



**INTERNATIONAL TROPICAL
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**TWENTY-FOURTH SESSION
20-28 May 1998
Libreville, Gabon**

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

Libreville, Gabon

20-28 May 1998

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REPORT

Item 1: Opening of the Session

1. The Chairperson of the International Tropical Timber Council (ITTC), Ms. Stephanie Caswell (USA), opened the Session. She said that she was delighted to be in Libreville as Chairperson of the Twenty-fourth Session of the Council. She acknowledged that Gabon had been a key player in the international forestry arena for many years and she noted particularly the contribution of Mr. Juste Boussienguet who actively participated in the renegotiation of the ITTA and more recently on the UN Intergovernmental Panel on Forests. Ms. Caswell also congratulated Gabon on its election to the UN Security Council. Gabon was a growing regional centre and she recognised the contribution Gabon had made to peace-keeping operations in the region.
2. The Chairperson drew attention to the Central African Regional Programme for Environment (CARPE), a collaborative initiative between her own country, the United States of America, and the central African countries of Cameroon, Central African Republic, the People's Republic of Congo, the Democratic Republic of Congo, Equatorial Guinea and Gabon, which had served as the regional hub. She said that the Congo Basin held the second largest tropical forest in the world and that 30 million people relied on it for food, fuel, shelter and water etc.; it also served as a carbon sink, crucial to the life support system of the region. She thanked Gabon on behalf of the USA for their cooperation with the CARPE programme.
3. Ms. Caswell said that Gabon was working to elaborate a new forestry code and she wished the Minister success with this initiative. She acknowledged that the crisis of Asian economies was having worldwide repercussions, including on the African export trade in timber. She hoped that this would soon be overcome and that it would not hamper implementation of Gabon's new forestry code.
4. The Chairperson thanked the Government of Gabon for hosting the Twenty-fourth Session of the Council. She recognised the hard work that the preparations had necessitated and said this was much appreciated. She said it was a privilege to serve as Chairperson and she thanked the Prime Minister for his attendance and warm welcome.
5. His Excellency Mr. Joseph Gnomba, Minister of Environment, Water, Forestry and Fisheries of the Central African Republic and Chairperson of the African Timber Organization (ATO) thanked the people of Gabon for their hospitality and referred to the country as one of peace and dialogue. He said that ATO, which had similar objectives to those of ITTO, on a regional basis, was for consultation and cooperation amongst its 13 member countries (Angola, Cameroon, Central African Republic, the People's Republic of Congo, the Democratic Republic of Congo – Kinshasa, Côte d'Ivoire, Gabon, Ghana, Equatorial Guinea, Liberia, Nigeria and Tanzania). He said it was a critical time for central Africa and the forests were of great concern to the world community. The protection of the tropical forest was an enormous problem which could not be dissociated from development.
6. Mr. Gnomba said that after 21 years of existence, ATO had made significant progress through the various projects it had undertaken, thanks to the technical and financial assistance of other governments and agencies. These projects included training programmes, conferences and symposia; the majority of these activities had been undertaken to support the efforts of member countries in the implementation of the sustainable development of their forests, the promotion of appropriate economic development, the preparation for codes of conduct in forestry, the development of markets for value-added forest products, and the establishment of a dialogue on market information in tropical timber to improve transparency in the trade. ATO had attempted to engage local populations in forest development, most recently, in the preparation of indicators for sustainable development through testing of forest management units in the field.
7. Since 1993, ATO had undertaken a mission to create awareness and promote efforts for the sustainable management of forest resources of its member countries. In 1994 ATO had prepared its own criteria and indicators, with the intention that it would be possible to provide a series of criteria and indicators for the entire region, appropriate to the needs of the member countries.

8. Mr. Gnomba said that Africa's share in international trade in tropical timber was only seven per cent. The need to promote industrial use at the local level and production of value-added products was recognised. The two organizations, ITTO and ATO had many similar objectives and members in common and he said there was a need to strengthen cooperation, such as in the harmonisation of data and statistics and the provision of expertise. He hoped that ITTO funds would remain available to finance projects in ATO countries and to assist them to achieve the Year 2000 Objective. He drew attention to a pre-project proposal for the establishment of a transfrontier national reserve in the Congo basin submitted for approval and financing.
9. His Excellency, Mr. André Dieudonné Berre, Minister of Water and Forest Resources, Gabon, thanked the Prime Minister of Gabon, Dr. Paulin Obame N'guema, for attending the opening ceremony; he said this was an indication of the importance which Gabon accorded to its forests. He welcomed delegates to Gabon and hoped that the spirit of cooperation would prevail over the Session. At the dawn of the third millennium the development of forests had become a controversial and global issue. The Earth Summit in Rio in 1992 had been a pivotal event when the global community had accepted the principles of Chapter 11 Agenda 21 on the conservation and development of forests. Recognition of these recommendations meant there must be the will to sustain the forest ecosystem.
10. The Minister said that Gabon had 22 million hectares of forest which accounted for 85 per cent of its national territory – the level of degradation of the forest was the lowest in Africa. The forest was dominated by okoumé species. The forest was the nation's second most important resource after oil and 28 per cent of the population was employed in forest-related activities. He said that the forest provided many benefits, and if well-managed, it was a considerable renewable resource which was a critical factor for economic development. In order to ensure its sustainability, the Government of Gabon had two principal objectives: to increase production of the forests in the long-term; and in the short-term, to concentrate development activities in the most accessible areas.
11. Gabon had undertaken an ambitious management objective under the Year 2000 Objective. It had initiated a series of actions, including the development of coastal forests, extension of statistical data, and the implementation of pilot projects. The principle objective of these activities was the development and conservation of the multiple resources of the Gabon forest. He expressed thanks to both ITTO and the World Bank for their assistance with these. Gabon would like to continue to rely on their support and he noted the submission of a pre-project proposal for the implementation of a sustainable development strategy for Gabon's forests, the first stage of which was already underway. This would include the publication of a handbook on criteria and indicators which would be tested and validated in the field.
12. The Minister said that Gabon had completely reviewed its current forestry code and a new law was being considered. Under this, all forest permit-holders would be obliged to submit management plans within three years of attaining a permit. The new law provided that all forest permits be linked to local industry, and the export of logs would diminish progressively before ceasing completely. He said that the potential of Gabon's forests was enormous though at present the annual harvest was limited to 2.5–3 million cubic metres, despite an annual allowable cut of over 5 million cubic metres. This illustrated Gabon's degree of commitment to sustainable management. He said such efforts were impossible without the support of the international community and he appealed to the consumer members to contribute to the Bali Partnership Fund.
13. The Minister said that tropical Africa needs large assistance and could benefit from international solidarity. He expressed concern about the international initiatives on criteria and indicators on the sustainable management of forests. These had led to the establishment of variable criteria and indicators, both qualitatively and quantitatively. He said it was important that these approaches be harmonized. Gabon encouraged the adoption of the ITTO criteria and indicators at the Session and proposed that the new Action Plan under discussion might be named the Libreville Action Plan.
14. He said that the industrialization of forest products had been absent from Gabon but that there was potential to increase the annual harvest. The creation of a real forest industry was possible but it was important that quality products be produced. Gabon's forest policy was for the sustainable development of industry while respecting the protection of the environment. In the master plan for industrialization – a programme of action to 2025 – the aim was to increase the harvest to achieve the real potential of the forest and to ensure the maximum self-financing of these measures.
15. His Excellency, Dr. Paulin Obame N'guema, Prime Minister of Gabon, said that Gabon was honoured

