3 June 1999
Chiang Mai, Thailand

DECISION 10(XXVI) ITTO YEAR 2000 OBJECTIVE

The International Tropical Timber Council,

Recalling the ITTO Action Plan, 1990, Document ITTC (VIII) D.I. 1990 and the Libreville Action Plan;

Further recalling Decision 3(X) on the strategy by which, through international collaboration and national policies and programmes, ITTO members will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed resources by the year 2000;

Noting Decision 8(XX) on the Mid-Term Review of Progress Towards Achievement of the ITTO Year 2000 Objective, particularly with regard to the priority actions as set out in Annex B of the Decision;

Further noting Decision 3(XXIV) which encourages member countries to consider applying the revised ITTO Criteria and Indicators for reporting to ITTO in relation to the Year 2000 Objective;

Also noting the approaching year 2000 and recognising that progress towards achieving sustainable management of tropical forests is on-going;

Underlining the importance of Article 1(d) of the ITTA, 1994, towards enhancing the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000, and its relation to Article 21 regarding the Bali Partnership Fund;

Recognising the need for reporting to identify factors promoting and impeding progress towards achieving the Year 2000 Objective in order to make further advances;

Decides to:

1. Undertake a preliminary review at its Twenty-eight Session of the progress made by:
 - (a) member countries towards achieving the Year 2000 Objective;
 - (b) the ITTO in enhancing the capacity of member countries to implement a strategy for achieving the Year 2000 Objective.
2. Request each member to provide to the Executive Director by 1 November 1999 an overview on the progress achieved towards the Year 2000 Objective, on the basis of the format used for the Mid-Term Review, as set out in the Annex of Decision 4(XIV), attached to this decision as Annex A, taking into account the revised ITTO Criteria and Indicators where possible, and with emphasis on the priority activities as set out in Annex B of Decision 8(XX), attached to this decision as Annex B.
3. Request the Executive Director to engage two consultants, one from a producer member country and one from a consumer member country, to prepare for circulation to members by 31 March 2000 on the basis of the terms of reference attached to this Decision as Annex C:
 - (a) a report on members' progress towards achieving the Year 2000 Objective;

- (b) a report on ITTO's contribution towards enhancing the capacity of member countries to implement a strategy for achieving the Year 2000 Objective.
- 4. Authorise the Executive Director to arrange the financing for the consultants from the Special Account and invite members to contribute to the Special Account for this purpose.

ANNEX A

INFORMATION SHARING

The following format has been agreed by the Council to assist Members in the preparation of information as required under Articles 27 and 28 and for informing the Council of progress towards meeting the Year 2000 Target.

In agreeing to this format, Council sought to rationalise the various statistical and other returns which are requested by the Organization into one which would be completed annually. However, Members would continue to be encouraged to provide updated data to the Organization as soon as possible.

The Council would expect Members to provide information only on those aspects relevant to their own specific circumstances and which are within the scope of the Agreement. At the same time Council recognised the benefits to be gained from information sharing for individual Members, in promoting the activities of the Organization and objectives of the ITTA and encouraged Members to provide as comprehensive information as possible.

Council recognises that the availability of data is presently limited for some Members and that this will affect their ability to prepare this information.

FORMAT

1. INTRODUCTION/SUMMARY

2. INSTITUTIONAL AND POLICY FRAMEWORK

- Legal and institutional framework for relevant national forest policy and implementation of relevant forest management plans.
- Relationship of ITTO Decisions, the Year 2000 Target and ITTO Guidelines to national forest policy.
- Relevant legislation and other measures affecting trade in timber.
- Measures to increase the efficiency of relevant timber utilisation and promote production of value added timber products.

3. FOREST RESOURCE BASE

- Areas and distribution of relevant protection forests, production forests and plantations and their relation to national goals and targets.
- Plantation establishment targets and annual planting regimes.

4. PRODUCTION AND TRADE OF LOGS, SAWNWOOD, VENEER, PLYWOOD

(where possible, trade data should be based on the internationally agreed harmonised tariff schedule)

- Production level, capacity and efficiency by major products by species groups (where possible) and estimates of future production.
- Export and import values and volumes.
- Prices for major products by species groups.
- Stocks.
- Share of tropical timber in total timber trade.

- Annual trends in timber production from the forest, consumption and international trade.

5. INTERNATIONAL CO-OPERATION

- Relevant international financial and technical co-operation.
- Relevant Research and Development in forest resource conservation, management and development.
- Measures to increase production and utilisation efficiency including measures to increase value adding in producer countries.
- Measures to promote international trade in tropical timber derived from sustainably managed forests.

6. RELEVANT ENVIRONMENTAL MEASURES

- Environmental legislation and policies as related to timber: environmental assessments, regulations for forest operations, and other measures.

7. RELEVANT SOCIO-ECONOMIC EFFECTS

- Economic flows associated with production and/or use of timber.
- Employment.
- Provisions for involvement of local communities.
- General economic conditions which affect supply and demand of wood products.

ANNEX B

PRIORITY ACTIONS

- To adopt a forest policy and enforce legislation
- To establish and secure a Permanent Estate (PFE)
- To reduce the damage done by timber harvesting to the physical and social environments and to the forest eco-system.
- To train the work force to accelerate the use of reduced impact logging thus becomes of the utmost priority and urgency.
- To limit harvest levels to the sustained yield capacity.
- To raise political and consumer awareness of the fact that timber harvesting can be consistent with the sustainability of the tropical forest.
- To concentrate research on the analysis and application of existing data and knowledge so as to ascertain what is or can be made relevant to the operational knowledge of forest eco-system behaviour and put that information into preliminary management prescriptions.

ANNEX C

TERMS OF REFERENCE FOR THE CONSULTANTS TO REPORT ON PROGRESS TOWARDS THE ITTO YEAR 2000 OBJECTIVE

1. To produce an analytical report on progress made by ITTO member countries toward achieving the Year 2000 Objective, based on country overviews and other relevant information. This report should, among others, identify factors that have promoted or impeded progress toward achieving the Year 2000 Objective.
2. To produce an analytical report on ITTO's contribution to enhance the capacity of members to implement a strategy for achieving the Year 2000 Objective.
3. Based on the above two reports, to prepare recommendations:
 - a) on promoting further progress toward achievement of the sustainable management of tropical forests;
 - b) on ITTO's contribution to enhance the capacity of members to achieve the Year 2000 Objective.
4. To submit their reports to the ITTO Secretariat by 1 March 2000.

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STATEMENT 1(XXVI)

IN APPRECIATION OF THE OUTSTANDING AND DEDICATED SERVICE OF DATO' DR. FREEZAILAH BIN CHE YEOM AS EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Recalling Decision 4(I) by which it appointed Dato' Dr. Freezailah bin Che Yeom as the Executive Director of the International Tropical Timber Organization (ITTO) from 1 November 1986 to 31 March 1990;

Further recalling Decision 2(VII), Decision 8(XI), Decision 5(XV), Decision 5(XIX) and Decision 7(XXIII) by which his appointment to the position has been extended consecutively to 31 March 2000;

Respecting his decision to relinquish the position as Executive Director;

Fully recognising his outstanding and dedicated service throughout his tenure as Executive Director;

Hereby extends its deepest appreciation and gratitude to Dato' Dr. Freezailah bin Che Yeom for his untiring efforts, invaluable contributions and dynamic leadership in guiding the growth and development of the International Tropical Timber Organization from its birth to its current standing at the international level and in enhancing international cooperation in the promotion of international trade in tropical timber, the sustainable management of tropical forests and the sustainable development of tropical forest industries.

Wishes Dato' Dr. Freezailah bin Che Yeom the best of health and every success for the future.

* * *

ANNEX V

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

Documents:	CEM(XXIV)/5
	CRF(XXIV)/14 Rev.1
	CFI(XXIV)/9
	CFA(XXIV)/7

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28 May – 3 June 1999
Chiang Mai, Thailand

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

TWENTY-FOURTH SESSION OF THE COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

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Report

Appendix A: Technical Assessment of Projects in the Area of Economic Information and Market Intelligence and Summary Table

Appendix B: Report on the ITTO 1999 Market Discussion

REPORT

1. Opening of the Session

The Twenty-fourth Session of the Committee was opened on 28 May 1999 at a Joint Session of the Committee on Economic Information and Market Intelligence (CEM), the Committee on Reforestation and Forest Management (CRF) and the Committee on Forest Industry (CFI), under the Chairmanship of Mr. James K. Gasana (Switzerland, Chairman of the CRF). The list of participants is reproduced in document ITTC(XXVI)/Info.2.

2. Adoption of Agenda and Organization of Work

The Committee adopted the Agenda of its Twenty-fourth Session as contained in document CEM(XXIV)/1. It noted the letter dated 5 May 1999 from the elected Chairman of the Committee for 1999, Dr. Kwame Asumadu (Australia), formally tendering his resignation with immediate effect. In accordance with the ITTO Rules of Procedure, the elected Vice-Chairman of the Committee for 1999, Mr. Alhassan Attah (Ghana), acted as the Chairman of the Committee at the beginning of its Twenty-fourth Session. During the course of the session, the Committee duly elected Mr. Alhassan Attah (Ghana) and Ms. Astrid Bergquist (Sweden) as its Chairman and Vice-Chairperson for 1999, respectively.

3. Admission of Observers

The list of observers admitted by the Committee is reproduced in document ITTC(XXVI)/Info.3.

4. 1999 Market Discussion (Joint Session of the Committees)

The Committee noted the report of the ITTO 1999 Market Discussion as contained in Appendix B. The theme of the Market Discussion was "The Downturn in the World Tropical Timber Market and the Positive Contributions that ITTO Should Make". The moderator was Mr. Barney Chan (Sarawak Timber Association, Malaysia) and the Rapporteur was Dr. Michael J. Adams (Market Information Service Coordinator, Economic Information and Market Intelligence Division, ITTO). The Discussion was divided into introductory presentations followed by a roundtable panel discussion, as follows:

Introductory Presentations

Dr. Steven E. Johnson, ITTO
Statistician
Economic Information and Market Intelligence,
ITTO

"Trends in the Trade of Tropical Timber"

Mr. Michael J. Ginnings
Ginnings Far East Associates Pty. Ltd. (Australia)
Tan Sri Dato' Wong Kum Choon,
Consultant (Malaysia)

"Report on Impediments to Market Access for
Tropical Timber"

Mr. Geoffrey Pleydell
Market Development and Information Services -
Forest Industries (United Kingdom)

"Progress report on the Market Downturn in the
International Tropical Timber Market"

Panelists

Mr. Arak Suksawad
TBD, Thai Furniture Industries Association
(Thailand)

Mr. Dani Pitoyo
APKINDO (Indonesia)

Mr. Eric Thomsson,
IHPA, President-Elect (U.S.A)

Mr. Alhassan N. Attah
Acting Chief Executive,
F.P.I.B. (Ghana)

Mr. Michael James
Trade Adviser (U.K.)

Dr. Ivan Tomaselli
Trade Adviser (Brazil)

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

The Committee noted and referred to the Report of the Seventeenth Expert Panel as contained in document CEM, CRF, CFI(XXIV)/1.

6. Report of Completed Projects and Pre-project

The Committee considered the Report of Completed Projects and Pre-project as contained in document CEM(XXIV)/3 as follows:

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

The Committee noted that Brazil submitted the Audit Report at the Twenty-third Session of the Committee. The Committee further noted that an independent consultant was being sought to carry out the ex-post evaluation of the project. The Committee declared the project completed pending ex-post evaluation.

(ii) PD 5/94 Rev.3 (M) **Development of Computerized Information System for the Forestry Commission of Ghana**

The Committee noted that the final report and audited financial statements were received by the Secretariat in December 1998. The Committee was informed that Mr. James Gasana from Switzerland would carry out the ex-post evaluation of this project after this Council Session. The Committee declared the project completed pending ex-post evaluation.

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

The Committee noted that the final report and audited financial statements were received by the Secretariat and were satisfactory. The Committee declared this project completed.

(iv) PD 29/96 Rev.1 (M) **Reinforcement of the National System for the Collection and Processing of Forest Statistics and Support for the Training of Field Units (Gabon)**

The Committee noted that the final report and audited financial statements were received by the Secretariat in August 1998. The Committee further noted that Mr. James Gasana from Switzerland would carry out the ex-post evaluation of this project after this Council Session. The Committee declared the project completed pending ex-post evaluation.

(v) PPD 9/97 Rev.1 (M) **Development and Implementation of the Forestry Statistics Information System (Philippines)**

The Committee noted that the final report and audited financial statements were received by the Secretariat in January 1999. The final report included the project proposal PD 41/99 (M) reviewed by the Seventeenth Expert Panel, which concluded that the proposal should incorporate essential modifications and be assessed again by the Expert Panel. The Committee declared this pre-project completed.

7. Report of Projects, Pre-project, and Activity in Progress

The Committee took note of the Report of Projects, Pre-Project and Activity in Progress as contained in documents CEM(XXIV)/4 and CEM(XXIV)/4 Add.1. Progress reports on the following 16 projects, 1 pre-project and 1 activity were noted:

(A) Projects and Activity under implementation

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

The Committee noted the satisfactory progress achieved in the implementation of the project as spelt out in document CEM(XXIV)/4.

- (ii) PD 34/94 Rev.1 (M) **Establishment and Implementation of a Forest Statistical Information System (Colombia)**

The representative of Colombia informed that project activities were completed in March 1999 and that a final report had been submitted at this session. She further informed that a complete audited financial statement had also been submitted. The Committee declared the project completed.

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

The Committee noted the satisfactory progress achieved in the implementation of the project as spelt out in document CEM(XXIV)/4.

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

The Committee noted that the fifth workshop would be conducted in Curitiba, Brazil from 21 June to 9 July 1999. 24 participants from 8 Spanish and Portuguese speaking Member Countries had been invited to participate in the workshop. One more workshop would be convened in Africa before the end of 1999. The Committee approved a final workshop for 2000 if sufficient project funds were remaining.

- (v) PD 27/95 Rev.3 (M) **Establishment and Operation of a Forest Strategic Information Center (CIEF) - Phase II Stage 1 (Peru)**

The Committee noted the problems in the implementation of this project arising from the liquidation of the bank where project funds were deposited. The Committee requested the Government of Peru to take all necessary steps to free project funds as soon as possible. The representative of Peru informed the Committee that it could take at least 5 months to release the funds and that the project could not continue operating with only national funds. The Committee decided to approve disbursement of the second tranche of funds, following a project steering committee meeting, to be convened as soon as possible.

- (vi) PD 25/96 Rev.2 (M) **China's Consumption of Forest Products and Its Demand for Them from the International Market by the Year 2010 (China)**

The Committee noted the satisfactory progress achieved in the implementation of the project as spelt out in document CEM(XXIV)/4.

- (vii) 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 spelt out in document CEM(XXIV)/4. The Committee approved the request by the delegate of Panama for the early release of the last tranche of funds in August 1999.

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

The Secretariat briefed the Committee on the request for reallocation of budget funds contained in document CEM(XXIV)/4 Add.1. This was required firstly, to account for a withdrawal of a contribution from an external donor, and secondly, to correct a discrepancy in the project personnel salaries. The amendments would not affect the achievement of the project's objectives and expected outputs. The Committee took note of the progress report and of the amendments to the project contained in the document CEM(XXIV)/4 Add.1 and decided to approve the budget amendments.

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

The Committee noted the satisfactory progress achieved in the implementation of the project as spelt out in document CEM(XXIV)/4.

(x) 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 the latest results in the development of the Joint Questionnaire. The Committee took note of the Joint Questionnaire circulated to Members and on the satisfactory progress of this activity as reported in document CEM(XXIV)/4. The Committee also noted the outstanding balance of US\$8,950 for funding the extension of this activity and requested donors to provide full funding.

(B) Pre-Project pending agreement

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

The Committee noted that the government of Ecuador had not yet signed the pre-project agreement as spelt out in document CEM(XXIV)/4.

(C) Projects pending financing

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

The Committee urged donors to provide funds for the implementation of this approved project.

(ii) PD 27/95 Rev.3 (M) Establishment and Operation of a Forest Strategic Information Center (CIEF) Phase II Stage 2 (Peru)

The Committee urged donors to provide funds for the implementation of this approved project.

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

The Committee urged donors to provide funds for the implementation of this approved project.

(iv) PD 29/97 Rev.2 (M) Development of a Computerized Tracking and Inspection System for Logs and Processed Wood Products in Ghana

The Committee noted that the project will be declared sunset by July 1999 as per Annex 2 of ITTC Decision 2(X). The Committee urged donors to immediately provide funds for the implementation of this approved project.