15. His Excellency, Dr. Paulin Obarame N'guema, Prime Minister of Gabon, said that Gabon was honoured to host the Twenty-fourth Session of the ITTC, and on behalf of the President and government, he wished all the delegates a pleasant stay in Libreville.
16. He said that Gabon relied on international solidarity in order to achieve sustainable development. Since the establishment of ITTO, Gabon had been an active partner and one of the first members to sign the 1994 Agreement. To ensure the commitments made by Gabon at Rio were implemented, the government had prepared a new forest law which was currently before parliament. This was based on the sustainable development of forests to international standards and included the development of and increase in value-added products, an activity which, so far, had been limited. The Government had established a number of inter-ministerial bodies responsible for the coordination of the follow-up to the Biodiversity Convention, the National Forest Action Programme, and the National Environmental Action Programme.
17. The Prime Minister said that Gabon was essentially a forest nation with a small population – there were 22 hectares of forest per capita. Over 50 per cent of the forest area was primary forest and the rate of deforestation resulting from agricultural activity was less than one per cent. The forest played an important role in the development of Gabon, however, although it was abundant it was not inexhaustible, hence the government's concern to enhance its capacity and ensure its sustainable management. He said the nation needs to reduce the export of logs and to increase production of value-added products. The strategy was to maintain the forest character by implementing a sustainable forest management programme. The policy confirmed the country's commitments taken in various international fora, such as the ITTA and the Year 2000 Objective and the recommendations of UNCED. Gabon was also a signatory to CITES and had participated in the IPF, as well as providing the headquarters of the ATO.
18. He thanked ITTO, the World Bank, the Gabon Forest Foundation, WWF and FAO for their assistance in the better management of its forests. He concluded by saying that Gabon had the will to achieve balance in the environment by sustainable development with the involvement of local populations through economic growth.

Item 2: Ascertainment of the Quorum

19. The Executive Director reported that the Quorum had been met (Annex I of this document gives a full list of participants).

Item 3: Adoption of Agenda and Organization of Work

20. With reference to Document ITTC (XXIV)/1, the Representative for Gabon, Mr. Hilaire Ondo, requested that Council consider an additional agenda item, on cooperation between ITTO and the African Timber Organization (ATO). Representatives of both the Central African Republic, Mr. Nambai Rubens, and Côte d'Ivoire, Mr. Jean Claude Emile Anoh, supported this proposal. The Chairperson said that this proposal would be considered by the Bureau. The agenda was adopted.

Item 4: Report on Membership of the Council

21. The Executive Director reported that membership of Council had increased by one following accession of the Government of Venezuela on 2 March 1998. This brought the total membership to 50 countries, comprising 27 producers and 23 consumers.

Item 5: Proposed Distribution of Votes

22. The Executive Director drew attention to the Annex in Document ITTC (XXIV)/1 which detailed the proposed distribution of votes. He also noted the budget for Venezuela for 1998 had been calculated at US\$40,417, as shown in Document ITTC (XXIV)/3.
23. The Chairperson expressed pleasure that Venezuela had joined the Organization and looked forward to its participation.

Item 6: Admission of Observers

24. The Chairperson drew attention to the two lists of applicants in Document ITTC (XXIV)/Info.3 requesting observer status. The Council agreed to admit all applicants.

Item 7: Statement by the Executive Director

25. The Executive Director said that it was the fourth time ITTC had visited Africa and he noted the continent's commitment to sustainable forestry. He thanked the Government of Gabon for hosting the Session.
26. He referred to the previous meeting of Council in Yokohama at which he had spoken of the forest fires and the associated haze across the South-East Asian region at the end of 1997. After a short respite, the fires had returned and were devastating sustainable forest management and the problem was not confined to South-East Asia. He had held consultations with the new Minister of Forestry and Plantations in Jakarta and had also had discussions with the resident coordinator of the UNDP in Indonesia. In April, the European Parliament had adopted a resolution which had called on ITTO to take appropriate action in response to the fires. He appealed to Council members for ITTO to take the initiative on the issue of forest fire. He noted the work being carried out by Tropenbos on the use of RADAR technology for sustainable forest management with applications for fire risk assessment and he proposed that ITTO collaborate with Tropenbos, JICA and other bodies to develop this initiative. He also referred to agroforestry programmes for community development to reduce shifting cultivation and hence fire risk. It was also important for ITTO to promote the issue of fire under the Intergovernmental Forum on Forests (IFF).
27. The Executive Director was pleased to report that ITTO had begun to provide assistance to the IFF through funds pledged by Japan for the Secretariat in New York. He added that a report on Trade and Environment had been completed and this would be contributed to the second meeting of the IFF in Geneva. This had become an important topic for the WTO where discussions had significant implications on the trade of forest products. He proposed that ITTO should be involved in such discussions.
28. Dr. Freezailah referred to the lengthy agenda for the Session, which included items on the revision of the criteria and indicators, the Action Plan and the draft Mission Statement. With regard to the latter he said that it was important that ITTO used the opportunity to stress the parentage of the Organization and its sphere of activities. He also noted the ongoing revision of guidelines and manuals relating to project formulation and implementation. He reported the completion of the Borneo Biodiversity Expedition 1997, included in the results of which had been the identification of several new species. Further proposals for future collaboration in the transboundary conservation area had been put forward.
29. Dr. Freezailah said that the most compelling task of ITTO was the Year 2000 Objective. Since Rio the world had taken up the issue of saving tropical forests but he said that efforts so far had been defied. He referred to the comments of the Assistant Director General of FAO Forestry Department at the World Forest Congress in Turkey in 1997, who had questioned whether the international community had done enough when 13.7 million hectares of forest was still being cleared every year. Dr. Freezailah said that better understanding of the different types of forest, tropical, temperate and boreal, was required for effective policy development. Of the international trade worth \$150 billion annually, only 11 per cent of this was accounted for by tropical forest products. He said that in trade tropical and temperate timber were in competition. The markets for tropical forest products were small and the sustainable management of timber was the most efficient way to maintain the resource in perpetuity, but there was increasing pressure from non-tropical timbers. He compared the production volumes of 0.5–3.0 cubic metres per hectare of tropical timber from natural forests with 4–10 cubic metres per hectare for temperate timber, and extraction costs of US\$50–200 per cubic metre for tropical timber compared with US\$15–30 per cubic metre for temperate timber. Clearly, any further increase in costs for sustainable forest management, such as timber certification, would make it increasingly uncompetitive when compared with the large quantities of commodity timbers available from plantations, especially from temperate countries.

30. Dr. Freezailah said that sustainable forest management necessitated substantial extra cost. The ITTO study on estimated funds needed to achieve the Year 2000 Objective by member countries were US\$2.2 billion with an additional US\$600 million per annum required to implement minimum standards. Developing countries could not be expected to make such investments, yet despite the commitment to share the responsibility made by developed nations at Rio, ODA had since fallen. Development of sustainable forest management in the private sector had shown only limited successful examples, and though the whole world was calling for sustainable forest management of tropical timber, the emerging scenario was bleak.
31. In view of the many intractable problems, the community could not continue to expect to depend on natural tropical forests for the bulk of tropical timbers. He called for tropical forestry to follow the example of agriculture in raising yield, and focus on wood production from intensively managed plantations of species selected for timber production.
31. In order to remain competitive in the world timber market, the Executive Director proposed that countries delineate their forest land into five categories managed under different regimes: biosphere reserves; areas of extensively and sustainably managed natural forest for high-value hardwood for niche markets; areas managed with emphasis on enrichment planting; intensively managed wood production plantations; and areas addressing development needs of forest dependent communities. He said he was not advocating the abandonment of the sustainable management of natural tropical forests; this strategy was to protect natural tropical forests. He said that there were vast areas of degraded land which could be converted to plantations and these could contribute to the restoration of the environmental health of the land as well as help to relieve pressure on natural forests.
32. He said that this approach of development of both plantations and natural forest management must be pursued by ITTO under the Year 2000 Objective. The Executive Director appealed to donors to make contributions and to change the burden-sharing away from reliance on Japan. He said that implementing the Bali Partnership Fund was central to implementing the Year 2000 Objective.

Item 8: Report of the Informal Advisory Group (IAG)

33. The Chairperson reported that the Informal Advisory Group (IAG) had met for a second time on Tuesday, 19 May 1998. The meeting comprised the Chair and Vice-Chair of Council, the Spokespersons for the Producers and the Consumer groups, the three Committee Chairs and the Executive Director. The Group had put forward the following for consideration by Council:
34. In the light of Decision 3(XXII) to reduce costs associated with documentation, the IAG requested that the Executive Director review all previous Council decisions and prepare a report for the Twenty-fifth Session detailing which decisions had been overtaken, expired, implemented or were still pending. The IAG recommended approving, on a trial basis, the use of electronic mail and the Homepage to transmit project and other documents; and to explore other ways of reducing costs of document preparation, translation and distribution.
35. The IAG recommended that Council consider the following items during the Session: the ITTO Action Plan and Mission Statement; the revision of the ITTO Criteria and Indicators; the establishment of guidelines on Intellectual Property Rights; and matters related to Article 16 of the ITTA, 1994 regarding the appointment of the Executive Director. The Group also recommended that urgent action be taken on putting the Bali Partnership Fund into operation and that rules be developed regarding management of the Fund and project eligibility.
36. Acknowledging the expiry of the terms of reference of the informal working group (IWG), the IAG recommended that Council consider a joint producer-consumer session to discuss its possible future function. The Group drew attention to the crucial importance to maintain transparency of the Council and recognized the role of informal processes for the drafting of documents. It also drew the attention of all the ITTO Committees to the relevance of the ITTO Fellowship Programme and recommended that the Chair of the Selection Panel report directly to Council.
37. With regard to policy issues, the IAG identified the following issues for consideration: the enhancement of ITTO's work in fire prevention and management; the contribution of ITTO in implementing the IPF proposals for action; and innovative ways to generate contributions to the Bali Partnership Fund. It further recommended that Council give greater consideration to identifying

strategic priorities of the Organization in the medium to long-term.

38. The IAG urged that all these issues be taken up by the caucuses at the earliest opportunity. The report of the IAG is included as Annex VI of this document.