(v) PD 52/97 Rev.2 (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, Phases 1 and 2 (Ghana)

The Committee noted that this project, which would be declared sunset by July 1999 as per Annex 2 of ITTC Decision 2(X), has been split it into two phases with not change in total budget. The Committee approved this and urged donors to immediately provide funds for the implementation of this approved project.

(vi) 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 urged donors to provide funds for the implementation of this approved project.

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

The Committee urged donors to provide funds for the implementation of this approved project.

- (viii) **PD 19/98 Rev.1 (M)** **Design and Implementation of an Information System within the Guyana Forestry Commission**

The Committee urged donors to provide funds for the implementation of this approved project.

8. Consideration of Project Proposals

The Committee had before it two project proposals that had been evaluated by the Expert Panel for the Technical Appraisal of Project Proposals and subsequently revised in accordance with the Panel's recommendations. The Committee decided to consider proposals which were recommended to it by the Expert Panel at its Seventeenth or earlier sessions and those which had been submitted in revised form by mid-April 1999. The technical appraisals of projects/pre-projects considered by the Committee are contained in Appendix A.

- (i) **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 System in China**

The Committee noted that the proposal has incorporated the minor modifications requested by the Expert Panel for the Technical Appraisal of Project Proposals at its Seventeenth Session. The representative of China provided further details on the project, including proposed study travel. The Committee recommended that the ITTC approve the amended proposal for implementation and recommend its immediate financing from the Special Account.

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

The Committee noted that the proposal has incorporated the essential modifications requested by the Expert Panel for the Technical Appraisal of Project Proposals at its Sixteenth Session. The government of Cameroon presented a revised budget, which was approved by the Committee as a second revision (Rev. 2). The Committee recommended that the ITTC approve the amended proposal for implementation and recommend its immediate financing from the Special Account.

9. Policy Work

(i) **Market Access**

The Committee noted the presentation before the Council of the report on the Impediments to Market Access for Tropical Timber as contained in Document ITTC(XXVI)/9 and the ensuing discussion which took place before the Council and during the ITTO 1999 Market Discussion. The Committee proposed that an independent study be conducted on the relationship between international trade in timber and deforestation/forest degradation. The Committee further proposed that ITTO should strengthen its activities to educate consumers by disseminating information on its achievements in promoting sustainable tropical forest management.

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

The Committee noted the presentation before the Council of the interim report on the downturn in the international tropical timber market (document ITTC(XXVI)/10) and the initial discussion which took place before the Council and during the ITTO 1999 Market Discussion. The Committee further noted that the final report of the study would be completed for consideration by the Council at its Twenty-seventh session.

(iii) **Timber Certification**

The Committee noted the frequent reference made during the ITTO 1999 Market Discussion on the issue of timber certification and, in particular, the proliferation of initiatives in this field. Considering the widespread and possible confusion in the marketplace over the different verification, labelling and certification schemes in various stages of consideration or implementation, the Committee requested the ITTO Secretariat to collate information on the range of schemes being developed for consideration at its Twenty-fifth session.

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

The Committee noted the convening of the meeting of the Plants Committee of CITES in Darwin, Australia, on 7-11 June 1999.

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

The Committee noted the interest in promoting tropical wood products and the anxieties concerning wood and non-wood substitutes for timber expressed during discussions on Impediments to Market Access for Tropical Timber and on the Downturn in the International Tropical Timber Market. The Committee proposed that ITTO should undertake studies of market and product trends and outlooks on an on-going basis, either independently, or in cooperation with other relevant international organizations. Such studies should incorporate information already available at the ITTO Secretariat.

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

The Committee was informed that an update discussion on Programme Element II.b was conducted in conjunction with the Third Session of the IFF held in Geneva on 3-14 May 1999. Following continued negotiation of the Co-chairmen's draft report, substantial progress was achieved in the removal of brackets from the report. The Committee noted the guarded optimism regarding the prospects for the remaining bracketed parts of the report to be cleared at the Fourth and final Session of the IFF in February 2000.

(vii) Matters pertaining to customs classification and the Harmonized System (HS)

The Secretariat informed the Committee that the units of measurement used in the HS were not strictly stipulated but only recommendations to ensure international comparability of statistics. Countries may use any secondary units they desire to report trade statistics. The Secretariat further informed the Committee of proposed changes to the naming of tropical timber species in the HS. The Secretariat will maintain contact with the World Customs Organization to ensure members are kept abreast of HS developments.

10. Decision on Fellowship Applications under Project PD 1/93 Rev.1 (M, F, I)

A selection panel, comprising the Vice-Chairman of the Council and three representatives each from Producer and Consumer members, reviewed 209 applications received for fellowships, of which 24 were approved. The Selection Panel's recommendations appear under the appropriate section of the report of the Committee on Forest Industry.

11. Dates and Venues of the Twenty-eighth Session of the Committee

The Twenty-fifth Session of the Committee will be held in conjunction with the Twenty-seventh Session of the International Tropical Timber Council, scheduled for 1 - 6 November 1999 in Yokohama, Japan. The Twenty-sixth Session of the Committee will be held in conjunction with the Twenty-eighth Session of the International Tropical Timber Council, scheduled for 24 - 30 May 2000 in Lima, Peru.

The Twenty-seventh Session of the Committee will be held in conjunction with the Twenty-ninth Session of the International Tropical Timber Council, scheduled for 30 October - 4 November 2000 in Yokohama, Japan.

The Twenty-eighth Session of the Committee will be held in conjunction with the Thirtieth Session of the International Tropical Timber Council, in an African producer member country in May 2001.

12. Other Business**(i) Inter-Secretariat Working Group on Forest Statistics (IWGFS)**

The Secretariat informed the Committee of recent developments in the IWGFS, including the successful distribution of the Joint Questionnaire (JQ). The IWGFS would continue to monitor and improve the JQ and would also attempt to secure inter-agency cooperation on data collection for secondary processing. The IWGFS would also ensure that the IFF was aware of its existence and possible role in providing data for monitoring achievement of implementation.

13. Recommendations to the International Tropical Timber Council

- (i)** The Committee recommended that funding be made immediately available from the Special Account for the following projects approved at this Session:

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 System in China (US\$340,774)

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)

(ii) The Committee recommended that funding be made immediately available for the following projects and activity approved at earlier Sessions:

PD 16/93 Rev.4 (M) Market Information Service for Tropical Timber and Timber Products (M.I.S.) – Phase IV, 2000 (ITTO Secretariat) (US\$357,500)

PD 27/95 Rev.3 (M) Establishment and Operation of a Forest Strategic Information Center (CIEF) - Phase II Stage 2 (Peru) (US\$462,062)

PD 40/96 Rev.5 (M) The Establishment of a National System for Surveying and Evaluating the Data for Egyptian Annually Imported Timber (Egypt) (US\$274,300)

PD 29/97 Rev.2 (M) Development of a Computerized Tracking and Inspection System for Logs and Processed Wood Products in Ghana (US\$722,100)

PD 52/97 Rev.2 (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 (Ghana) (Phase I: US\$120,000 Phase II: US\$121,924)

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 15/98 Rev.2 (M) Development and Installation of a Computer Management System for the Control of Forest Production in Gabon (US\$471,691)

PD 19/98 Rev.1 (M) Design and Implementation of an Information System within the Guyana Forestry Commission (US\$276,075)

PP-A/23-63 Activity to Facilitate Development of a Joint ITTO/ECE/-FAO/EUROSTAT Forest Statistics Questionnaire (ITTO) (outstanding balance US\$8,950)

(iii) The Committee recommended that an independent study be conducted on the relationship between international trade in timber and deforestation/forest degradation.

(iv) The Committee recommended that ITTO should strengthen its activities to educate the public by disseminating information on its achievements in promoting sustainable tropical forest management.

(v) The Committee recommended that ITTO should undertake studies of market and product trends and outlooks on an on-going basis, either independently, or in cooperation with other relevant international organizations.

APPENDIX A

TECHNICAL ASSESSMENT OF PROJECTS IN THE AREA OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND SUMMARY TABLE

- | | |
|------------------------|---|
| (i) 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 System in China |
|------------------------|---|

This project is a reformulation of a proposal originally submitted to the Sixteenth Expert Panel. The revised project is designed:

- to accomplish the current stock and value accounting of China's tropical forest environmental resources; enumerate tropical forest values; and form a theory and methodological system of the accounting of tropical forest environment;
- to put forward the proposal of the scenarios of bringing the accounting of tropical forest environment in line with the assessing system of national economy and the proposal of environmental policies.

The project aims to develop the theory and a methodological system of tropical forest accounting, incorporating quantity and values of tropical forests. It strives to include economic and environmental values of tropical forests in the assessing system of the national economy in a bid to improve environment policy and sustainable management of tropical forests. Several people will be trained to carry out environmental accounting through this project.

Secretariat Comments for the Sixteenth Expert Panel

This project is in the area of forest accounting system. The project does not completely conform to the ITTO format. All budget sections should be converted from RMB Yuan to US dollars for clearer comparison. Risks have not been enumerated (e.g. the problem of accounting for non-market goods). Information dissemination is planned only in Chinese and English. Spanish and French translation and printing costs at least for final reports have to be added. Technical terms should be explained more clearly, and ITTA references should be quoted in Part I, Relevance to ITTO: Compliance with ITTO Objectives and Criteria. Curriculum vitae of the responsible personnel should be included. The work plan should be divided into shorter time intervals and the personnel section should be more clearly explained. Clarification regarding plans and budget for travel abroad should be provided. A steering committee should be constituted to oversee progress and its membership detailed in the proposal. ITTO monitoring funds should be increased to at least \$20,000.

Comments of the Sixteenth Expert Panel

The Panel agreed that this proposal was important to China and other countries trying to adequately account for forest values. It felt, however, that the proposal did not completely adhere to the ITTO format. The relevant ITTO objectives and criteria should be clearly referenced in the project justification, in the light of the ITTA, 1994. References for existing Chinese and international research should also be provided. The development objective needs to be clarified and condensed, as does the statement of the problem to be addressed. Outputs should be linked to the specific objective they are addressing. A list of acronyms should be provided. Details of the implementing agency and terms of reference for key project staff should be given. Justification for and clearer descriptions of the proposed travel program are required. It was felt that the proposal required major editorial revision to deal with problems of format and language. The budget should be given in US\$ and in the ITTO format. A steering committee should be constituted and its membership given in the proposal, while ITTO monitoring and evaluation funds should be increased to \$20,000.

Recommendations of the Sixteenth Expert Panel

The Panel recommended that in revising the proposal the submitting government should:

- revise the proposal to follow the ITTO format;
- clarify statement of objectives and problem to be addressed;
- link outputs to specific objective;
- include risks to implementation;
- provide references to relevant research;
- provide details of implementing agency and terms of reference for key staff;

- describe and justify travel program;
- edit the proposal for format and language clarity, possibly seeking assistance through PD 73/89 (M, F, I); and
- revise budget as suggested above and include a steering committee to oversee progress.

Conclusion of the Sixteenth Expert Panel

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.

Secretariat Comments for the Seventeenth Expert Panel

The proposal now follows the ITTO format. The objectives and problem to be addressed are more clearly stated, and the outputs are given for each specific objective. Risks are enumerated and references to other research given. Details of the CAF and key staff are given. The travel program is described and justified in the section on Activities and Inputs. A steering committee ("PGS") has been established, and will meet once a year, although there is no budgetary allowance for this. The ITTO Budget, which has increased by \$17,900, is now properly formatted. Overall, although there are still some problems with language, it is clear that the proposal has been heavily edited, taking into account all of the previous Panel's recommendations.

Comments of the Seventeenth Expert Panel

The Panel noted that the revised proposal incorporated all of its previous recommendations and was a substantial improvement over the first version. It felt, however, that the international travel in Activity 1.2.3 was excessive and should be reduced substantially. It also felt that, due to the pioneering nature of much of this work, undertaking research in four areas of China concurrently might be over-ambitious. Due to the importance of this work and its potential for application by many ITTO members, the Panel further recommended that French and Spanish versions of the final report be prepared. Finally, the panel noted that the ITTO administration line in the budget should be 5.5%.

Recommendations of the Seventeenth Expert Panel

The Panel recommended that in revising the proposal the submitting government should:

- reduce the international travel component in the budget;
- reduce the scope of the project activities to less than four areas and the respective budget component accordingly;
- allow for French and Spanish translations of the final report (by reducing the number of Chinese and English copies); and
- calculate ITTO administration costs as 5.5% of the total budget.

Conclusion of the Seventeenth Expert Panel

The Panel concluded that, with the incorporation of any minor amendments noted, the project could be commended to the Committee for final appraisal.

Secretariat Comments for the Twenty-fourth Session of the Committee

The second revision of the proposal incorporates all of the comments and recommendations of the Seventeenth Expert Panel.

Assessment by the Twenty-fourth Session of the Committee

The Committee recommended that the ITTC approve the amended proposal for implementation and recommend its immediate financing from the Special Account.

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

This project will result in the creation of a "Timber Market Statistics Unit" within the Office National de Development des Forets (ONADEF). The Unit will compile, collate and disseminate trade statistics collected and reported separately by the three agencies currently recording trade data namely the Customs Department, the Poste Forestier Port (PFP) and by Societe Generale de Surveillance (SGS). The need to address inadequacies in trade data compilation and collation has been identified by ONADEF and was an observation in the ITTO Pre-Project PPD 13/95 Rev. 1 (M). Specifically PPD 13/95 Rev. 1 (M) noted the lack of a central body in charge of data collection, processing and dissemination. The current project will provide computer facilities to, and training of staff, of the PFP's at the ports of Douala and Kribi. The project will also provide computer hardware, software and training opportunities to Marketing Unit staff to be housed in renovated office facilities in the headquarters of the ONADEF in Yaounde. The project proposal notes that reliable trade statistics are a basic tool for planning and management in the timber sector and, in this regard, the project will contribute significantly to the implementation of the forest policy of Cameroon.

Secretariat Comments for the Sixteenth Expert Panel

This is a well presented project proposal with a reasonably modest budget. The objectives are clearly defined and risks have been identified. Clearly there are risks when close co-operation is required between the three independent organizations collecting trade statistics. The possibility of start up problems does seem very likely and in this regard the Panel may wish to consider recommending extending the project over a longer time frame than the 12 months proposed. There is little room for adjustment or rescheduling if the project duration is 12 months. Additionally the consultant input is defined as 6 months and yet the TOR for the consultant seems to indicate that he would need to be involved with the project to its completion. It is not clear in the document how the consultant's time would be split. Another argument for extending the duration (but not the budget) could be made when considering that, under the proposed Work Plan only one statistical report is to be produced. It is most probable that there will be some problems with collection, compilation and dissemination of the data and the production of at least two reports within the life span of the project may be advisable. Some capital expenditure items could be shifted from the ITTO budget contribution to national contribution. The Panel may wish to recommend that the TOR for the consultant be amended to remove reference to "issuing invitations to tender for office decoration". Given the number of agencies that will be involved, it will be useful to have a steering committee to ensure all keep abreast of and have a voice in directing project progress. The funds for ITTO monitoring should be increased to at least \$20,000.

Comments of the Sixteenth Expert Panel

The Panel recognized the importance of this project for the government of Cameroon. The Panel noted that the project is well formulated but that it needed to identify the risks of a possible lack of government resources to sustain the project and lack of collaboration between the relevant agencies involved in statistical collection in Cameroon. The Panel also noted that a longer duration would benefit the project.

Recommendations of the Sixteenth Expert Panel

The Panel recommended that in revising the proposal the submitting government should:

- increase the project duration (with no major increase in the ITTO budget) to allow for delays;
- relate in more detail the project objectives with relevant aspects of ITTA, 1994;
- address further steps to ensure the political willingness of the three independent agencies cooperating in the compilation of trade statistics;
- provide the terms of reference of the professional national personnel;
- clarify the timing and terms of reference of the international consultant;
- illustrate the commitment of the government to sustainability of the project, including Cameroon paying for maintenance of vehicles and equipment;
- decrease the budget for duty travel and expenses for national staff;
- justify the high weight assigned to vehicles and motorbikes vis-a-vis computer items in Capital Investments;
- reword Output 6 to indicate "Dissemination of results";
- include a management structure chart;
- constitute a Steering Committee to give all participating agencies a voice in project progress; and
- adjust the budget accordingly, including increased ITTO monitoring funds of \$20,000.

Conclusion of the Sixteenth Expert Panel

The Panel concluded, that with the incorporation of the essential modifications, which are necessary for the project to succeed, the project could be commended to the Committee for final appraisal.

Secretariat Comments for the Twenty-fourth Session of the Committee

The revised proposal takes into account all of the comments and recommendations of the Sixteenth Expert Panel. It also reimburses the Pre-project Sub-Account for the cost of PPD 13/95 Rev.1 (M) which gave rise to it.