Item 9: Report of the Working Group on Revision of the ITTO Action Plan and Finalization of the Mission Statement – Decision 5(XXIII)

39. The Chairperson of Council referred to Documents ITTC (XXIII)/7 Rev.1 and ITTC (XXIV)/6 and introduced Mr. Patrick Hardcastle (UK), Chairperson of the Working Group on the Revision of the ITTO Action Plan. Mr. Hardcastle reported that following discussions at the Twenty-third Session of Council in Yokohama, comments had been received by members and these amendments had been incorporated into the revised draft report (areas of divergent views were shown in square brackets).
40. Pursuant to Decision 5(XXIII), the Executive Director said that a draft Mission Statement had been circulated to all members for comment. Document ITTC (XXIV)/6 contained responses to this which had been received from 15 members. He said that the Secretariat's draft was quite long but it was felt to be necessary in order to promote better understanding of the Organization to its constituencies. He said there was still confusion over the parentage of ITTO – there had been a proliferation of organizations concerned with tropical forests and therefore it was important that it was clearly stated that ITTO was created by the international community under UN sponsorship, that ITTO operated under an international treaty committing members to the Organization's objectives and that emphasis be given to ITTO's underlying spirit of cooperation among its members and in partnership with NGOs. Due to the origins of the Organization under UNCTAD there remained a misconception that ITTO was concerned only with trade so the statement should clearly state the equal balance given to conservation and to sustainable management.
41. The Representative for Japan, Mr. Toshikatsu Aoyama, said that Japan felt that the draft Mission Statement appropriately expressed ITTO's mission to promote conservation, sustainable management and the rational utilization and trade of tropical timber resources through international cooperation. With regard to the Action Plan, he said this should be a basic guideline for ITTO activities and goals. Japan generally accepted the draft, though some reservations were expressed regarding points 2.1 and 2.5 which were not felt to be matters directly related to the objectives of the Action Plan.
42. The Representative for the Republic of Korea, Mr. Jin-Pyo Jeon, expressed support for the Action Plan and proposed that it be adopted immediately by Council as it would be the main document on which future work of the Organization was based.
43. The Delegate for the United States of America, Mr. Michael Hicks, said that the revised Action Plan was a positive improvement and had incorporated comments made at the last Session. However, he believed that the Introduction required extensive editing to reflect the objectives of the Organization under the ITTA, 1994. He offered a draft revised introductory section for discussion. He said that several cross-cutting issues identified in the section on Goals and Actions should be further elaborated, perhaps by making them a separate section of the document. He added that points 2.1 and 2.5 were not appropriate to ITTO's substantive work. Regarding the goals related to economic information, forest industry and forest management, he noted that it was not always clear when 'member' was mentioned whether this referred to producers or consumers; similarly whether reference to 'forests' meant all forests or just tropical forests; there was also some confusion as to whether the goals and actions referred to tropical forests generally or just those which produced timber for international trade.
44. Mr. Hicks stressed the importance of the Action Plan both for the Organization and as the primary document available to the public and policy-makers indicating ITTO's priorities. It was critical that it be clear, concise and reflect the consensus of the members.
45. Mr. Hicks said that the Mission Statement should clearly reflect the focus of ITTO, i.e. the international trade in tropical timber. Under the ITTA, 1994, the Organization did not have responsibility for conservation and sustainable management of all tropical forests; many issues related to tropical forest management were unrelated to the tropical timber trade and were therefore

- outside the mandate of ITTO. He questioned what 'international cooperation' meant, as ITTO was not a development assistance organization. He added that the reference to the diversification of the tropical timber trade included only one of the objectives set out in Article 1 of the ITTA, 1994. He recommended that the Mission Statement be redrafted as a single statement and said that USA would welcome the opportunity to discuss amendments further in a working group.
46. The Representative for New Zealand, Mr. Don Wijewardana, said that the Action Plan should be a living document. In referring to the box on ITTO Structure, he proposed that Expert Panels and IWG be placed above the Committees, as they feed into them; in Section 2 there were some higher order issues, such as the criteria and indicators and the Year 2000 Objective, which did not fall directly under any of the Committees and should precede the Committee actions. Regarding the Committee on Reforestation and Forest Management, he said that stress should be given to sustainable management rather than to protection of the forest resource. He agreed with the USA that issues on finance and administration should not be in the document.
 47. Mr. Wijewardana said that the draft Mission Statement was too long and it included some things that did not fit with what the Organization actually did. The Statement should be short and easily remembered and he quoted the proposed draft by New Zealand in Document ITTC (XXIV)/6.
 48. The Representative for Brazil, Ms. Barbara Briglia Tavora, said that the Action Plan could be further improved and she welcomed the idea of a working group to discuss it. It was important that the document be finalized in Libreville. She said Brazil would also be willing to discuss the Mission Statement.
 49. The Representative for the European Union, Mr. Richard Dewdney (UK), said that the content of the Action Plan was generally acceptable and it was important that it be agreed at this Session, particularly in view of the fact that the ITTA, 1994 was only valid until 2000. He said that the draft Mission Statement was a good basis for discussion; he drew attention to the EU draft and said that the focus of the Statement should be on trade.
 50. The Representative for Switzerland, Mr. Ralph Friedlander, said Switzerland was disappointed that the Action Plan was not country specific nor included a checklist of what countries or regions could do in the time available to achieve Year 2000 Objective. He said it also lacked clear criteria concerning the Bali Partnership Fund; the Action Plan should be an instrument for defining what could be done with the Bali Partnership Fund. He added that the Plan should be adopted at this Session and said that the Mission Statement should be shorter and simpler.
 51. The Representative for the People's Republic of China, Mr. Fan Fu, believed that the Action Plan should be finalized in Libreville; proposed amendments to the Mission Statement had been suggested by China.
 52. The Representative for Colombia, Mr. Heliodoro Sanchez, said that the Action Plan was a useful working document but that the sentences in parentheses regarding timber from sustainably managed forests should be removed as it was not clear what sustainable management meant.
 53. The Representative for Australia, Mr. Kwame Asumadu, said that comments on the Action Plan text had already been passed on to Mr. Hardcastle. He said that the work of ITTO included a human dimension and that this should be reflected in the Mission Statement.
 54. The Representative for Gabon, Mr. Hilaire Ondo, said that the Action Plan was a good working document. With regard to Goal 1 on economic information and market intelligence, he said there was a need to bear in mind the different circumstances of countries, in terms of their ability to collate data; actions initiated should encourage the sharing of technology. He also noted problems of market access and the difficulties encountered in determining the true value of tropical timber. Regarding the first goal listed under the section on reforestation and forest management, he believed that reforestation should be considered in addition simply to sustainable management of natural forests.
 55. The Representative for Canada, Mr. David Drake, agreed with the points made by New Zealand on the Action Plan. With regard to the Mission Statement he strongly supported the view of the USA that it should be brought more in line with the terms of the ITTA, 1994.

56. The Representative for Japan, Mr. Toshikatsu Aoyama, supported the idea of a working group in order to finalize the Action Plan at this Session. He also agreed with the Representative for Switzerland that the mechanism for the Bali Partnership Fund should be included in the Action Plan.
57. The Chair of Council said it was apparent that the revision of the Action Plan did reflect progress but that it still needed further amendment, and that the draft Mission Statement had provided a good basis for discussion. It was agreed that a working group be established to consider these drafts further.

Item 10: Report of the Expert Panel on Revision of the Interim Report on Criteria and Indicators for the Measurement of Sustainable Management of Natural Tropical Forests – Decision 3(XXIII)

58. Referring to Document ITTC(XXIV)/5 Rev.1, the Chairperson of the Expert Panel, Mr. Don Wijewardana (New Zealand), reported that following discussions at the last Session, the document had been revised based on comments submitted by members. He noted the following key comments discussed by the Panel. The issue of the need to cover criteria and indicators for planted forests as well as for natural forests had been raised but he explained that the Terms of Reference for this document did not allow for their inclusion; the Panel did, however, recognise the need to develop urgently a set of criteria and indicators for tropical forest plantations. The word 'measurement' had been removed from the title of the report, as had all references in the text to 'certification'. The set of conclusions had been deleted from the document and the prioritisation of the criteria and indicators removed.
59. He said that the criteria and indicators had been specifically designed for use by members of tropical timber-producing countries. He added that the aim of the Panel had been to develop simple and practical criteria and indicators and to minimize the efforts required by countries. They aimed to assist with country reporting and would provide a format to assess progress towards sustainable forest management. The Panel felt that the criteria and indicators would need to be refined from time to time but not to the extent that they were changed significantly. He highlighted the recommendations of the Panel, as listed on page 3 of the report.
60. Mr. Wijewardana noted with sorrow the tragic death of Mr. Ben Aninakwa from Ghana who had contributed considerably to the work of the first Expert Panel. He requested that the Secretariat write to his family to express the sympathy of the Council.
61. The Delegate for Brazil, Mr. Ivan Tomaselli, made the following observations. He noted that ITTO criteria and indicators could be neither exhaustive nor exclusive; as indicated in the original ITTO criteria and indicators, indicators did not need to be measured in order to establish sustainability or the degree to which it had been achieved, and he proposed that this was also made clear in the new document.
62. The level of application, as stated in the document, was that the criteria and indicators were valid at both national and forest management unit levels, however he noted that, in fact, some were only replicable at the national level. He also noted that the scope of the document extended beyond that of the previous criteria and indicators and this had implications; he referred to the ITTO study on the resources needed by member countries to achieve the Year 2000 Objective which had been based on the previous criteria and indicators and said that if the number of examples used to measure sustainability were changed, then all the estimates for resources would need to be revised.
63. The Representative for Japan, Mr. Toshikatsu Aoyama, said he hoped that the revised criteria and indicators would be approved at this Session and would then be tested and revised as necessary. He also called for examination of the issue of criteria and indicators for tropical plantations to take place as soon as possible.
63. The Delegate for the United States of America, Mr. Mark Buccowich, said it was important that the criteria and indicators be used to measure the sustainability of the management of all forests. The distinction between natural and planted forests was an artificial one and several criteria cited included indicators directly related to planted forests. He also mentioned this with reference to Recommendation 7.

64. Mr. Buccowich said that, with regard to Recommendations 3 and 9, the USA supported reporting on sustainable forest management for the Year 2000 Objective but said it would be premature to do regular reporting every five years; with reference to Recommendation 5, he felt it would not be necessary to produce a manual explaining each criteria and indicator and suggested that a manual on the collection of data would be a better approach.
65. Regarding Criterion 3, he questioned the requirement that a member be asked only to measure the health of the permanent forest estate, rather than that of the entire forest estate of a nation. Regarding Criterion 5, he proposed an additional indicator under indicator 5.1, to indicate the total area of forest estate covered by forest type; and he suggested that indicator 5.5 was more an indicator of the protection of species diversity and was therefore inappropriate in the section. He proposed instead that it be replaced with an indicator such as 'the number of representative species that occupy a small portion of their former range'. Regarding Criterion 6, there was no indicator which provided an indication of soil and water protection guidelines. He suggested that the 'percentage of stream kilometres within forest catchments with diminished biological capacity' be considered as an addition.
66. The Representative for the European Union, Mr. Richard Dewdney, said that the EU was generally content with the report and that it was important to get a decision at this Session so that countries could apply the criteria and indicators as soon as possible, particularly for reporting in 2000. The EU especially agreed with Recommendation 5 with regard to producing a manual to assist countries to put the criteria and indicators into practice.
67. The Representative for France, Mr. Jean Esteve, suggested that the title of the report should specify that it applied to humid tropical forests as, if dry forests were included, many more criteria would be needed. He noted that in Indicator 6.8 the English word 'harvesting' had been translated as 'logging' and he suggested that 'debardage' was the correct word. Regarding Criterion 3.1 on damage to the forest by human activity, he suggested that this should include reference to agricultural clearing and fire. He added that Criterion 3.2 should also be reviewed.
68. The Representative for Canada, Mr. David Drake, said that more work on non-traditional timber values was required, and that the focus of the ITTO criteria and indicators should be on outputs rather than inputs. In this sense, these criteria and indicators were out of synchronization with other such processes. He agreed with the view of the USA on the artificial distinction between planted and natural forests. He looked forward to the seeing application of the criteria and indicators in the field.
69. The Representative for the People's Republic of China, Mr. Fan Fu, asked that ITTO consider offering technical assistance to countries in the implementation of the criteria and indicators.
70. The Representative for Peru, Mr. Miguel Ventura Napa, reported that the Amazon Cooperation Treaty was preparing a document on the sustainable development of forests in South America. It was intended not merely as a general reference framework but with the potential to establish directions within the framework of regional policy. He said that Peru was making efforts to make legal and technical progress in the elaboration of policies towards achievement of Year 2000 Objective. He suggested that such decision-making references should be included in a document of this nature. He also proposed that NTFPs be included. He said it should be clear exactly what the objective is of defining the criteria, to what sort of forests they apply to and to what end they are formulated.
71. The Representative for the African Timber Organization (ATO), Mr. Mohammed Lawal Garba, referred to recommendations 6 and 8 regarding field tests and links between ITTO and other organizations working in this field. ATO was carrying out tests on criteria and indicators in a number of countries and it had been suggested that countries establish national working groups on the subject. He said that ITTO and ATO, with their complementary goals, should cooperate more and that ATO could provide specific information for Africa.
72. The Representative for the Sierra Club, Mr. Bill Mankin, said he had understood that the original purpose of the revision of the document was that, in recent years ITTO's previous pioneering work on criteria and indicators had been overtaken by numerous other initiatives in the field. He echoed Canada's comment that the draft was still not in line with these other initiatives. He expressed concern that under Criterion 6, none of the indicators assessed actual soil and water condition; Criterion 1 on enabling conditions, omitted any policies to govern the protection of soil, water, and