Assessment by the Twenty-fourth Session of the Committee

The Committee approved the revised budget for the second revision prepared during this session. The Committee recommended that the ITTC approve the amended proposal for implementation and recommend its immediate financing from the Special Account.

SUMMARY TABLE

TECHNICAL EVALUATION OF PROJECTS IN THE AREA OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		ITTO BUDGET US\$	DURATION	GEOGRAPHIC COVERAGE	RECOMMENDATION(*)
		Art.27 Para.1	Art.27 Para.4				
PD 39/98 Rev.2 (M)	a, d, e, f, j, l	c, e, f	g, h	340,774	36 months	China	1a
PD 47/98 Rev.2 (M)	a, d, e, h, k, n	b, f	g, h	271,198	20 months	Cameroon	1a

- (*)
1. Recommend to the ITTC to approve the (amended) proposal for implementation and recommend it for immediate financing from:
 - a) the Special Account
 - b) either the Bali Partnership Fund or the Special Account.
 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.

APPENDIX B

REPORT ON THE ITTO 1999 MARKET DISCUSSION

"The Downturn in the World Tropical Timber Market and the Positive Contributions that ITTO Should Make"

31 May 1999, Chiang Mai, Thailand

The Twenty-fourth Session of the International Tropical Timber Council (ITTC), held in Libreville Gabon, included one day of Market Discussion during which trade representatives drew Council's attention to the severe downturn in the international tropical timber trade.

The downturn in the market, and its impact on the trade, was further discussed by the informal trade group. This group decided that this matter should be pursued at the Annual Market Discussion held in conjunction with the Twenty-sixth Session of the ITTC. The theme for the Market Discussion was decided as "The Downturn in the World Tropical Timber Market and the Positive Contribution that ITTO Should Make"

The Market Discussion, chaired by Mr. Barney Chan, General Manager of the Sarawak Timber Association comprised an overview of trends in the trade by the Secretariat, presentations by consultants undertaking the Market Access and Market Downturn studies and an industry panel presentation. All presentations were focused on the theme and particularly on what positive contributions ITTO should make in the face of the market downturn.

The report that follows attempts to capture the essence of the discussion. The report also attempts to identify areas where Council may decide ITTO could play a more active role aiding the trade as it strives to recover lost markets.

There seems to be more recognition by delegates of the importance of the trade this year with frequent references to the importance of market issues. They suggested many ideas for the ITTO Secretariat to work on, ranging from market research to forming a Trade Working Group, from having a Special Timber Day to studies of non-timber products impacting on traditional timber markets.

Council Members have clearly grasped the seriousness of the downturn affecting the industry and the consultant reports which have been presented have alerted everyone to the longer term down-turn in the consumption of tropical timber and the need for action.

The call by the Trade for ITTO to play a more active role in the tropical timber market development has resulted in many solid and constructive suggestions and there has been a considerable degree of consensus.

The many sound, specific recommendations for action fall broadly into three main areas:

1. The need for more balanced project work to correct an overemphasis on forestry issues to the neglect of trade and industry;
2. Promotion and educational activities to address the many misconceptions in the tropical timber market place; a greater flow of information from ITTO to minimise confusion in the market place.
3. ITTO should explore prospects for mutual recognition of certification and verification schemes in order to reduce confusion over the various schemes being developed.

(1) A BALANCED WORK PLAN FOR ITTO

Several producer and consumer trade members highlighted the imbalance in the funding and work of three divisions of the ITTO. Graphic illustration was provided on the distribution of project work.

The emphasis of the organization on forestry matters is an area of concern. Calls were made for a more balanced distribution of the work of the Organization. The recent crisis in the tropical timber market,

which only now seems to be bottoming out, has served to draw attention to some longer-term negative trends in the trade.

The downturn in the international timber market is widely acknowledged and several speakers requested that, in addition to current activities to investigate the reasons, ITTO could conduct specific studies to analyse the competitiveness of tropical timber products vis-à-vis alternatives and substitute products.

(2) PROMOTION AND EDUCATION

There was almost unanimous consensus that ITTO can contribute significantly to assisting the trade in its promotional activities. While it was agreed that 'coal face' market promotion should be left to private companies and national promotion bodies, ITTO does have the opportunity, and indeed the responsibility, to contribute positively.

It is strongly recommended that ITTO develop its promotional and public relations activities to address negative perceptions of the tropical timber trade. ITTO should also be working to further develop its own image.

Several speakers addressed the issue of information flow. It is our firm recommendation that ITTO become more involved in generating and disseminating information useful for the trade. In addition to highly recommended sector studies and trend analyses, a call is made for ITTO to develop a mechanism for identifying, packaging and disseminating more information useful for the trade. Trade representatives are willing to offer their advice and support to ITTO in any activities to establish a mechanism for identification and packaging of information destined for the trade.

Participants in the Market Discussion also noted the need for improved statistical capability in Member countries to facilitate forest sector planning. ITTO should also undertake long-term sector studies in collaboration with other relevant organisations to provide Members with market information and forecasts.

(3) CERTIFICATION

The issue of certification and assessment of forest products is clearly here to stay and many countries have their own certification or assessment initiatives under way. In the consumer countries, particularly Europe, there is a growing expectancy, on the part of the consumers, that the wood products they buy meet their environmental expectations.

The pioneering ITTO Criteria and Indicators have been accepted by the Members as the foundation for sustainable forest management and ITTO has gained valuable experience in the practice of the sustainable forest management. What is needed now is for ITTO to promote the adopted Criteria and Indicators in a more pro-active way. Further, ITTO should encourage an increase in the level of awareness of the currently available certification and verification schemes. Alarm bells have already sounded over signs of confusion in the market place regarding the various certification and verification schemes that are being developed and promoted.

In conclusion, it is highly recommended that Council consider specific actions to operationalise the suggested proposals.

* * *

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28 May – 3 June 1999
Chiang Mai, Thailand

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

TWENTY-FOURTH SESSION OF THE COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

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Report

Appendix A: Technical Assessment of Project Proposals

REPORT

1. Opening by the Chairperson

The Twenty-fourth Session of the Committee was opened, on 28 May 1999, by the Chairperson of the Committee on Reforestation and Forest Management, Dr. James K. Gasana (Switzerland). The list of participants is reproduced in document ITTC(XXVI)/Info.2 Rev.1.

2. Adoption of Agenda and Organization of Work

At its first meeting on 28 May 1999, the Committee formally adopted the Agenda of its Twenty-fourth Session as contained in document CRF(XXIV)/1 Rev.1.

3. Admission of Observers

A list of observers admitted by the Committee to attend its Twenty-fourth Session is contained in document ITTC(XXVI)/Info.3 Rev.1.

4. 1999 Market Discussion (Joint Session of the Committees)

The Committee noted the report of the ITTO 1999 Market Discussion as contained in Appendix B of the Report of the Committee on Economic Information and Market Intelligence. The theme of the Market Discussion was "The Downturn in the World Tropical Timber Market and the Positive Contributions that ITTO Should Make". The moderator was Mr. Barney Chan (Sarawak Timber Association, Malaysia) and the Rapporteur was Dr. Michael J. Adams (Market Information Service Coordinator, Economic Information and Market Intelligence Division, ITTO). The Discussion was divided into introductory presentations followed by a roundtable panel discussion, as follows:

Introductory Presentations

Dr. Steven E. Johnson, ITTO
Statistician
Economic Information and Market Intelligence, ITTO

"Trends in the Trade of Tropical Timber"

Mr. Michael J. Ginnings
Ginnings Far East Associates Pty. Ltd. (Australia)
Tan Sri Dato' Wong Kum Choon,
Consultant (Malaysia)

"Report on Impediments to Market Access for
Tropical Timber"

Mr. Geoffrey Pleydell
Market Development and Information Services -
Forest Industries (United Kingdom)

"Progress report on the Market Downturn in
the International Tropical Timber Market"

Panelists

Mr. Arak Suksawad
TBD, Thai Furniture Industries Association (Thailand)

Mr. Dani Pitoyo
APKINDO (Indonesia)

Mr. Eric Thomsson,
IHPA, President-Elect (U.S.A)

Mr. Alhassan N. Attah
Acting Chief Executive,
F.P.I.B. (Ghana)

Mr. Michael James
Trade Adviser (U.K.)

Dr. Ivan Tomaselli
Trade Adviser (Brazil)

5. Report of the Expert Panel for Technical Appraisal of Project Proposals

The Committee took note of the explanations provided by the delegate from France who spoke on behalf of the Expert Panel referring to item 5, 'General Points' of the Panel's report CEM,CRF,CFI(XXIV)/1 containing the observations made by the Panel. The Committee urged submitting agencies, the members of the Panel and the Secretariat to take account of the comments when submitting and revising project proposals and to ensure that the members of the Panel are adequately briefed. The Committee further noted that the practical operation of the Bali Partnership fund was still under negotiation.

6. Report on Completed Projects and Pre-projects

The Secretariat informed the Committee that the completed projects and pre-projects are listed in document CRF(XXIV)/3, "Report on Completed Projects and Pre-projects in the Field of Reforestation and Forest Management", 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:

• COMPLETED PROJECTS

(A) Completed Projects, Including Financial Audit

- 1) PD 77/90 (F) Establishment of A Pilot Area for Silviculture in Closed Forests in Congo (Congo)

The Committee noted that all projects activities have been completed, and that final reports have been received by the Secretariat, including the audited financial report. The Committee decided to consider this project as completed.

- 2) PD 202/91 Rev.1 (F) Sustainable Forest Management through Collaborative Efforts (Thailand)

The Committee noted the completion report and the audited financial statement have been submitted and accepted by the Secretariat. Therefore the Committee decided to consider the project as completed.

- 3) PD 35/93 Rev.4 (F) Forestry Management, Community Development and Sustained Use of Forests on the Punta Patiño Nature Reserve, Darien Region, Republic of Panama - Phase I (Completed), Phase II (Completed) (Panama)

The Committee took note that the Final Report, as well as a series of technical reports describing in detail the results of the activities of this project, had been submitted by the Executing Agency. The final report is available from the Secretariat upon request. Furthermore, the audited financial report had been received by the Secretariat. The Committee decided to consider the project as completed.

(B) Completed Projects, Pending Financial Audit

- 1) PD 39/95 Rev.1 (F) Institutional Strengthening for the Sustainable Management of Forest Plantations (Colombia)

The Committee took note that the Final Report, as well as a series of technical reports, had been submitted by the Executing Agency. The final report and the technical documents are available from the Secretariat upon request. It further noted that the audited financial report of the project's accounts has not yet been submitted to the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat receives

and accepts the audited financial report of the project.

- **COMPLETED PRE-PROJECTS**

The Secretariat informed the Committee that document CRF(XXIV)/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 12/93 (F) Biotechnology and Sustainable Production of Tropical Timber (Global)**

The Committee was informed that all pre-project activities have been completed, and that the final report of the pre-project is available in all of the three working languages of the Organization. The Committee was also informed that the pre-project has been implemented by the Secretariat. Therefore, the accounts of the pre-project will be audited through the routine procedure of audit of the ITTO Secretariat's accounts. The Committee decided to consider this pre-project as completed.

- 2) **PPD 11/96 Rev. 2 (F) Identification and Planning of Measures for the Sustainable Management of the Kloto Community Forests in the Reserved Forest of Missahoe with the Participation of Rural Communities (Togo)**

The Committee noted that all pre-project activities have been completed, and that the final reports have been received by the Secretariat, including the audited financial report. The Committee decided to consider this pre-project as completed.

- 3) **PPD 16/96 Rev.2 (F) Demonstration on Reforestation Using Tropical Hardwood Species in Yunnan Province of China (China)**

The Committee noted that the pre-project has formulated Project PD 38/98 Rev.2 (F) "Technology Development and Demonstration on Reforestation Using Tropical Hardwood Species in Yunnan Province of China". The project was approved and funded during the XXVth Session of the ITTC. The Committee noted the completion report and the audited financial statement have been submitted and accepted by the Secretariat. Therefore the Committee decided to consider the project as completed.

- 4) **PPD 1/97 Rev. 1 (F) Evaluation of the Impact of Disturbances and Conservation *in situ* of the Phytogetic Resources of Cameroon's Closed Forest (Cameroon)**

The Committee noted that all pre-project activities have been completed, and that the final reports have been received by the Secretariat, including the audited financial report. The Committee decided to consider this pre-project as completed.

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

- **PROJECT WORK IN PROGRESS**

The Committee took note of a status report (document CRF(XXIV)/4) by the Secretariat on the one hundred two 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 (70), B) awaiting the signing of an Agreement (6), C) pending finance (23), or D) falling under the sunset provision since the last Session (3).

The Committee noted the reports on the progress of these projects in the above document and further discussed the issues associated with a number of projects. Details of these discussions are as follows:

(A) Projects under implementation

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

The Committee took note of the information that the harvesting contract has been finalized and the Forest Management Plan is under final negotiation. The Committee further noted that the field work is about to begin during this dry season and that the conditions for the request of the next tranche of funds were fulfilled. The Committee decided to request the implementing agency to submit an updated work plan and budget for approval at its next session in November, 1999.

- 2) PD 74/90 Rev.1 (F,I) Better Utilization of Tropical Timber Resources in order to Improve Sustainability and Reduce Negative Ecological Impacts (Global)**

The Committee was informed by the Secretariat that the English version of the technical reports of the project is being printed. The translation of the report into Spanish has been finalized; the French translation is still in progress. The Committee further acknowledged the declaration made by Prof. Dr. Noack of the German Delegation, the Coordinator of the project, advising that all financial information has been received from national participating institutions. Therefore, the audited financial report of the project will be submitted to the ITTO Secretariat in a near future.

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

The Delegation of Indonesia proposed a request for extension in time and amendment of budget without additional funds as contained in document CRF(XXIV)/6. The Delegation of Japan requested clarifications on the expected timing of conclusion for overseas studies programme and the foreseen conduct of workshops under the Nature Conservation component of the Project. Following the clarification provided by the Delegation of Indonesia as highlighted in the CRF(XXIV)/4, the Committee agreed to grant an extension of the project until December 2000 with budget amendment as contained in the document CRF(XXIV)/6.

- 4) PD 106/90 Rev.1 (F) Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area, Phase I (Malaysia)**
and
PD 15/95 Rev.3 (F) Development of the Lanjak Entimau Wildlife Sanctuary (LEWS) as a Totally Protected Area (TPA) Phase II (Malaysia)

The Malaysian Delegation forwarded to the Committee a request of extension in time without additional funds as contained in the document CRF(XXIV)/11. In response to the question made by the Indian Delegation, the Malaysian Delegation clarified on the status of local communities living adjacent to the Sanctuary as a Totally Protected Area, and the programme of agroforestry promoted under the project. The Committee agreed to grant an extension of the project until September 1999 with budget amendment as contained in the document CRF(XXIV)/11.

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

The Committee took note of the information from the Malaysian delegation that the scientific reports are under preparation. However, the delegation informed the Committee that due to the large amount of data to be analyzed, the finalization of the reports would require more time than originally anticipated. In view of this information, the Committee decided to grant the Project an extension without additional funds until December, 1999.

- 6) PD 131/91 Rev.2 (F) Pilot Project for the Sustained Management of the So'olala Forest (Cameroon)**

The Executing Agency briefed the Committee on project implementation, advising that additional time is needed to complete the remaining project activities, in particular post logging inventories and a study on low impact logging. The Committee agreed to grant the project an extension until December 1999, without additional funds.

- 7) 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 made a statement informing the Committee that *the Proceeding of International Symposium on Sustainable Management of Tropical Forests* has been published and a proposed plan to conduct the Second International Workshop is being considered. The Committee took note of this information.

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

The Executing Agency briefed the Committee on project implementation advising that, due to the late identification and selection of suitable consultants, more time is needed to complete field data analysis, assessment of silvicultural costs and development of project final reports. The Committee agreed to grant the project an extension until December 1999, without additional funds.

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

The Executing Agency briefed the Committee on project implementation, advising that more time is needed in order to organize two remaining regional seminars planned under the project and to compile the final reports. The Committee agreed to grant the project an extension until December 1999, without additional funds.

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

The Committee noted that the Executing Agency had opened a line of credit to obtain the funds required for proper project implementation and that it was simultaneously proceeding to recover the funds frozen in the project's previous bank account due to the liquidation of the Banco Republica. It further noted that the project was nearing its completion.

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

The Secretariat informed the Committee that, although some correspondences have been received from Congo, full communication has not yet been re-established with the country. The Committee requested the Secretariat to pursue contacts with the country in order to make a full report of the status of projects and pre-projects still under implementation in this country.

- 12) 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 Indonesian Delegation informed the Committee that all expected project outputs have been materialized, while the publication and CD-ROM version of National Guidelines on Forest Fires has been made available. The Japanese Delegation stated that the Guidelines may be useful and should be distributed to other Member Countries for their reference.

Upon request of the Indonesian Delegation, the Committee agreed to grant an extension of the project until December 1999 to allow the implementation of training activity with the additional funds granted during the Twenty-first Session of the Committee.

- 13) PD 26/93 Rev.1 (F) **Development of Bentuang Karimun Nature Reserve as National Park (Phase I) (Indonesia)**

The Indonesian Delegation informed the Committee that the draft Management Plan for the Bentuang Karimun National Park has been finalized, however the Government of Indonesia had provided technical comments on the draft. Therefore the WWF Indonesia requires about three months to finalize the Management Plan. Having considered this, the Committee agreed to grant an extension of the project until July 1999 in order to complete the project works, without additional funds.

- 14) 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 an external audit of the project's Phase I finances had been completed and further urged the Executing Agency to submit the audited financial statement to the Secretariat in due time. The Committee further decided to grant the project an extension until June 1999 without additional funds to allow for project completion.

- 15) 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 noted the submission of a modified workplan and a budget reallocation for the implementation of this project as outlined in document CRF(XXIV)/9. The Committee agreed with the changes entailing the restructuring of the project's activities and budget, approved the aforementioned document as an addendum to the project document PD 49/94 Rev.1 (F), and recommended its immediate implementation. The Committee further decided to grant the project an extension until December 1999 without additional funds.

- 16) 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 Secretariat and delegates from the participating countries briefed the Committee on the implementation of the project. The Committee noted that the Cameroon component is behind schedule due to the late start-up of this component. The Committee agreed to grant the project an extension until May 2000, without additional funds.

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

The Executing Agency briefed the Committee on the implementation of the project, advising that, due to the late arrival of the international consultant, more time is needed to complete the remaining project activities and compile the final project reports. The Committee agreed to grant the project an extension until December 1999, without additional funds.

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

The Committee took note of the information that the Project's activities such as the continuous forest inventory, digital videography, enrichment plantation and training on low impact (PATH) logging techniques are under implementation. The Committee further noted the request from the Project for an extension in time and budget reallocation without additional funds with justification and a revised budget proposal given in document CRF(XXIV)/13.

The Committee then raised several important issues in relation to:

- The appropriateness of Helicopter logging, its environmental effect and its use in steep areas and previously logged over areas, as these areas are usually left as protection or regeneration forest areas.
- Plantations are now seen as a major activity although this was not envisaged in the original Project Document, further justification and explanation was required.
- Further clarification was requested regarding the cooperation with the logging concessionaires working in the MFMA area. It was felt that the concessionaires need to further improve their operations to standards commensurate with ITTO's Guidelines for Sustainable Management of Natural Tropical Forests, which the MFMA was set up to demonstrate.
- Although some improvements have been noted with the PATH logging techniques to reduce the impact of the logging activities, it was felt that further improvements are needed to reduce the impact on the forest during road and skid trail construction and during log extraction.
- Finally, explanation was sought on the allocation for local support staff being reduced from more than 340,000 US\$ to 76,000 US\$ with the savings being used mainly to fund plantation trials and consultants.

The Malaysian delegation explained that helicopter logging appeared very environmentally friendly and that timber could be extracted without undue impact in steep areas, out of bounds for tractors, and on previous logged areas where species of high value had not been extracted during the first logging. This would assist in increasing the productive value of the forest.

Enrichment planting trials on log landings and along extraction roads and skid trails had proved very successful with high rates of survival and impressive initial growth from local species. Enrichment plantings inside the logged over forest had been found generally unsuccessful due to difficulty of access needed for frequent weeding to ensure the growth of the young plants.

Regarding the reallocation of funds, it was explained that during the implementation of the project, it was found that the original budget did not adequately reflect the needs of the Project and that the cost of local support staff to a large extent was borne by the Sarawak Forest Department. It had been agreed to request for a budget reallocation in order to expand the success of the roadside replanting and to increase the experiments in helicopter logging as explained in document CRF(XXIV)/13.

Regarding the impact done by the logging activities, the delegation acknowledged that further improvement was needed and informed that negotiations are held with the logging concessionaires, with a view to enter into an agreement with the Sarawak Forest Department and the Project to adopt ITTO's Guidelines for Sustainable Forest Management.

A small group was established to further discuss the issues. The group (Switzerland, Japan, Malaysia and the secretariat) reported their findings to the Committee. Based on the report, the Committee decided to grant the Project an extension without additional funds until June year 2000 in order for the Project to, as soon as possible, enter into agreement with the Sarawak Forest Department and the concessionaires to conduct their operations to standards commensurate with ITTO's Guidelines for Sustainable Management of Natural Tropical Forests, and to engage as soon as possible independent consultants to carry out a review of the Project's activities and report their findings at the next Session of the Committee in November, 1999. The consultants should in particular look into the arrangements made between the Project, the Sarawak Forest Department and the concessionaires working in the area as mentioned above. The consultant should also look into the silvicultural and ecological aspects of the Project and evaluate to what extent the Model Forest differ from surrounding regular forest concession areas. The detailed terms of reference will be drafted in consultation with the ITTO Secretariat.

19) PD 16/95 Rev.2 (F) Forest Health Monitoring to Monitor the Sustainability of Indonesian Tropical Rain Forests (Indonesia)

The Committee was briefed by the Indonesian Delegation on the progress made in the implementation of the project and some delays in the project works due to the forest fire incidents and the political situation of the country. Upon request of the Indonesian Delegation, the Committee agreed to grant an extension of the project until December 1999 without additional funds to allow the completion of all project activities.

20) PD 37/95 Rev.2 (F) Management of Cativo Forests and Non-Timber Products with the Participation of Rural and Indigenous Communities, Darien, Panama (Panama)

The Committee noted the submission of a budget reallocation for the implementation of this project as outlined in document CRF(XXIV)/12. The Committee agreed with the changes entailing the restructuring of the project's budget, approved the aforementioned document as an addendum to the project document PD 37/95 Rev.2 (F), and recommended its immediate implementation.

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

The Executing Agency briefed the Committee on the implementation of the project, advising that, due to the initial late start-up of the project, more time is needed to complete the remaining project activities. The Committee agreed to grant the project an extension until December 1999, without additional funds.

22) PD 28/96 Rev.1 (F) Inventory and Preparations for the Management of the Minkebe-Forest Area of Gabon (Gabon)

The Executing Agency briefed the Committee on the implementation of the project, advising that, due to the late arrival of the WWF Coordinator, the conservation component of the project is delayed, and more time is

needed for its completion. The Committee agreed to grant the project an extension until December 1999, without additional funds.

- 23) PD 35/96 Rev.2 (F) Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production, Surigao Del Sur, Philippines (Philippines)**

The Delegation of the Philippines made a special presentation on the project midterm achievements to the Committee. The Delegation also explained the expected timing of project completion in 2001 and the training conducted under the project. The Committee took note of this information.

- 24) PD 13/97 Rev.1 (F) Dissemination of New Remote Sensing Methodology through a Semi-Expert System (Regional, Asia)**

The Committee took note of the information from the Delegate from Japan that the project has successfully completed the semi-expert system for interpretation of remote sensing data with particular reference to identifying areas of logged-over and degraded forests. The Committee further welcomed the information that an international seminar will take place in Kuala Lumpur, Malaysia, after this Session in the second week of June, 1999, with participation from most ITTO member countries, producers and consumers, in the Asia-Pacific region.

- 25) PD 16/97 Rev.2 (F) Integrated Buffer Zone Development for Sustainable Management of Tropical Forest Resources in Thailand (Thailand)**

The Delegation of Thailand informed the Committee that the project implementation has not commenced due to the pending financial contribution from the Dutch Government. The Australian Delegation requested the Committee to urge the committed donors to materialize their commitment in financing the project. The Dutch Delegation expressed apology for causing the delay of the project implementation. It was explained that the matter is being discussed in the Netherlands involving two Ministries and the Dutch Embassy in Bangkok. The ITTO will be immediately informed about the final results of the Netherlands position on this matter. The Committee took note of this information and urged the Government of the Netherlands to immediately transfer the committed contribution to ITTO Special Account.

- 26) PD 17/97 Rev.3 (F) Pilot Project for the Reforestation and Rehabilitation of Degraded Forest Lands in Ecuador (Ecuador)**

The Committee urged the Executing Agency to implement the project as originally proposed in the Project Document approved by Council. If the Executing Agency is experiencing difficulties in recruiting suitable professional staff in Ecuador, it should seek them abroad. Furthermore, a Steering Committee meeting should be convened in the near future to discuss these matters further.

- 27) 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 Executing Agency briefed the Committee on the implementation of the project, advising that, due to the late selection of international consultants, the effective start-up of the project is delayed. The Committee noted that the project is still in its initial stage and requested the Executing Agency to submit to the Secretariat a revised work plan that takes into consideration the effective start-up of the project.

(B) Projects awaiting implementation agreement

- 1) 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 draft Agreement to regulate the implementation of the project has been almost finalized, however the signing the Agreement will be subject to the remittance of funds from the Government of the Netherlands. The Committee urged the Government of the Netherlands to immediately transfer the committed contribution to ITTO Special Account.

(C) Projects awaiting financing

- 1) PD 60/97 Rev.2 (F) Technology Development for the Production of Lesser Known Tree Species (LKTS) as Alternative Raw Materials for Forest-based Industries (Pending Finance) (Philippines)

The Committee noted that negotiations for financial contribution from the Common Fund for Commodities are still ongoing.

- 2) PD 40/98 Rev.2 (F) Preparation for the Implementation of a Community-Based Sustainable Forest Development Plan in the Miguel River Basin, District of Donoso (Pending Finance) (Panama)

The Committee noted that the Government of Panama revised the proposal as PD 40/98 Rev.2 (F) eliminating the second phase of project and reducing the budget to US\$ 614,485. The Committee approved the proposal and recommended the Council to allocate US\$ 614,485 for its immediate implementation.

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

- 1) PD 36/96 Rev.3 (F) Selection and Testing of Clonal Hardwoods in Species Rich Systems: Enrichment Planting and Multi-Strata Agroforests (Cameroon)
- 2) PD 22/97 Rev.1 (F) Integrated Pilot Management of a Long-term Logging and Management Permit (LMP) with the Cooperation of the Societe Sylvicole de Bayanga, the Local Populations and Local Conservation Organisations (Central African Republic)
- 3) PD 23/97 Rev.1 (F) Sustainable Forest Management in the Bolsón of Rapirrán, Bolivian Amazon Region (Bolivia)

• **PRE-PROJECT WORK IN PROGRESS**

Seventeen pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. One project became sunset since the last session. The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XXIV)/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 8/93 (F) Demonstration Areas for Sustainable Management of Production Forests (Global)

The Committee took note of the proposal from the Secretariat to engage two consultants to review the Demonstration and Model Forest Areas proposed by members as well as other ongoing initiatives in this field, including work done by other international organizations.

The Committee decided to select and engage two consultants in accordance with document CRF(XXIV)/7.

(D) Pre-projects coming under the sunset provisions since the last Session

- 1) PPD 5/97 (F) Supplementary Information for the Project Proposal on "Sustainable Tropical Forest Management in the North of the Department of La Paz, Bolivia" (Bolivia)

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 XXth 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 14 project proposals were considered by the Committee; similarly six pre-project proposals were considered.

• **PROJECTS ASSESSED BY THE COMMITTEE**

Project No.	Title
PD 2/99 Rev.1 (F)	Preparatory Studies to Install a Continuous Monitoring System for the Sustainable Management of Thailand's Forest Resources (Thailand)
PD 3/99 Rev.1 (F)	An Assessment of the Status of Conservation Areas in Sabah, Malaysia (Malaysia)
PD 7/99 Rev.1 (F)	East New Britain Balsa Industry Strengthening Project – Phase II (PNG)
PD 9/99 Rev.1 (F)	Sustainable Management of Missahoe Reserved Forest Forestry Resource with the Participation of the Local Rural Communities for an Optimal Timber Production (Kpalime, Togo)
PD 10/99 Rev.2 (F)	Selection and Cultivation of Fast-Growing and High-Yielding Strains of Rubber Trees for Timber Production in Hainan, China (China)
PD 16/99 Rev.1 (F)	Development of Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area – Phase III (Malaysia)
PD 17/99 Rev.1 (F)	National Forest Inventory and Forest Resource Monitoring Program in Bolivia (INFOBOL-2000) (Bolivia)
PD 18/99 Rev.1 (M,F,I)	Latin American Forestry Congress (Peru)
PD 21/99 Rev.1 (F)	International Conference on Timber Plantation Development (Philippines)
PD 22/99 Rev.1 (F)	Study on The Behaviour of Native Timber Species of Commercial Value in the Tropical Moist Forests of Honduras (Honduras)
PD 23/99 Rev.1 (F)	Testing of ITTO Revised Criteria and Indicators and Dissemination of Results Applying to Cameroon (Cameroon)
PD 27/99 Rev.1 (F)	Pilot Project for the Sustained Management of the So'o Lala Forest – Phase II (Cameroon)
PD 28/99 Rev.1 (F)	A Scientific and Technical Workshop for S.E. Asia on Forest Restoration for Wildlife Conservation (Thailand)
PD 38/99 Rev.1 (F,I)	Demonstration Community Forest Management in the Natural Cloud Forests of the Urumba Basin, San Ignacio (Peru)

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 15 (A) below.

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

Pre-project No.	Title
PPD 2/99 (F)	A Model Forest Management Area in Papua New Guinea (PNG)
PPD 4/99 Rev.1 (F)	Pre-Project for the Protection and Sustainable Use of Forest Resources in the Special Management Area of Darien (Colombia)
PPD 5/99 Rev.1 (F)	Development of a Model Forest for Sustainable Forest Management in Thailand (Thailand)
PPD 7/99 Rev.1 (F)	Initiative to Develop a Conservation Project for the Condor Range Region (Ecuador & Peru)
PPD 8/99 (F)	Identifying an Indigenous Forest Plantation Strategy for Fast-Growing Tropical Species in the Nyong Valley (Central Province of Cameroon)
PPD 12/99 (F)	Sustainable Tropical Forest Management through Community Participation in India (India)

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 15 (B) below.

9. Policy Work

Under this item, established by Decision 4(XXV), Annex A "Policy Work", the Committee discussed its work programme according to Decision 7(XXV) in the Annex under the heading "Reforestation and Forest management" items (i) and (ii) which refers to the ITTO Libreville Action Plan section 3.2, goal 2, action 2 to: refine guidelines on reduced-impact logging, and action 3 to: compile and publish guidelines for the rehabilitation of degraded forests and forest lands.

It was noted that the present ITTO Guidelines of the Sustainable Management of Natural Tropical Forests were developed in 1990 and that they were in need of updating, reformulation and expansion.

While updating the ITTO Guidelines the above two subjects, which are already mentioned, could be further elaborated and included. The Committee agreed upon draft terms of reference for work to review the developments and other initiatives in this field and to assist in preparing a new and updated version of the ITTO Guidelines for the Sustainable Management of Tropical Forest. The Committee requested the Secretariat to continue to further improve these terms of reference to be circulated to members for their comments. The Comments are to be submitted to the Secretariat before the 15th September 1999, based on which the Secretariat will develop a Committee document for the consideration of the Committee at its next session in November, 1999.

10. Decision on Fellowship Applications under Project PD 1/93 Rev.1 (M,F,I)

Successful applicants for ITTO fellowships under Project PD 1/93 Rev.1 (M,F,I) are presented in the Report from the Committee on Forest Industry.

11. Dates and Venue of the Twenty-seventh and Twenty-eighth Sessions of the Committee

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

12. Other Business

(a) Project Idea

The Secretariat informed the Committee on the project idea submitted by the Government of Australia pertaining to the conduct of workshops to disseminate the code of forest harvesting practice involving countries in the Asia-Pacific Region. The Committee discussed the idea and provided suggestions to involve international organizations including CIFOR and FAO and to include the related technical guidelines and manuals developed by ITTO and other organizations. The Committee decided to welcome the project idea and encouraged the Government of Australia and other member countries involved to develop a pre-project/project proposal to be submitted to ITTO through the official channels and following the project cycle.

(b) ITTO and the Role of Forests in Binding Carbon

The Committee took note of a proposal by the Delegate from Thailand for ITTO to reflect on aspects related to forests, climate change and the role of forests in the binding of carbon-dioxide. The delegate from India supported the proposal. The Committee took note of this idea for further reflection.