biodiversity and to govern citizen participation in decision-making; under the same criterion there was no indication of the effectiveness of the various important policies and legal frameworks cited; in Criterion 5, he recommended the addition of some indicators dealing with population levels and ranges; he agreed with the comments from France on Criterion 3 and added that roads and logging were not mentioned. Mr. Mankin suggested that additional work be done regarding the definition of 'forest type'. He also noted that the definition of sustainable forest management was the original ITTO definition and he recommended that it be revisited. He looked forward to participating in the debate so that ITTO's criteria and indicators could be seen as an equal with other criteria and indicators processes.

73. The Representative for Switzerland, Mr. Jürgen Blaser, said that the resource base for tropical timber was the natural tropical forest and, in particular, the unit natural tropical forest and this ecosystem was distinct from planted or dry forests. It had specific management criteria and specific ecological and social conditions, therefore he endorsed the Panel's decision to concentrate only on natural tropical forests.
74. The Representative for Cameroon, Mr. Batoum Themotio, stressed the importance of the consideration to be given to artificial forests.
75. The Chair of Council noted that there were some conceptual differences amongst members, as well as detailed refinements, on the document which needed further attention and she proposed that a small working group be convened to discuss it.

Item 11: Report of the Informal Working Group on Evaluation of Reports from Ongoing and Completed Projects and Pre-projects – Decision 4(XXII)

76. The Chairperson of the Informal Working Group (IWG), Mr. Alhassan Attah (Ghana), reported that the Group had met for four days from 16 to 19 May 1998 and had comprised three consumer and three producer members. He said that the work of the group had been divided into the evaluation of completed and ongoing projects and pre-projects and of revised project proposals, and the identification of ways to streamline project monitoring and evaluation and of cross-cutting policy issues.
77. With reference to Document ITTC (XXIV)/7, Mr. Attah said that the report of the IWG had been prepared in a way to complement the Committee project documents and suggested that it be used as a core document of the Committees. He said that the Group had reviewed all projects but made specific comments only on those which required decisions by the Committees.
78. The IWG recommended that the presentation of reports be harmonized across the three Committees, including the use of a standard format which would provide information on donor contributions, project history, reporting by implementing agencies etc. The complementary functions of the Expert Panel for Technical Appraisal of Project Proposals and the IWG were recognized and it was proposed that this be enhanced by reviewing the responsibilities of each. It was noted that too many projects requiring essential modifications had been forwarded to IWG for assessment rather than being returned for reassessment.
79. The Group noted the imbalance between the number of proposals in each division and recommended that the Secretariat be requested to address this problem.
80. The Group observed that implementing agencies with multiple projects were more likely to have problems reporting and completing projects on time. The IWG recommended that project proposals should include a short annex with information on the relationship of the implementing agency to ITTO and that this should be considered in the ongoing revision of project formulation.
81. In general, reporting of the Secretariat was found to be satisfactory. The Group noted that some projects were unduly delayed as a result of donor inability to provide pledged funds. The problem of the retention of trained project personnel by implementing agencies was also noted.
82. With regard to the organization of the IWG, it was observed that Council would need to consider the work of the Group in future. The Group recommended that two members of the Expert Panel serve on the IWG; that the Group continued to meet for three days and break for one day prior to Council;

and that the Group maintained six members. It was noted that the information available did not allow for Decision 4(XXIII) which required that the IWG evaluate whether completed projects had met their stated objectives. The Group might however be able to recommend projects for mid-term, terminal and ex-post evaluation. The assessment of projects and pre-projects by the IWG were included in the report in Chapters 5.1, 5.2 and 5.3.

Item 12: Progress Report on Revision of Guidelines and Manuals relating to Project Formulation and Implementation – Decision 7(XXI)