(c) Ex-post Evaluation

The Committee took note of the need to identify completed projects for ex-post evaluation in accordance with Decision 4(XXV), Annex A, Section VII "Evaluation", point 2. The Committee urged the Secretariat to identify such projects and prepare a list with budget considerations for the next Session of the Committee in November, 1999.

(d) Recommendation for Projects and Pre-projects Awaiting Financing

The Committee noted with concern the number of approved projects (23) and pre-projects (5) that remained unfunded. The Committee therefore urged member countries to contribute funds for these

unfunded approved projects. The list of such projects is included in Section C) of Agenda Item 7, in the Committee Agenda document CRF(XXIV)/1 Rev.1.

(e) Presentations of Project Results

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

- PD 35/93 Rev.4 (F) Forestry Management, Community Development and Sustained Use of Forests on the Punta Patiño Nature Reserve, Darien Region, Republic of Panama - Phase I (Completed), Phase II (Completed) (Panama)
- PD 39/95 Rev.1 (F) Institutional Strengthening for the Sustainable Management of Forest Plantations (Colombia)
- PD 35/96 Rev.2 (F) Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production, Surigao Del Sur, Philippines (Philippines)

13. 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 2/99 Rev.2 (F) and allocate US\$ 681,034 for its implementation.
2. The Committee recommended that the Council approve PD 3/99 Rev.2 (F) and allocate US\$ 391,616 for its implementation.
3. The Committee recommended that the Council approve PD 7/99 Rev.1 (F) and allocate US\$ 325,468 for its implementation.
4. The Committee recommended that the Council approve PD 9/99 Rev.2 (F) and allocate US\$ 384,524 for its implementation.
5. The Committee recommended that the Council approve PD 10/99 Rev.3 (F) and allocate US\$ 385,138 for its implementation.
6. The Committee recommended that the Council approve PD 16/99 Rev.2 (F) and allocate US\$ 743,775 for its implementation.
7. The Committee recommended that the Council approve PD 17/99 Rev.1 (F) and allocate US\$ 1,374,006 (Phase I) and US\$ 992,644 (Phase II) for its implementation.
8. The Committee recommended that the Council approve PD 18/99 Rev.1 (M,F,I) and allocate US\$ 220,495 for its implementation.
9. The Committee recommended that the Council approve PD 21/99 Rev.1 (F) and allocate US\$ 98,203 for its implementation.
10. The Committee recommended that the Council approve PD 22/99 Rev.1 (F) and allocate US\$ 802,855 (Phase I) and US\$ 466,099 (Phase II) for its implementation.
11. The Committee recommended that the Council approve PD 23/99 Rev.2 (F) and allocate US\$ 172,136 for its implementation.
12. The Committee recommended that the Council approve PD 27/99 Rev.2 (F) and allocate US\$ 246,304 for its implementation.
13. The Committee recommended that the Council approve PD 28/99 Rev.2 (F) and allocate US\$ 36,514 for its implementation.

Appendix I

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

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

Conclusion of the Twenty-fourth 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 2/99 Rev.2 (F) and recommended the Council to allocate US\$ 681,034 for its immediate implementation.

2. PD 3/99 Rev.2 (F): An Assessment of the Status of Conservation Areas in Sabah, Malaysia (Malaysia)

Conclusion of the Twenty-fourth 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 3/99 Rev.2 (F) and recommended the Council to allocate US\$ 391,616 for its immediate implementation.

3. PD 7/99 Rev.1 (F): East New Britain Balsa Industry Strengthening Project – Phase II (PNG)

Conclusion of the Twenty-fourth 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 7/99 Rev.1 (F) and recommended the Council to allocate US\$ 325,468 for its immediate implementation.

4. PD 9/99 Rev.2 (F): Sustainable Management of Missahoe Reserved Forest Forestry Resource with the Participation of the Local Rural Communities for an Optimal Timber Production (Kpalime, Togo)

Conclusion of the Twenty-fourth Committee

The Committee noted that the revised project proposal, and further explanation provided by the submitting country, adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 9/99 Rev.2 (F) and recommended the Council to allocate US\$ 384,524 for its immediate implementation.

5. PD 10/99 Rev.3 (F): Selection and Cultivation of Fast-Growing and High-Yielding Strains of Rubber Trees for Timber Production in Hainan, China (China)

Conclusion of the Twenty-fourth 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 10/99 Rev.3 (F) and recommended the Council to allocate US\$ 385,138 for its immediate implementation.

14. The Committee recommended that the Council approve PD 38/99 Rev.1 (F,I) and allocate US\$ 443,100 for its implementation.

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

1. The Committee recommended that the Council approve PPD 2/99 Rev.1 (F) and allocate US\$ 95,267 for its implementation.
2. The Committee recommended that the Council approve PPD 4/99 Rev.2 (F) and allocate US\$ 58,236 for its implementation.
3. The Committee recommended that the Council approve PPD 5/99 Rev.1 (F) and allocate US\$ 82,079 for its implementation.
4. The Committee recommended that the Council approve PPD 7/99 Rev.1 (F) and allocate US\$ 177,367 for its implementation.
5. The Committee recommended that the Council approve PPD 8/99 (F) and allocate US\$ 31,125 for its implementation.
6. The Committee recommended that the Council approve PPD 12/99 (F) and allocate US\$ 59,186 for its implementation.

16. Report of the Session

The Committee accepted this Report for submission to the Council.

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

Conclusion of the Twenty-fourth 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 16/99 Rev.2 (F) and recommended the Council to allocate US\$ 743,775 for its immediate implementation.

7. PD 17/99 Rev.1 (F): National Forest Inventory and Forest Resource Monitoring Program in Bolivia (INFOBOL-2000) (Bolivia)

Conclusion of the Twenty-fourth 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 17/99 Rev.1 (F) and recommended the Council to allocate US\$ 1,374,006 (Phase I) and US\$ 992,644 (Phase II) for its immediate implementation.

8. PD 18/99 Rev.1 (M,F,I): Latin American Forestry Congress (Peru)

Conclusion of the Twenty-fourth 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 18/99 Rev.1 (M,F,I) and recommended the Council to allocate US\$ 220,495 for its immediate implementation.

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

Conclusion of the Twenty-fourth 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 21/99 Rev.1 (F) and recommended the Council to allocate US\$ 98,203 for its immediate implementation.

10. PD 22/99 Rev.1 (F): Study on The Behaviour of Native Timber Species of Commercial Value in the Tropical Moist Forests of Honduras (Honduras)

Conclusion of the Twenty-fourth 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 22/99 Rev.1 (F) and recommended the Council to allocate US\$ 802,855 (Phase I) and US\$ 466,099 (Phase II) for its immediate implementation.

11. PD 23/99 Rev.2 (F): Testing of ITTO Revised Criteria and Indicators and Dissemination of Results Applying to Cameroon (Cameroon)

Conclusion of the Twenty-fourth Committee

The Committee noted that the revised project proposal, and further explanation provided by the submitting country, adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 23/99 Rev.2 (F) and recommended the Council to allocate US\$ 172,136 for its immediate implementation.

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

Conclusion of the Twenty-fourth Committee

The Committee noted that the revised project proposal, and further explanation provided by the submitting country, adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 27/99 Rev.2 (F) and recommended the Council to allocate US\$ 246,304 for its immediate implementation.

- 13. PD 28/99 Rev.2 (F): A Scientific and Technical Workshop for S.E. Asia on Forest Restoration for Wildlife Conservation (Thailand)**

Conclusion of the Twenty-fourth 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 28/99 Rev.2 (F) and recommended the Council to allocate US\$ 36,514 for its immediate implementation.

- 14. PD 38/99 Rev.1 (F,I): Demonstration Community Forest Management in the Natural Cloud Forests of the Urumba Basin, San Ignacio (Peru)**

Conclusion of the Twenty-fourth 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 38/99 Rev.1 (F,I) and recommended the Council to allocate US\$ 443,100 for its immediate implementation.

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS

- 1. PPD 2/99 Rev.1 (F): A Model Forest Management Area in Papua New Guinea (PNG)**

Conclusion of the Twenty-fourth Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. However the Committee questioned the budget provision for final audit from the ITTO requested amount. The submitting agency replied that they would transfer this item to the counterpart budget. With this revision, the Committee approved the pre-project PPD 2/99 Rev.1 (F) and recommended the Council to allocate US\$ 95,267.00 for its immediate implementation.

- 2. PPD 4/99 Rev.2 (F): Pre-Project for the Protection and Sustainable Use of Forest Resources in the Special Management Area of Darien (Colombia)**

Conclusion of the Twenty-fourth Committee

The Committee noted that the revised pre-project proposal, and further modifications provided by the submitting country, adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 4/99 Rev.2 (F) and recommended the Council to allocate US\$ 58,236 for its immediate implementation.

- 3. PPD 5/99 Rev.1 (F): Development of a Model Forest for Sustainable Forest Management in Thailand (Thailand)**

Conclusion of the Twenty-fourth 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 5/99 Rev.1 (F) and recommended the Council to allocate US\$ 82,079 for its immediate implementation.

4. **PPD 7/99 Rev.1 (F):** **Initiative to Develop a Conservation Project for the Condor Range Region (Ecuador & Peru)**

Conclusion of the Twenty-fourth 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 7/99 Rev.1 (F) and recommended the Council to allocate US\$ 177,367 for its immediate implementation.

5. **PPD 8/99 (F):** **Identifying an Indigenous Forest Plantation Strategy for Fast-Growing Tropical Species in the Nyong Valley (Central Province of Cameroon)**

Conclusion of the Twenty-fourth Committee

The Committee noted that the revised project proposal, and further explanation provided by the submitting country, adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 8/99 (F) and recommended the Council to allocate US\$ 31,125 for its immediate implementation.

6. **PPD 12/99 (F):** **Sustainable Tropical Forest Management through Community Participation in India (India)**

Conclusion of the Twenty-fourth 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 12/99 (F) and recommended the Council to allocate US\$ 59,186 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-FOURTH SESSION OF THE COMMITTEE

PROJECT DOCUMENT	ITTA, 1994		BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Months)	RECOMMENDATION*	
	OBJECTIVES	OPERATIONAL ACTIVITIES				17th EP	24rd CRF
	Art. 1	Art. 27, Para. 2					
PD 2/99 Rev.2 (F)	c,d,f,l,m	a(iii),b	681,034	Thailand	36	1 + BPF	1
PD 3/99 Rev.2 (F)	a,f,l	a(iii)	391,616	Malaysia	36	1 + BPF	1
PD 7/99 Rev.1 (F)	c,f,i,j	a(i),b,c,d,e	325,468	PNG	24	1	1
PD 9/99 Rev.2 (F)	c,j,l	a(i),(ii),(iii),b,c,e	384,524	Togo	36	1 + BPF	1
PD 10/99 Rev.3 (F)	c,f,h,l	a(ii),b	385,138	P.R. China	36	1	1
PD 16/99 Rev.2 (F)	a,f,l	a(iii)	743,775	Malaysia	36	1 + BPF	1
PD 17/99 Rev.1 (F)	c,d,f,j,l	a(iii)	1,374,006 (Ph.I), 992,644 (Ph.II)	Bolivia	48 (Phases I & II)	1 + BPF	1
PD 18/99 Rev.1 (M,F,I)	c,d,f,j,l	a(i),(ii),(iii),b,c	220,495	Peru	8	1	1
PD 21/99 Rev.1 (F)	c,f,h,l	a(ii),b	98,203	Philippines	9	1	1
PD 22/99 Rev.1 (F)	c,d,f,j,l	a(i),(ii),b	802,855 (Ph.I), 466,099 (Ph.II)	Honduras	36 (Phase I)	1 + BPF	1
PD 23/99 Rev.2 (F)	c,f,l	a(iii),c	172,136	Cameroon	14	1 + BPF	1
PD 27/99 Rev.2 (F)	c,d,f,j,l	a(iii),c,e	246,304	Cameroon	30	1 + BPF	1
PD 28/99 Rev.2 (F)	a,f,l	a(ii)	36,514	Thailand	18	1	1
PD 38/99 Rev.1 (F,I)	c,d,f,j,l	a(i),(ii)	443,100	Peru	24	1 + BPF	1
PPD 2/99 Rev.1 (F)	c,d,f,j,l,m,n	a(iii),b,c,e	95,267	PNG	6	1	1
PPD 4/99 Rev.2 (F)	c,d,f,j,l	a(i),(ii),(iii)	58,236	Colombia	6	1	1
PPD 5/99 Rev.1 (F)	c,d,f,l,m	a(iii),b,c	82,079	Thailand	10	1	1
PPD 7/99 Rev.1 (F)	c,d,f,j,l	a(i),(ii),(iii)	177,367	Ecuador & Peru	6	1	1
PPD 8/99 (F)	c,f,j	a(i),b,c,e	31,125	Cameroon	5	4a	1
PPD 12/99 (F)	c,f,l	a(iii),b,c	59,186	India	6	4a	1

* For Categories of Recommendation see Table B.

TABLE B

Categories of Decision for 17th Expert Panel	Categories of Recommendation from 24th CRF to the Council
<ol style="list-style-type: none"> 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).) 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. 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. 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"> a: (Such a pre-project could be commended to the Committee for final appraisal.) b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.) 5. The Panel concluded that it could not commend the modified or revised proposal and submits it to the Committee for further appraisal. 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.) 7. The Panel concluded that there is insufficient information to assess the project adequately. <p>(Text in Parentheses is optional)</p>	<ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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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28 May – 3 June 1999
Chiang Mai, Thailand

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

TWENTY-FOURTH SESSION OF THE COMMITTEE ON FOREST INDUSTRY

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REPORT

1. Introduction

The Twenty-fourth Session was opened on 28 May 1999 by Dr. Maria Angela Andrade Perez (Colombia) the Chairperson of the Committee. The List of Participants is reproduced in Document ITTC(XXVI)/Info.2 Rev.1.

2. Adoption of Agenda and Organization of Work

At its first meeting on 28 May 1999, the Committee adopted the agenda of its Twenty-fourth Session as contained in Document CFI(XXIV)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document ITTC(XXVI)/Info.3 Rev.1.

4. 1999 Market Discussion (Joint Session of the Committees)

The Committee noted the report of the ITTO 1999 Market Discussion as contained in Appendix B of the Report of the Committee on Economic Information and Market Intelligence. The theme of the Market Discussion was "The Downturn in the World Tropical Timber Market and the Positive Contributions that ITTO Should Make". The moderator was Mr. Barney Chan (Sarawak Timber Association, Malaysia) and the Rapporteur was Dr. Michael J. Adams (Market Information Service Coordinator, Economic Information and Market Intelligence Division, ITTO). The Discussion was divided into introductory presentations followed by a roundtable panel discussion, as follows:

Introductory Presentations

Dr. Steven E. Johnson, ITTO
Statistician
Economic Information and Market Intelligence,
ITTO

"Trends in the Trade of Tropical Timber"

Michael J. Ginnings
Ginnings Far East Associates Pty. Ltd. (Australia)

"Report on Impediments to Market Access for
Tropical Timber"

Tan Sri Dato' Wong Kum Choon,
Consultant (Malaysia)

Mr. Geoffrey Pleydell
Market Development and Information Services –
Forest Industries (United Kingdom)

"Progress report on the Market Downturn in the
International Tropical Timber Market"

Panelists

Mr. Aruk Suksawad
TBD, Thai Furniture Industries Association
(Thailand)

Mr. Dani Pitoyo
APKINDO (Indonesia)

Mr. Eric Thomsson,
IHPA, President-Elect (U.S.A.)

Mr. Alhassan N. Attah
Acting Chief Executive,
(F.P.I.B.) (Ghana)

Mr. Michael James
Adviser, U.K. Delegation (U.K.)

Dr. Ivan Tomaselli
Trade Adviser to the Brazilian delegation
(Brazil)

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

The Committee took note of the report of the Expert Panel for Technical Appraisal of Project Proposals, as contained in the document CEM, CRF, CFI(XXIV)/1. The Committee considered in more detail the Panel's observation 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.

6. Report on Completed Projects and Pre-Projects

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

PD 107/90 (I)	Strategies for Sustainable Wood Industries in Sarawak (Malaysia)
PD 3/96 Rev.2 (I)	Development and Extension of Rubberwood Processing and Utilization Technology (China)
PD 33/96 Rev.2 (I)	Workshop on Nondestructive Testing of Tropical Timber (Global)
PD 7/97 Rev.2 (I)	III Plywood and Tropical Timber International Congress (Brazil)
PPD 12/96 Rev.1 (I)	Development and Implementation of Stress Grading Rules for Tropical Timbers (Philippines)

Summary information on the work carried out under the above mentioned projects and pre-project are provided in document CFI(XXIV)/3.

The final report on the pre-project PPD 12/96 Rev.1 (I) is reproduced in document PPR 52/99 (I). The Committee noted that this pre-project assessed the feasibility of developing and implementing a unified lumber stress grading system in the Philippines. The assessment was preceded by a technical review of stress grading systems applicable to tropical timber and by the determination of the required effectiveness of a stress grading system appropriate for the Philippine situation. A preliminary economic feasibility study and a consultative workshop completed the pre-project activities. The four study components forming the major output of the pre-project study were:

- i. A technical review of lumber stress grading methods and development of criteria for an effective stress grading method for the Philippines.
- ii. Lumber supply and demand for construction purposes in the Philippines: implications for stress grading.
- iii. Exploring the economic feasibility of lumber stress grading for tropical timber in the Philippines.
- iv. Market assessment and strategies for the implementation of stress grading for tropical timber.

The pre-project study, an exploratory study, examined the analytical framework for assessing the economic feasibility of stress grading and presented the expected benefits from stress grading and the costs associated with its implementation and adoption and the conditions necessary to realize the identified benefits. Due to a lack of market, price and cost data, it did not present conclusive evidence that can be used to categorically state that stress-grading is or is not economically viable in the Philippines.

The pre-project study also concluded that for potential investors like sawmill operators and lumber traders, determining the economic viability of a stress grading operation will involve a deeper examination of markets, cash-flow projections and activities aimed at creating demand and achieving sustainability.

The project results served as the basis for the preparation of a project proposal PD 34/99 Rev.1 (I), which the Committee appraised during the Session and recommended for Council approval.

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

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

PROJECTS

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)
PD 109/90 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 1/93 Rev.1 (M,F,I)	ITTO Fellowship Programme- Phase II (Global)
PD 17/93 Rev.3 (M,F,I)	ITTO Network for Information Sharing and Project Support(Global)
PD 39/93 Rev.4 (I)	Research and Development in Energy Alternative from Biomass (Wood and Agricultural Residues) through Briquetting, Gasification and Direct Combustion (Malaysia and Cameroon)
PD 47/94 Rev.3 (I)	Industrial Utilization of Lesser-Known Forest Species in Sustainably Managed Forests (Honduras)
PD 20/95 Rev.2 (I)	Chemical Modification of Bamboo Culms and Their Resistance to Weathering (China)
PD 21/95 Rev.2 (I)	Comprehensive Studies of the Structure and Properties of Rattans for Effective Utilization (China)
PD 33/95 Rev.3 (M,F,I)	Impacts of Increased Utilization of Lesser-Used Species (LUS) (Ghana)
PD 37/94 Rev.3 (I)	Strengthening of the Forest Products Laboratory of IBAMA (Brazil)
PD 24/95 Rev.1 (I)	The Identification, Properties and Uses of the Tropical Timber Imported to China from Latin America (China)
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 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 7/94 Rev.3 (M,I)	Information and Technical Assistance for Production and Trade of Tropical Timber (Brazil)
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)

PRE-PROJECTS

- 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 4/98 Rev.1 (I) Promotion of Tropical Non-Wood Forest Products in Thailand (Thailand)
- PPD 5/98 Rev.2 (M,I) Technical and Industrial Assistance and Development of International Markets for Manufactured Timber Products in Peru (Peru)
- 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 1/98 Rev.2 (I) Rubberwood Utilization and Marketing in Thailand (Thailand)

The Committee had detailed discussions on project PD 73/89 (M,F,I), recalling that its implementation provided for the organization of 12 training workshops on project formulation. The Committee expressed its satisfaction with the quality of training provided in these workshops, which were implemented by the INTERCOOPERATION on a subcontract basis. It noted that many well designed and formulated projects approved by the Organization were prepared by institutions that received training in these workshops.

The Committee decided to consider recommending the organization of additional training workshops after the completion of deliberations by Council on the revision of the ITTO Manual for Project Formulation. The Committee also expressed the view that the source of funds for this type of training should be considered, and the option for offering the training through ITTO's regular work program, rather than through the project, should be explored.

The Committee requested the Secretariat to provide more information on progress of work under project PD 94/90 Rev.3 (I), which has been affected by considerable delay in the implementation of some key activities which depend on the local government inputs. The Committee was informed by the Secretariat that substantial progress has been made on some key areas which had previously constrained implementation, which include the land tenure situation and lack of road access to the project area. The Secretariat further informed the Committee that the implementation of the work plan prepared by the implementing agency, covering activities to be implemented in the period June- December 1999, will allow for significant progress in implementation of work affected by the delays reported earlier.

The Committee resumed discussions initiated at its Twenty-second Session on whether to start field implementation of project PD 209/91 (I) in the Democratic Republic of Congo (formerly Zaire). The Secretariat informed the Committee that the country Government responded to questions raised by the Committee on the local working conditions and on the reported plans to relocate the project implementing agency. Based on Government information that working conditions in the country have improved and that the implementing agency has relocated to a new building with better facilities, the Committee instructed the Secretariat to seek additional information on the working conditions in the country and to consult with the project donor country on whether to start the project implementation.

The Committee considered and deliberated on further extending project PD 1/93 Rev.1 (M,F,I) "ITTO Fellowship Programme – Phase II". In its efforts to promote human resources development and institutional strengthening in the forestry sectors of member countries, the project has already financed 328 fellowships, granted to recipients from 31 ITTO member countries. The Committee restated its full confidence in this project as an efficient mechanism to facilitate training, technology transfer and cooperation among members, both south-south and north-south, and decided to recommend to Council a further one-year extension to the project with an additional allocation of US\$350,000.

While reviewing progress of the implementation of project PD 1/93 Rev.1 (M,F,I), the Committee considered the report of the Fellowship Selection Panel which had been established to select successful candidates and to review the Fellowship Programme.

The Panel, assisted by a working paper prepared by the Secretariat, reviewed the fellowship application procedures, selection criteria, advertisement and priorities of the Programme. It decided to recommend to the Committee that the Secretariat should convene an Expert Panel to consider these matters in further detail in order to advise the Committee on the introduction of project modifications with a view to improving the Programme's efficiency, effectiveness and impact. This Expert Panel will comprise a group of six individuals, three from producer countries and three from consumer countries, who are familiar and experienced with the work of the ITTO Fellowship Programme. Following up on the Fellowship Selection Panel's recommendation, the Committee requested the Secretariat to convene such an Expert Panel before the Twenty-fifth Session of the Committee to review the history and experience of the Fellowship Programme [project PD 1/93 Rev.1 (M,F,I)] with a view to proposing improvements in the promotion, development and management of the Programme.

When reviewing progress of work under project PD 7/94 Rev.3 (M,I) the implementing agency reported that because of recent significant reductions in mahogany exports by Brazil, and due to difficulties in identifying reliable partners among mahogany processing companies, it feels that the project cannot rely on mahogany only and should be expanded to include other species now accounting for the bulk of Brazilian hardwood sawnwood exports. The implementing agency informed the Committee that a proposal to modify the project species coverage will be submitted for its consideration at the Twenty-fifth Session.

The Committee considered in detail implementation problems reported under project PD 44/98 Rev.2 (I), as reported in document CFI(XXIV)/7. The Committee noted the difficulties in securing agreement and cooperation between the project co-implementing agencies in accordance with the institutional framework approved in the project document. It considered a proposal to increase the budget by US\$110,000, which could solve the problems presented, but was unable to agree on this option because it makes the project too costly in relation to its outputs and benefits. The Committee decided to recommend that the co-implementing agencies continue their consultation with a view to develop consensus on the project implementation in accordance with the work plan and budget approved in the project document.

When considering implementation of pre-project PPD 50/91 (I) the Committee recalled that at previous Sessions it had pointed out that a number of years had passed since approval of this pre-project, and that work priorities of the Democratic Republic of Congo could have changed since installation of the new government. However, based on information provided by the Government of Democratic Republic of Congo indicating that the country's priorities have not changed and inviting ITTO to take action to complete the pre-project as planned, the Committee decided to request the Secretariat to make efforts to engage the services of an international consultant to assist completing the pre-projects.

Considering and assessing its own project progress review work, the Committee expressed the view that the new 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 requested the Secretariat to identify these projects and pre-projects in the report which it usually prepares and distributes to Members in order to assist the Committee to review project and pre-project work in progress.

The Committee also expressed the view that while the new procedure helps to focus work on projects previously identified as needing more detailed attention, within the Session, Members may and are welcome to propose discussions and more detailed consideration of any project or pre-project under implementation.

8. Consideration of Project and Pre-Project Proposals

PROJECTS

PD 46/98 Rev.2 (I)	Development of the Indian Rubberwood Industry (Phase I) (India)
PD 13/99 Rev.1 (M,F,I)	ITTO Information Network and Project Support (Phase I and Phase II) (ITTO Secretariat)
PD 14/99 Rev.1 (I)	General Nomenclature of Tropical Timber (France)
PD 34/99 Rev.1 (I)	Development and Implementation of Stress Grading Rules for Tropical Timber

in the Philippines (Philippines)

PD 40/99 Rev.1 (I)

IV Plywood and Tropical Timber International Congress (Brazil)

PRE-PROJECTS

PPD 1/99 Rev.1 (I)

Human Resources Development for the Improvement of Forest Industry in Cambodia (Cambodia)

PPD 10/99 (I)

Utilization of Small Logs from Forest Plantation in Thailand (Thailand)

PPD 11/99 (I)

Development of the Rubberwood Industry in Côte d'Ivoire (Phase I) (Côte d'Ivoire)

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

9. Policy Work

The Committee discussed four issues related to policy work during the Session:

(i) Tropical timber standardization and harmonization of nomenclature

Assisted by document CFI(XXIV)/5, which compiled information on previous ITTO work on tropical timber standardization and nomenclature, the Committee reviewed the need for additional work in this area. The Committee agreed that the Organization's work in recent years appropriately addressed the issue of tropical timber standardization, particularly concerning tropical sawnwood and plywood. The Committee also recalled its current work related to timber standards, which includes the completed pre-project on stress grading rules and the project considered in this Session which is being recommended for Council approval [PD 34/99 Rev.2 (I) "Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines"].

The Committee also noted that the APEC Sub-committee on Standards and Conformance has a technical group on timber standards, whose work will be used primarily to provide input for the International Standards Organization. APEC also has three other regional technical groups looking at construction-related standards.

The Committee recognized that work to update and revise the nomenclature of tropical timber was needed and desirable. To this effect, the Committee decided to recommend to Council the approval of project proposal [PD 14/99 Rev.1 (I)] considered under agenda item 8, which is designed to produce a revised and updated version of the ATIBT publication entitled "A General Nomenclature of Tropical Timber".

(ii) Guidelines on increasing utilization efficiency and reduction of losses

The Committee briefly considered and discussed work to develop guidelines on increasing utilization efficiency and the reduction of losses and waste throughout the tropical timber production chain. The Committee based its discussions on a Secretariat-prepared background paper [CFI(XXIV)/6] which compiled information on previous work in this field. The Committee also noted views of Members and representatives of the wood industry pointing out that efficiency is largely dependent on equipment and skills of the workforce, and that ultimately decisions related to increasing efficiency are investment decisions which are at the discretion of wood industries owners. The Committee noted the draft terms of reference for implementing the work are already included in document [CFI(XXIV)/6] and decided to further consider these draft terms of reference in its 1999 fall session (Twenty-fifth Session). The Committee's initial view is that the work described in the terms of reference contained in the document is perhaps too ambitious and its implementation should be planned in steps, with the execution of the review, survey and assessment of information and data preceding the consideration and decision related to preparation of draft guidelines.

Several Members informed the Committee on work to improve efficiency in the wood products industries by other international organizations and national institutions. These include APEC, which is working with

the wood industry in general, and the Forest Research Institute Malaysia (FRIM) which recently published guidelines to improve efficiency in the furniture industry.

(iii) Voluntary code of conduct of the forest industry

As agreed in its previous session (Twenty-third Session), the Committee confirmed that it will consider and hold discussions on the need for and desirability of work on a voluntary code of conduct for the forest industry in its 1999 fall session (Twenty-fifth Session). The Committee took note of the background paper [CFI(XXIV)/8] on this issue prepared by the Secretariat in compliance with its instructions. The Committee was also informed that the Interafrican Forest Industries Association (IFIA) is working in cooperation with conservation

NGOs to finalize and publish its forest industries code of conduct. The Committee recommended that Members should follow the IFIA developments in this area, and also any information on the effectiveness of codes of conduct in general, as opposed to other forms of incentive/enforcement tools. The Committee decided to continue discussions of the issue at its 25th Session in November 1999.

(iv) Preparation of terms of reference and recommendations for a review of the status of further processing of tropical timber

The Committee confirmed that at its Twenty-fifth Session it will prepare the terms of reference and recommendations to Council on the implementation of a study to review the status of further processing of tropical timber in producing countries. The Committee agreed that consultancy work partially relying on responses to enquiry questionnaires and national reports submitted by Members could be one option to appropriately implement the study.

10. Decision on Fellowship Applications under Project PD 1/93 Rev.1 (M.F.I)

The Fellowship Selection Panel met four times during the Twenty-fourth Session of the Committee on Forest Industry to evaluate fellowship applications submitted in time and to select successful candidates. The Selection Panel was composed of:

Consumers:	Ms. Jan L. McAlpine (U.S.A. - Chairperson) Mr. John-Michael Jacques Louis Martinez (Australia) Mr. Michael James (U.K.)
Producers:	Mr. Danilo Silva Chiriboga (Ecuador) Mr. Emmanuel Siisi-Wilson (Ghana) Mr. Pralong Dumrongthai (Thailand)

The Fellowship Selection Panel considered a total of 209 applications of which 163 applications were from producer countries and 46 applications were from consumer countries. Seventy-six percent of the applications were in the field of Reforestation and Forest Management.

The Panel used the selection criteria to review the applications, taking into account the need to maintain as far as possible a balance between the three subject areas, and in the different geographic regions and gender of applicants. The Panel recommended to the Committee that 24 applicants be approved, subject to the availability of funds, at a total cost of approximately US\$139,333. The approved applicants are listed in Appendix II.

The Panel also considered the application form, selection criteria and advertisement of the Programmes and decided to recommend to the Committee the establishment of an Expert Panel to review these matters in further detail. The discussions and recommendations are reported in item 7 "Review on Project Work in Progress" of this Report.

11. Dates and Venue of the Twenty-eighth Session

The Committee decided that the dates and venue of the Twenty-eighth Committee Session will be agreed upon by the ITTC in the Twenty-sixth Council Session.

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 projects and pre-projects:

PROJECTS

PD 46/98 Rev.3 (I)	Development of the Indian Rubberwood Industry (Phase I) (India)
PD 13/99 Rev.2 (M,F,I)	ITTO Information Network (Phase I and Phase II) (ITTO Secretariat)
PD 14/99 Rev.2 (I)	General Nomenclature of Tropical Timber (France)
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)	IV Plywood and Tropical Timber International Congress (Brazil)

PRE-PROJECTS

PPD 1/99 Rev.2 (I)	Human Resources Development for the Improvement of Forest Industry in Cambodia (Cambodia)
PPD 10/99 Rev.1 (I)	Utilization of Small Logs from Forest Plantation in Thailand (Thailand)
PPD 11/99 Rev.1 (I)	Development of the Rubberwood Industry in Côte d'Ivoire (Phase I) (Côte d'Ivoire)

2. To allocate additional funds amounting to US\$350,000 to finance a one-year extension of project PD 1/93 Rev.1 (M,F,I) "ITTO Fellowship Programme – Phase II".
3. 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 46/97 Rev.3 (I)	Community Forest Product Processing in the Puerto Dias Extractive Reserve (Brazil) [\$462,090]
PD 41/98 Rev.2 (I)	National Seminar Workshop on the Promotion of Plantation Timber Utilization (Philippines) [\$53,784]
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) [\$442,261]
PD 33/97 Rev.2 (I)	Identification and Nomenclature of Commercial Tropical Timber Species in the Andean Community – Phase II (Peru) [\$733,225]
PD 73/89 (M,F,I)	Assistance for Project Identification and Formulation (Global) [Additional funds \$170,000]
PD 20/98 Rev.1 (I)	Establishment of a Training and Technical Information Center for Wood Based Industries (Myanmar) [\$508,755]
PD 33/98 Rev.2 (I)	Sustainable Production of Construction Materials from Philippine Bamboos (Philippines) [\$544,696]

PPD 9/98 Rev.1 (I) Assessment of Forest Industry Training Needs (Guyana) [\$52,434]

4. To consider facilitating its implementation through the ITTO regular program as its activities and outputs are consistent with the Libreville Action Plan's areas of work which benefit ITTO as a whole.

13. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX I

TECHNICAL EVALUATION OF PROJECT PROPOSALS

PD 46/98 Rev.2 (I) Development of the Indian Rubberwood Industry (Phase I) (India)

The Committee noted that the revised proposal adequately addressed all of the recommendations made by the 17th Expert Panel for Technical Appraisal of Project Proposals. The Committee noted that the proposal was prepared by the Indian Rubberwood Task Force, a NGO, grouping both growers and processors of rubberwood as well as the relevant institutional bodies. It further noted that the project would assist in improving rubberwood processing technology and promoting the utilization of rubberwood products in the domestic market in India. The Committee decided to recommend to the Council the approval and implementation of a further revised proposal [PD 46/98 Rev.3 (I)] which includes specification of the governmental agencies' contribution and minor budget amendments to appropriately reflect ITTO administrative support costs.

PD 13/99 Rev.1 (M,F,I) ITTO Information Network and Project Support (Phase I and Phase II) (ITTO Secretariat)

The Secretariat introduced the new project proposal which was to follow on the main aspect of the work of PD 17/93 Rev 3. Attention was drawn to the comments of the Expert Panel which were included as an appendix to the document.

Both the delegates for Japan and the United States of America expressed concern about the combination of the two distinctly separate components within the one project document.

The delegate for Japan made two proposals for which he asked the Secretariat for comments: firstly he suggested that production of the newsletter should be a core activity and funded by the Secretariat's Administrative Account. Secondly he asked whether the monitoring and evaluation component of the project could be carried out from the budgets for each separate project.

With regard to production of the *Tropical Forest Update* newsletter from the ITTO Administrative Account, the Secretariat felt that without some restructuring within the professional staff of the Secretariat and an increase in funds in the Account, at present it would not be possible to continue the newsletter. Even excluding the costs of funding the Editor's post, an additional sum of at least US\$300,000 per annum would be required to cover production costs.

The Secretariat said that, in the past, proposals have been put forward to carry out ex-post evaluations on projects which have no remaining funds to allow such assessments to be done. Thus it was useful for the Organization to have the facility to take out such monitoring and evaluation activities.

The delegate for the United States of America asked whether it would be possible to utilise surplus monitoring and evaluation funds from other projects in order to ensure that there is a capability for carrying out ex-post evaluations, but through different means. The Secretariat pointed out that the current financial rules require all surplus funds from closed projects to be returned to donors and that there is no scope for pooling funds.

Clarification was requested on whether the monitoring and evaluation work carried out to date has been done under project PD 17/93. The Secretariat noted that this work had been part of the remit of the work of the regional services. The delegate for Japan requested further information about the monitoring and evaluation work that had been carried out to date. The Secretariat noted that in the past year, no monitoring and evaluation work had been carried out under project PD 17/93 because it had been agreed that preference should be given to the work of the newsletter and, as total funds for the project had not been available to guarantee funding of the newsletter at the start of the 12 months, it was not possible to undertake monitoring and evaluation. Furthermore, the Secretariat noted that there had been very little demand by the three technical committees in the past year for such work to be carried out. The delegate for Finland reiterated the importance of monitoring and evaluation work. Following a Committee recommendation, the Secretariat revised the proposal during the Sessions to limit project activities to the production and dissemination of the TFU. The Committee decided to recommend to Council the approval of the revised project proposal as contained in document PD 13/99 Rev.2 (I).

The Committee agreed on the importance of this project to all ITTO Members and decided to recommend to Council to consider facilitating its implementation through the ITTO regular program as its activities and outputs are consistent with the Libreville Action Plan's areas of work which benefit ITTO as a whole.

PD 14/99 Rev.1 (I)

General Nomenclature of Tropical Timber (France)

The Committee noted the importance of the proposed project work and discussed how the publication would serve as a general reference work on the nomenclature of tropical timber. The Committee further recalled the high quality of previous publications of ATIBT. The representative of the ATIBT emphasized the applicability of the proposed document to all ITTO member countries. The Committee noted that the target audience for the manual would not only be the tropical timber trade, but the wood industry and other international organizations. The Committee agreed that the document should be made available through the internet, and in the proposed CD Rom and hard copy formats. The Committee members were satisfied that all of the recommendations of the 17th Expert Panel for Technical Appraisal of Project Proposals had been incorporated into the revised project proposal. The Committee decided to recommend to Council the approval of the proposal, which was further revised [PD 14/99 Rev.2 (I)] to appropriately reflect ITTO monitoring and evaluation and administrative support costs.

PD 34/99 Rev.1 (I)

Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (Philippines)

The Committee noted that the present project proposal was an output of the successfully completed pre-project PPD 12/96 (I) "Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines". After the representative from the Philippines provided further clarification on the unit costs of capital items, the Committee was satisfied that all minor amendments recommended by the 17th Expert Panel for Technical Appraisal of Project Proposals had been incorporated into the revised project proposal. The Committee decided to recommend to Council the approval of the proposal, which was further revised [PD 34/99 Rev.2 (I)] to include minor budget amendments to appropriately reflect reimbursement to the pre-project sub-account, ITTO monitoring and evaluation and administrative support costs.

PD 40/99 Rev.1 (I)

IV Plywood and Tropical Timber International Congress (Brazil)

The Committee noted that the revised proposal adequately addressed the Expert Panel's recommendations. Recognizing that the III Plywood and Tropical Timber International Congress was successfully implemented in Belem, 4-7 November 1997, the Committee noted that the project would contribute to increasing industry awareness of the need to improve forest management and timber processing practices in the Amazon region. The Committee decided to recommend to the Council the approval and implementation of a further revised proposal [PD 40/99 Rev.2 (I)] which includes minor budget amendments to appropriately reflect ITTO administrative support costs.

PPD 1/99 Rev.1 (I)

Human Resources Development for the Improvement of Forest Industry in Cambodia (Cambodia)

The Committee agreed that human resource development in the forest industries of Cambodia is important to promote further development of the country's forest industries. 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 a further revised proposal [PPD 1/99 Rev.2 (I)] which includes minor budget amendments to appropriately reflect ITTO administrative support costs.

PPD 10/99 (I)

Utilization of Small Logs from Forest Plantation in Thailand (Thailand)

The Committee agreed that there is a need to promote the utilization of small diameter logs from plantations in Thailand. The committee noted that the proposal was adequately formulated, taking into account the Expert Panel's recommendations. The Committee decided to recommend to the Council the approval and implementation of a further revised proposal [PPD 10/99 Rev.1 (I)] which includes minor budget amendments to appropriately reflect ITTO administrative support costs.

PPD 11/99 Rev.1 (I)

**Regional Development of the Rubberwood Industry in Cote d'Ivoire
(Phase I) (Cote d'Ivoire)**

The Committee acknowledged that the Government of Cote d'Ivoire followed the 17th Expert Panel's recommendations when it submitted a pre-project proposal [PPD 11/99 (I)] for the Committee's final appraisal, replacing project proposal PD 25/98 Rev.2 (I) which had been assessed by both the 15th and the 17th Expert Panel for Technical Appraisal of Project Proposals. However, the representative of the U.S.A. noted that the pre-project had been presented with activities and outputs that were still closer to the objectives of the original project proposal, and did not conform to the modalities expected of a pre-project. While recalling that the objective of the pre-project would be to assess the rubberwood situation, develop technical standards on harvesting and processing of rubberwood and to organize an African rubberwood workshop, the representative of Cote d'Ivoire reminded the Committee that the executing agency was responding to the recommendations of the Expert Panel. The representative from France noted that by accomplishing the formulated pre-project activities, the assessment of any further proposed project work related to rubberwood in the region could be facilitated. The Committee decided to recommend to Council the approval of the proposal, which was further revised [PPD 11/99 Rev.1 (I)] to include minor budget amendments to appropriately reflect ITTO monitoring and evaluation and administrative support costs.

**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 46/98 Rev.3 (I)	c,f, i, l	Wood processing	283,097	2 years	India	1
PD 13/99 Rev.2 (M,F,I)	All	All fields of activity	1,021,662	2 years	Global	1
PD 14/99 Rev.2 (I)	e,h,k	R & D Increased wood processing	113,413	1 year	Global	1
PD 34/99 Rev.2 (I)	a,e,f,i,l	Further and increased wood processing	577,909	30 months	Philippines	1
PD 40/99 Rev.2 (I)	a,c,i,l,n.	Further and increased wood processing	175,658	10 months	Regional	1
PRE-PROJECTS						
PPD 1/99 Rev.2 (I)	c,d,l,m	Survey/human resource development	58,363	4 months	Cambodia	1
PPD 10/99 Rev.1 (I)	c,f,l	Wood processing	54,333	8 months	Thailand	1
PPD 11/99 Rev.1 (I)	f,l,k,m	Further and increased wood processing	130,504	1 year	Cote d'Ivoire and African member states	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.

APPENDIX II

LIST OF APPROVED FELLOWSHIPS (Report of the Fellowship Selection Panel)

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

App. No.	Name	Nationality	Subject
015/99S	Awang Seri, Awang Bakhtiar	Malaysia	MSc Research entitled "Export of Wood-based Furniture Manufactures in Malaysia" at the Faculty of Forestry in Universiti Putra Malaysia
063/99S	Zhuang, Zuofeng	China	Research on "Establishment of Internet Homepage on China's Tropical Forest Products Information"
090/99S	Ali, Muhammad		Indonesia Training Course on Information Technology and Management at the Asian Institute of Technology, Thailand
103/99S	Jacinto, Eleanor Catral	Philippines	Training Program in Statistical Methods for Forest Products Research at the Australian National University, Canberra, Australia
132/99S	Zhai, Yushun	China	Research on ITTIS - An Online International Tropical Timber Information System
176/99S	Ngongang, Wandji Justin	Cameroon	Short Training Course on "Achieving Forest Certification" at SGS International Certification Services Ltd. at University of Oxford, U.K.

COMMITTEE ON FOREST INDUSTRY

026/99S	Basri, Efrida	Indonesia	The Fourth International Conference on the Development of Wood Science, Wood Technology and Forestry in High Wycombe, England
059/99S	Sharma, Salija	Nepal	Research on "Development of Forest Industry in Nepal"
110/99S	Garcia, Rosilei Aparecida	Brazil	Master's Program in Wood Science at the University of Laval, Quebec, Canada
115/99S	Nguedjio Fouepe, Calvin	Cameroon	Study on Wood Panel Resistance and Accelerated Aging Process by Lamination
142/99S	Oteng-Amoako, Andrew Akwasi	Ghana	International Teak Conference: Teak Beyond Year 2000 in Chiang Mai, Thailand
188/99S	Jasni, Jasni	Indonesia	Fourth International Conference on the Development of Wood Science, Wood Technology and Forestry at Buckinghamshire College, U.K.

App. No.	Name	Nationality	Subject
179/99S	Harding, Kevin J.	Australia	IUFRO Working PartyS5.01-04 Biological Improvement of Wood Properties: Third Workshop "Connection between Silviculture and Wood Quality through Modelling Approaches and simulation Softwares" in La Londe-Les-Maures, France
COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT			
031/99S	Ofori, Daniel Aninagyei	Ghana	Research on plant molecular genetics at University of Aberdeen, U.K.
047/99S	Medina, Gerardo Antonio	Panama	Undergraduate Degree in Forest Science at Universidad de La Paz, Panama
062/99S	Saula, Inia Dibi	Fiji	Gegraphic Information Systems for Development Planning and Resources Decision at ANUTECH, Canberra, Australia
069/99S	Rivera, Samuel	Honduras	Society of American Foresters Convention in Seattle, U.S.A.
118/99S	Regmi, Binod	Nepal	Research on "Identification of Conflicts in Community Based Tropical Forest Management in Nepal"
126/99S	Grogan, James E.	U.S.A.	Ph.D. Research on "Mahogany (Swietenia macrophylla King) in the southeastern Amazon Basin: placing demographic, life history, and seedling growth studies in ecological context" to be carried out at IMAZON in cooperation with Yale University
127/99S	Barbarán, Jaquelin Evangelina	Peru	Postgraduate School in Forest Garcia Resources Conservation at Universidad Nacional Agraria, La Molina, Lima, Peru
154/99S	Zama, Issac F.	Cameroon	Ph.D. Research on "Land Tenure Rights and Conflict Management in Community Forestry in Cameroon: A Study of the Mount Kilum/Ijim Community Forestry Reserve"
181/99S	Hirakuri, Sofia R.	Brazil	Research on "Comparative Study of Forest Law Enforcemnt with the Focus on Forest Management Plans in Six Latin American Countires"
196/99S	Giri, Thakur	Nepal	Certificate Course in Community Forestry at RECOFTC, Kasetsart University, Bangkok, Thailand
197/99S	Hall, Lorna J.	U.K.	International Botanical Congress in St. Louis, U.S.A.

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FIFTH SESSION
28 May – 3 June 1999
Chiang Mai, Thailand

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**FIFTH SESSION OF THE COMMITTEE ON
FINANCE AND ADMINISTRATION**

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

Item 1: Opening by the Chairperson

1. The Session was opened by the Chairperson, Mr. Luciano Helmold Macieira (Brazil) who welcomed all delegates to the Fifth Session.

Item 2: Adoption of Agenda and Organization of Work

2. The Committee adopted its agenda as presented in document CFA(V)/1. The Chairperson decided to start discussions on Agenda Item 7 (Translation Costs from the Programme Support) before taking up other items in the agenda.

Item 3: Review of Contributions to the Administrative Budgets

3. The Secretariat introduced document CFA(V)/3 which detailed the history of Members' contributions to the Administrative Budgets for the financial years 1986-1999, including assessments, receipts, interest, and arrears in contribution.
4. The Committee noted the large arrears in contributions to the Administrative Budgets from many Members and enquired if measures had been taken to clear or reduce the arrears by Members. The Secretariat advised that reminders and invoices had been sent to Members who are in arrears in March and July every year as stipulated in the ITTA, 1994. The Committee was advised that there has been progress and payments were being made by Members and such payments increased the resources of the Working Capital Account.
5. Suggestion was made that the Organization may have to create measures to encourage payments of arrears, particularly those which were carried over from periods prior to the new Agreement, i.e. before 31 December 1996, or those owed by member(s) in the previous Agreement which are no longer member of the Organization. These measures could be in the form of writing-off or reduced amounts for payment. A number of delegates agreed with this proposal, but suggested that time will be needed to consider the issue more carefully rather than taking a decision at this Session of the Committee. The Committee requested the Secretariat to consult with other organizations on their treatment of arrearages and to report to the Committee at the next Session in November 1999.

Item 4: Current Status of the Administrative Account

6. The Secretariat presented document CFA(V)/4 which showed the current status of the Administrative Budget for 1999 (as at 28 May 1999) and estimated expenditures for the current year. The Secretariat advised the Committee that due to the favourable exchange rates of the U.S. dollar against the Japanese Yen in the early months of 1999 and further saving measures, the total expenditures are estimated at \$3,776,393.00 against the approved budget of \$4,120,331. As some payments are anticipated, it was estimated that a small surplus of \$36,849.00 could be achieved in the current year's budget.
7. 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\$2,785,580.73. The use of resources from the WCA should be authorized by the Council.
8. In responding to queries on the discount granted for payment of contributions in full and in time, the Secretariat recalled the relevant Financial Rules (Rule 4., paragraph 3) and advised that the discount for prompt payment (currently set by Council at the rate of 5.50%) is applied "in the form of rebates from the assessed contributions of Members in the financial year following that in which the discount was earned". Suggestion was also made that in future when presenting the statement showing contributions of members to the Administrative Budget, remarks may be made where the discounts were shown that such amounts will be rebated in the following year, to facilitate the understanding of readers. The Secretariat took note of this suggestion.

9. While appreciating the efforts of the Secretariat in trying to include the most up-to-date data in financial statements, the Committee requested, in future Sessions, the Secretariat should circulate documents on the statements of accounts at least one day before the date when the Committee meets to discuss such statements to enable Members to sufficiently study them prior to the meeting. The Secretariat also explained the delay in preparing documents with financial statements due to problems in printing them on computers, particularly when Sessions are held outside Headquarters.

10. The Secretariat informed the Committee at a later meeting of the Session that information had been received from Yokohama that contributions to the Administrative Budget for 1999 had been received from Colombia (US\$52,930), Papua New Guinea (US\$70,074) and the U.S.A. (US\$115,000).

Item 5: Resources of the Special Account and the Bali Partnership Fund

11. The Secretariat apologized for the delay in the preparation of documentation and presented document CFA(V)/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 which 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 Committee took note of the document.