83. With reference to Decision 8/(XXII), the Chairperson introduced the two consultants, Mr. Marcio de Paula Fernandes and Mr. John Krijnen, who were in the process of undertaking a revision of the project-related documents.
84. Mr. Krijnen reported that there were four elements to the report: to revise the manual for project formulation, in order to simplify and improve the process and to encourage submission of clear and concise proposals; to revise the guidelines for the selection of consultants, in order to give more flexibility in hiring of professionals; to revise the manual for project monitoring, review and evaluation procedures, in order to provide instructions for the executing agencies on the elaboration of project technical reports and on planning of monitoring and evaluation work; and to prepare a comprehensive manual on rules and procedures for project implementation in order to provide specific guidance to executing agencies. He said that the report would be presented at the Twenty-fifth Session of the ITTC.
85. So far the consultants had concentrated on the manual for project proposals. With regard to the form for proposals, it was suggested that proposals be limited to 20 to 25 pages; in the case of pre-projects and projects with a budget less than US\$150,000, it should be clear how much detail was required in the project document; it was found that the present form contained some repetitive elements which should be removed. A case study was being used throughout the manual formulation.
86. With regard to the project process, Mr. Krijnen stressed the importance of thorough problem analysis prior to formulation; it was apparent that some formulators were not familiar with the process of producing a clear project proposal; he recommended the continued use of logical frameworks and that this be completed before the proposal was written; in cases where insufficient information on the environmental and social impacts could be assessed, the use of a pre-project would be recommended.
87. In terms of contents of the manual, Mr. Krijnen said that there was a strong need for definition of project scope to be more specific and to be in compliance with ITTO guidelines as well as national forest sector policies and legislation. It was also necessary to convince formulators of the importance of clear indicators and assumptions for effective monitoring; it was apparent there was a need to include brief information about the implementing agency and terms of reference for key staff. From a series of workshops on project monitoring it was obvious that budgeting was a major problem in project formulation.
88. The consultants invited delegates for their comments and suggestions for them to complete their assignment.

Item 13 Reports by Members on Progress towards Achievement of the Year 2000 Objective – Decision 3(X)

89. The Representative for Bolivia, the Hon Mr. Alvaro Jaime Rivejos Tejada, Vice Minister of Natural Resources, Ministry of Agriculture, Bolivia, said that for four years Bolivia had been working towards the Year 2000 Objective. During this period, historic achievements had been made in the field of sustainable development of natural resources through the revision of a number of laws. Previously Bolivia had lacked the legal instruments to implement sustainable development. The Vice-Minister drew attention to the Chimanes region where ITTO had been financing a participative forest project with the ethnic groups of the area. Due to the administrative changes, the project had constantly had to adapt to new procedures. However, the community now had full ownership of their lands and the deeds which protect that ownership. He said that the project was due to conclude shortly; a proposal for the extension of the project had been submitted. He expressed concern that without

further funding, the project was likely to collapse and he encouraged donor countries which had supported the project in the past to continue to do so for its extension.

90. The Representative for Ecuador, Mr. José Gabriel Zurita, said that in order to implement the Year 2000 Objective, the inter-institutional coordinating committee, SIDPARFE, had established a number of strategies for the sustainable development of Ecuador's forest resource and the economic and social development of the country. These strategies addressed forest land planning, institutional strengthening, human resources, information systems, protection of biodiversity, community forest development, reforestation and afforestation and sustainable development of the forest industry. He stressed the importance of afforestation and reforestation and noted the lack of plantations, lack of knowledge in the management of plantations, lack of incentives and a limited recognition of the value of reforestation which had hampered the country's efforts. SIDPARFE, working with a range of different organizations coordinated by CORMADERA, had proposed a national reforestation programme and would be looking for financial assistance for this. The programme was in accordance with the Year 2000 Objective.
91. Mr. Gabriel Zurita said that forestry could not be limited to providing raw materials for industry. Agricultural workers should be allowed to increase production of their small plots in tandem with forest production. Presently 44.7 per cent of the country area was under forest; the aim was to increase this. Protected areas (representing 50 per cent of the tropical forests, 46 per cent of temperate forests and four per cent of mangroves) accounted for 29 per cent of the country area. The region most affected by deforestation was in the mountains. Areas totalling 2.2 million hectares had been identified for potential reforestation. He said it was important to pursue studies on afforestation in order to be able to maintain the native forest resource.
92. The Representative for Gabon, Mr. Joachim Bilé Allogho, said that 85 per cent of the country was under forest cover with approximately 22 hectares of forest per person. Forty per cent of the forest was still primary. The rate of deforestation rate was less than one per cent, which was the lowest rate in Africa. The forest sector was the second most important in the economy and employed 28 per cent of the working population. The forest had 6,000 species of plants, 150 species of mammals, and 600 species of birds but he recognized that the forests were subjected to increasing pressure for development.
93. In May 1996, a new forest policy outline had been drawn up which focused on the establishment of a more diverse timber industry, the reduction of the export of logs and the promotion of value-added products. The General Directorate of Water and Forests, the National School of Water and Forests, and the Institute of Forest and Agronomical Research, and the National Cartographic Institute were working on this.
94. The forest policy aimed at the protection and improvement of the environment. Gabon had agreed with the conclusions of UNCED, had signed CITES and the ITTA, 1994; Gabon was also committed to the Year 2000 Objective and provided the headquarters of the ATO. Mr. Bilé said that the forest resource included 20 million hectares of production forest, 1.8 million hectares of forest reserve and there was potential for the production of 2.6 billion cubic metres per annum. He explained that, of the 400 forest tree species, only a few were marketed, in particular, okoumé and ozigo.
95. Under the new policy, temporary export permits were required for harvesting areas of 500–1500 hectares; industrial permits of 15–30 years' duration were required for areas of 15,000–200,000 hectares; additionally there were the family logging systems which were restricted to family requirements only and a maximum of 100 trees.
96. He acknowledged the contributions of all donors, including ITTO and FAO, to a number of studies, as well as data collection studies undertaken by FORAFRI. Mr. Bile said that the coastal forest covered 5 million hectares and this was limited to domestic development. In the interior, the Bokoué pilot project on stratification had been initiated. By 2000 it was hoped that a forest map for the rest of the country would be prepared. ITTO had assisted with the transfer of technology and the establishment of cartographic capability.
97. Export of logs in Gabon far exceeded the processing of logs. Although the production of logs was increasing, processing remained stagnant and was decreasing proportionately – it accounted for only five per cent of exports. Through an ITTO pre-project, it was intended that a sustainable policy for industrialization be established. Production exceeded two million cubic metres per annum, of which

okoumé and ozigo represented more than 70 per cent. With regard to sawn timber and plywood production, due to marketing problems, volumes had dropped prior to 1995 but these were now increasing.