12. With regard to the resources of the Bali Partnership Fund, the delegate from Switzerland advised the Committee that during this Session, the Council will consider a decision for the use of the Bali Partnership Fund as a means to finance non-country specific projects directly related to the ITTO Libreville Action Plan and those identified in the ITTO work programme. The Committee advised Members to follow the Council's policies and procedures in utilization the resources of the Bali Partnership Fund.

Item 6: Auditor's Report for the Financial Year 1998

13. The Secretariat presented document CFA(V)/2 which contains the Report of the Independent Public Accountants, Price Waterhouse, which was appointed by Council to audit the Accounts of the Organization for the Financial Year 1998. The Committee requested for clarifications by the Secretariat on some statements and then took note of the Auditors' report and recommended that the Council accept this report.

Item 7: Translation Costs from the Programme Support

14. The Chairperson recalled the discussions of the Committee at previous Sessions on this subject and the decision by the Committee to have further discussions at this Session.

15. The Secretariat introduced document CFA(V)/6 which was prepared to facilitate further discussion by the Committee at this Session. The Secretariat advised the Committee that the costs for translation of documents during the last eight Sessions of the Council averaged US\$175,300.00 per Session, and after reimbursement of US\$85,000.00 by Japan, a net average amount of US\$90,300.00 would have to be charged to the component of "Translation Costs" in the Programme Support, making an average total of US\$180,600.00 for two Sessions per year.

16. In responding to the query from Japan on the request by the Council in its Decision 2(XXV) to reduce costs in preparation, translation and distribution of documents, the Secretariat informed that cost saving measures have already been introduced to achieve reduction in costs for translation of documents. However, since these measures were implemented only recently, and only beginning with this Session of the Council, the full impact cannot be fully analyzed yet. The new cost saving measures are expected to reduce costs by about 15% to 20% of the current volume and will bring the costs of translation down to an average total of about US\$140,000.00 per Session. Therefore, after the reimbursement by Japan of US\$85,000.00, there remains US\$55,000.00 to be charged to Programme Support, or a total of US\$110,000.00 per year, which is US\$35,000.00 short of the expected income in the component of "Translation Costs" in the Programme Support.

17. The Secretariat informed the Committee that in 1998 alone, a shortfall of approximately US\$155,800.00 had again been accumulated in the "Translation Costs" component of the Programme Support. After thorough deliberation, the Committee decided to observe the results in the new cost saving measures which will be implemented to save costs in translation. The Committee decided to recommend to Council: (1) to authorize the transfer of an amount of \$155,800.00 from the "General Programme Support" component to the component of "Translation Costs" in the Programme Support fund to eliminate the deficit further incurred in that account in 1998; (2) to maintain the charges to be deducted in all budgets of projects, pre-projects and activities, to defray the costs of translating project and pre-project proposals at the current percentage of 0.50%; and (3) to monitor the resources of the "Translation Costs" component in the Programme Support fund until its Session in mid-2001 and to request the Secretariat to prepare a document showing the expenditures and income under the component of "Translation Costs" to facilitate discussion of the Committee at that Session.

Item 8: Dates and Venue of the Ninth Session

18. The Committee agreed that the Ninth Session would be held on the same dates and at the same venues as Thirtieth Session of the Council.

Item 9: Other Business

(a) Project financing by the Common Fund for Commodities (CFC)

19. As a number of Projects of the Organization have been or are being financed by the Common Fund for Commodities (CFC), and taking the opportunity of the presence at this Session by its Representative, Mr. Siegfried Hirsch, Assistant Project Manager of the CFC, the Chairperson invited him to address the Committee to inform Members of the funding policies of the Fund.

20. Presently, CFC finances projects from international commodity bodies (ICBs) through both grants and loans. Following the CFC Governing Board's policy that 50% of its funding from the resources of its Second Account should be in the form of loans by 2002, Mr. Hirsch explained the loan types of the CFC for the information of Members. The CFC applies three main loan types reflecting different levels of concessionality in line with policies generally followed by other development institutions:

- (i) Ordinary loans which are used to finance projects near but not at full market conditions if the financial rate of return is sufficiently high;
- (ii) Intermediate loans which are used to finance projects when one of the following conditions apply: (a) the expected rate of financial return is low but the project is justified in other terms, e.g. on socio-economic or environmental grounds; (b) the facilities operated by the project will run below full capacity at the introductory stage; and (c) there will be disproportionate costs for an intermediary in collecting repayments from the direct beneficiaries of the project, for example because they are too numerous or too widely dispersed; and
- (iii) Highly concessional loans which are used mainly to finance projects which are particularly benefiting commodity producers in Least Developed Countries (LDCs) and which would not need to be grant financed because they generate a financial rate of return.

21. Mr. Hirsch also informed that interest rates charged by the Fund for the various types of loans are: (a) below commercial rate but above LIBOR for "ordinary loans", (b) 50% of that for "ordinary loans" in the case of "intermediate loans", and (c) interest free for "highly concessional" loans. Additionally, 1% per annum service will be charged by the Fund.

22. The Chairperson thanked Mr. Hirsch for his informative explanations and urged members to take note of the availability of the resources in loan types of the Second Account of the CFC and to take full advantage of these as provided for under Articles 20 and 28 of the ITTA, 1994, and taking into account Rules 8(i) and 13 of the Organization's Financial Rules and Rules Relating to Projects.

(b) Preparation and distribution of documents by electronic mail

23. In responding to the queries by the Representatives from Japan and the U.S.A. and at the request of the Committee, the Secretariat prepared an informal note at this Session to inform Members of progress made in the use of electronic mail and the use of the ITTO home page for preparation and distribution of documents. The Secretariat informed the Committee that as requested by Council in Decision 2(XXIV) certain documents of Council and Committees for the last two Sessions were distributed to Members, on a pilot basis, through the use of electronic mail. This facility worked well in certain countries while some encountered problems in downloading files from computers and some official contact points of Members do not have sufficient computer facilities. Operational difficulties experienced by some members have been reported. Particularly, it was pointed out that some documents such as project and pre-project proposals are not available fully in computer readable files as they were submitted to the Secretariat on paper form only.

24. The delegation from Finland was of the view that the task of building an electronic system for the distribution of documents could proceed by developing the home page within the current resources of the Administrative Budget. The Secretariat informed the Committee that the resources of the Administrative Budget are specifically allocated and allocation to such purpose is deemed unlikely. The delegation from Switzerland mentioned the cost savings made possible through a more extensive utilization of the web. Regarding this comment, the Secretariat made clear that the budget for document preparation is funded by the host government and there is no cost to the Administrative Budget. At present, the cost for document distribution is increasing as the trial e-mail distribution is operated concurrently with dispatch using courier services. Until the fund requested by the Council to donor countries since May 1998 becomes available, the Secretariat will continue distribution of document on a trial basis.

25. The delegation from Switzerland noted that "unrestricted" ITTO documents should be put on the current home page as soon as possible. Restricted documents can be e-mailed until the Document Network System is in place. The delegate also remarked that the use of a "gopher" menu such as that used by UN home pages could be used to download voluminous documents. Further on these points, the delegation from the U.S.A. stressed the need for individual email accounts for ITTO Secretariat employees for more efficient communication and also should improve its current home page to permit distribution of documents. With regard to the use of the web for setting up a Document Network System for distribution of documents on a selective basis (using password for access to restricted documents) through the web page designed for such purposes, the Secretariat advised that no voluntary contribution was made available for financing the activity for the development of the network to-date.

The Secretariat answered that from the point of view of more widespread information among Secretariat employees, it is more advantageous to have an open system rather than individual accounts. The Secretariat also acknowledged that the home page needs improvement and welcomed suggestions from the Members in this endeavour. The Committee also requested that a report from the Secretariat on the progress and the cost implication for further development of the home page and electronic document transmission be presented at the next Session of the Committee. Suggestion was also made that Members should explore the possibility of providing technical assistance to the Organization in the development of a password-protected electronic document distribution system.

(c) Other Matters

26. The Representative from Switzerland expressed the concern that certain costs of running the Organization are being funded from other sources of fund which should have been charged to the Administrative Account. The Committee took note of this remark.

27. The Representative from Switzerland also suggested the need for a comprehensive information policy integrating all aspects which are at present separately run and financed in order to keep the public aware of the overall strategy of the Organization and transparency of its work. The Secretariat was asked to present a paper on this topic for discussion at the next Session of the Committee.

Item 10: Recommendations to the International Tropical Timber Council

28. 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 1998 as contained in document CFA(V)/2; and

- (2) To authorize the transfer of an amount of US\$155,800.00 from the "General Programme Support" component to the component of "Translation Costs" in the Programme Support Fund to eliminate most of the deficit incurred in that account as at the end of the financial year 1998, and to maintain the charge to be deducted in all budgets of projects, pre-projects and activities, to defray the costs of translating project and pre-project proposals at the current percentage of 0.50%, while continue to monitor the resources of this component in the Programme Support which will be reviewed at another Session of the Committee in mid-2001.

Item 11: Report of the Session

29. The Committee adopted this report as amended.

* * *

ANNEX VI

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(XXVI)/2 Rev.1

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TWENTY-SIXTH SESSION
28 May – 3 June 1999
Chiang Mai, Thailand

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

AT ITS FOURTH MEETING

**27 May 1999
Chiang Mai, Thailand**

**Fourth Meeting of the Informal Advisory Group (IAG)
Chiang Mai, Thailand, 27 May 1999**

Report of the Chairperson

1. The IAG met for the fourth time on Thursday, 27 May 1999. Participants included the Chair of the Council, the two Spokespersons, the Chairpersons of the Committees on Reforestation and Forest Management, Forest Industry and Finance and Administration, the Vice-Chairperson of the Committee on Economic Information and Market Intelligence, and the Officer-in-Charge.
2. The IAG considered the following agenda items for their discussions:
 - i. Report of Chairperson on Third IAG Session, 2 November 1998;
 - ii. Formulation of a Manual on Methods to Compile Data on Indicators;
 - iii. Revision of Project Guidelines and Manuals;
 - iv. Appointment of the Executive Director, Article 16;
 - v. Review of Document Translation Costs;
 - vi. Preparation of a list of approved projects which are eligible for financing under the Bali Partnership Fund; allocation of unearmarked resources of the Fund;
 - vii. Review of Progress Towards Year 2000 Objective;
 - viii. Niche role of ITTO in the area of fire prevention and management) and follow-up actions;
 - ix. Council Reassessment of IAG's Role and continued existence.

Based on its discussions, the IAG provides the following advice for consideration and appropriate action by the Council at its Twenty-sixth Session.

3. The IAG discussed the procedure to finalize the draft Manual on Methods to Compile Data on Indicators in Applying the ITTO "Criteria and Indicators for Sustainable Management of Natural Tropical Forests". Noting the nature of the document, the IAG felt that the Member Countries may wish to contribute further comments to improve the draft. The IAG therefore recommends to the Council that Members be invited to submit their final comments and an intersessional meeting of an Expert Panel be held prior to the Twenty-seventh Session of the Council, in order to incorporate the comments and finalize the document for the consideration of the Council. The IAG agreed that it is important that the Manual be adopted during the forthcoming Council Session and suggested that ITTO should organize workshops to disseminate the Manual, in due time, if necessary.
4. Similar approach was suggested when dealing with the draft of Project Guidelines and Manuals relating to Project Formulation and Implementation. The IAG suggested that the Council set up a deadline for receiving comments from Members and for convening an open-ended group meeting to discuss and refine the Guidelines and Manuals. The IAG acknowledged that the finalization of such documents is in line with the Council Decision on Streamlining the work of the Organization.
5. The IAG discussed the procedure to handle the Appointment of the Executive Director and the Frequency and Duration of Sessions of Council and Committees. The IAG recommends that, as a matter of priority, the two caucuses discuss the matters in their respective groups. The IAG noted that the legal adviser from UNCTAD has been invited to the Council Session for necessary clarification on the relevant procedures, if so desired.
6. Regarding the Review of Document Translation Cost, the IAG recommends that the matter be thoroughly discussed under the Committee on Finance and Administration.
7. Regarding the Bali Partnership Fund, the IAG recommends that the Council consider instructing the Committees to assess and make recommendations on approved projects eligibility to receive financing from the fund. The IAG points out to Council that the Expert Panel has made eligibility assessments for the projects to be considered during this Session, but that projects approved in previous Sessions which are still awaiting financing, also need to be assessed. The IAG further recommends the Council to request the Executive Director to inform the Council on projects awaiting financing and on the availability of funds.

8. In light of the need to increase support and financing for implementation of priority activities related to Objective 2000 as defined in the Annex to Decision 8(XXV), the IAG recommends to Council to bear in mind that its Decision on projects eligibility to the Bali Partnership Fund will have financial implications and should be accompanied by Council action to effect allocation of available unearmarked funds and by Council incentives and appeals for donors to allocate available earmarked funds, as well as efforts for the provision of additional funds.
9. The IAG recalled that through Decision 8(XXV), the Council decided that in allocating the Bali Partnership Fund, it will take into account:
 - a) The special needs of members whose forestry sectors' contribution to their economies is adversely affected by the implementation of the strategy for achieving the exports of tropical timber and timber products from sustainably managed sources by the year 2000;
 - b) The needs of members with significant forest areas who establish conservation programmes in timber producing forests.

The IAG recommends to Council to consider reviewing at an appropriate time its criteria for allocating these funds, to take into account other factors such as the geographical balance among the producing regions.

10. The IAG considered the need to review progress towards Year 2000 Objective and draws the Council attention to the need to carry out work to take stocks and assess Members' progress towards the Objective, but considering also achievements and shortcomings on technology transfer and financing availability as they relate to the enhancement of producer countries capability to achieve the Year 2000 Objective. The IAG recommends to Council to recognize and consider the issue implication on trade and the need to ensure that Producer Countries are not negatively affected by misinterpretations of Objective 2000. In this regard, the IAG recommends that after taking stocks and reviewing the situation, the Council is advised to consider issuing a statement on Objective 2000.
11. The IAG was briefed by the Secretariat on the implementation of the Decision 8(XXIV) concerning forest fire. The IAG noted that the ITTO Mission on Forest Fire and the International Forest Fire Forum held in 1998 resulted in extensive review and recommendations to ITTO. In this regard, IAG recommends the Council to discuss the follow up actions in light of such recommendations (ITTC (XXIV)/14). The IAG considered and brings to the attention of the Council the following actions to be considered for future work:
 - i. To establish collaboration with the Global Fire Monitoring Center (GFMC) in the area of data gathering and data update on forest fire incidents and its analysis, as well as, to disseminate ITTO Guidelines on Forest Fire Management and other relevant ITTO publications through GFMC networks. The GFMC may serve as a "meeting point" for technical collaborations with FAO and the World Bank.
 - ii. To actively participate in international fora pertaining to forest fire in particular in the tropical regions, and initiate consultations with international organizations such as JICA, FAO, UNDP, CIFOR World Bank with the view of harmonizing the initiatives and proposing concrete area of cooperation.
 - iii. To engage in an joint consultancy with relevant agency(ies) for specific review and assessment of particular aspect of forest fire taking into consideration the result of the consultations above.
12. The IAG draws Council's attention to the fact, as set out in Decision 3(XXII), the Council will reassess the role and continued existence of the IAG at the Twenty-sixth Session. The IAG wishes to inform the Council that its members were unanimous in advising continuation of the IAG, which has proved a useful forum for key members of the Council to focus on and flag issues for early consideration by caucuses, for providing a very helpful first impression of the range of views likely to be encountered on matters before Council, and for receiving valuable input and perspectives from the Secretariat.

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ANNEX VII

MATTERS RELATED TO ARTICLE 16 OF ITTA, 1994

Outcome of Caucuses Discussions on Some Procedures Related to the Selection of Executive Director

MATTERS RELATED TO ARTICLE 16 OF ITTA, 1994

Outcome of Caucuses Discussions on Some Procedures Related to the Selection of Executive Director

The Council may consider the following procedure during the 27th Session of the ITTC as one option in the event that it is not possible to agree to select an Executive Director by consensus.

If the Shortlisting Panel recommends more than two candidates for the post of Executive Director then the following procedure will be used to eliminate candidates until there are two candidates remaining. The votes of producers and consumers will be added together throughout this procedure.

A first vote will be taken to indicate the support for each candidate and no candidate will be eliminated.

A second vote will be taken and the candidate with the fewest votes will be eliminated.

If there then remain more than two candidates, subsequent votes will be taken and the candidate with the fewest votes will be eliminated in each round until there are two candidates remaining.

In the event of a tie on the second or subsequent votes, further votes will continue to be taken until one candidate has fewer votes than any others and is eliminated.

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