98. The master plan strategy for forestry in Gabon was divided into two phases: from 1998–2000 the formulation of a plan and establishment of guidelines would be developed; and the second phase from 2000–2010 focused on the implementation of the plan. In the plan, an inventory enabled the calculation of rotations. The inventory method used was sampling plots of 0.5 hectares in natural forest and 0.2 hectares in plantations.
99. It had been proposed that there be a permanent forest area of 12 million hectares initially, of which 8 million hectares would be reserved for production forest and 4 million hectares for protected forest. The aim was to achieve 30 million hectares by 2000. A major ITTO–WWF project for the Minkebe area was underway where 600,000 hectares would be designated as a reserve linking reserves in Cameroon and Congo.
100. Harvesting levels had reached 2.5 million cubic metres per annum but it was estimated that this would rise to 5 million cubic metres by 2010 and 6.5 million cubic metres by 2025. It was expected that Gabon would move from the 15 species currently marketed to 30 by 2010 and 60 species by 2025. It was hoped that the processing rate of timber would be 70 per cent by 2010 and 90 per cent by 2025.
101. Gabon was not yet ready to stop trading in logs as some timber was more valuable as logs than as sawnwood. Under the revised forest code, there would be a single logging concession, either for sustainable forest development linked to the creation of industry (50,000–200,000 hectares), or the associated permits reserved for individuals, limited to 15,000 hectares. The total concessions granted to a single concession-holder would not exceed 600,000 hectares in order to avoid monopoly ownership.
102. Mr. Bilé explained that the new law determined that within a three-year period, all permit-holders had to submit a development plan. The plan had to be in accordance with the national law and based on the inventory of the entire concession. The new forest code would require that new projects be authorized by the government to develop an area but they would be subordinate to the national development plans. He concluded that Gabon must favour the establishment of industry and implement forest policy based on sustainability.
103. The Representative for the People's Republic of China, Mr. Fan Fu, said that China was committed to the sustainable development and management of forestry and had formulated a forestry action plan as an integral part of China's Agenda 21. China was doing research on criteria and indicators and was formulating its own criteria and indicators on a trial basis, taking into account the processes of other organizations, including ITTO. China was the second largest consumer of tropical timber but was also a producer and attached great importance to the sustainable management of its tropical forests in southern China. He hoped that China's sustainable management project would receive further attention from ITTO and other member countries.
104. The Vice-Chairperson of Council encouraged donor countries to support the producers in their efforts towards sustainable forest management.
105. The Representative for Japan, Mr. Toshikatsu Aoyama, drew attention to the importance of the issue of tropical forest fire. He mentioned the ASEAN meeting on prevention of fire in December 1997 and the recognition by the G8 Action Programme on Forests of the importance of forest fire. He said that ITTO could play a significant role in this field and he proposed that ITTO hold an international forum to discuss the issue, including the dispatch of missions to member countries which have suffered from forest fires. He requested that a decision on this be included at this Session.
106. The Producer Spokesperson, Ms. Barbara Briglia Tavora, welcomed the proposal for discussion; it was also supported by the Representatives for Indonesia and the Republic of Korea.
107. The Representative of the Sierra Club, Mr. Bill Mankin, commended the proposal and expressed interest in it. He encouraged Council to consider the importance of a broad involvement in the examination of the fire issue. It was of great international concern to NGOs, scientists and academics, as well as those involved in trade and government. This involvement would enhance

the credibility of the end result.

108. The Representative of the FAO, Mr. Jim Bourke, drew the attention of Council to the fact that FAO was proposing to hold an expert consultation on forest fire in October with the aim of discussing public policies which contribute to forest fires and offer solutions to reducing the incidence of forest fires. ITTO had been invited to participate in this.
109. The Delegate for Ghana, the Hon Richard Dornu Nartey, welcomed Japan's proposal. He said that forest fires in Ghana had affected agricultural production tremendously. In some areas, they had resulted in problems of hunger and famine.
110. The Executive Director thanked FAO for their invitation to participate in their consultation; ITTO had responded positively and had offered to make a presentation.

Item 14: Market Access – Decision 2 (XXIII)

111. The Executive Director reported that the Secretariat had begun to make preparations for the undertaking of a study on Market Access as agreed in Decision 2(XXIII). At the previous Session the governments of Japan and the United States of America had pledged a total US\$95,000 for this project but there was now concern that this would not be sufficient for a complete study, as indicated in the Terms of Reference. If further funding was not available then the study would go ahead but not in the same detail.
112. The Representative for the European Union, Mr. Enzo Barattini, said that the EU recognized the importance of the study. He requested that the Executive Director provide more information on the study programme as he felt it might be possible to make a positive contribution.
113. The Representative for Japan, Mr. Toshikatsu Aoyama, said he hoped that the study would start shortly and noted that Japan had made their contribution under the premise that the study would be carried out under the Terms of Reference agreed at the last Session.
114. The Representative for the United States of America, Ms. Jan McAlpine, expressed surprise that the budget had been found to be insufficient. She agreed that it had been acknowledged that additional work might be called for following the study but she urged that work be started immediately. She questioned whether additional funds would change the scope of the study.
115. The Representative for the FAO, Mr. Jim Bourke, drew attention to a study by FAO on trade restrictions, a draft of which had been circulated to delegates. He suggested this might be of interest to the ITTO study; he invited comments on the draft.
116. The Representative for Malaysia, Mr. Abdul Hanan Bin Alang Endut, spoke of the vulnerability of the tropical timber trade, as illustrated by recent events in South-East Asia. He expressed concern about the policies of some local governments in consumer countries which impose non-tariff barriers on imports of tropical timber products. He drew attention to a recent proposal by the Dutch Parliament to establish a labelling system to indicate sustainability of source of such products; he called on The Netherlands to reconsider this plan. He said it was difficult to generate sufficient revenue for sustainable forest management. He urged Council members to refrain their municipalities from discriminating against tropical timber. He also asked Council to look more closely at the economic downturn and its wide repercussions on employment, export earnings and the standard of forest management.
117. The Representative for Brazil, Ms. Barbara Briglia Tavora, also expressed surprise that the funds for the study were insufficient and urged Council to begin the study with the funds already available; given the importance of the issue of market access, Council could not afford to delay implementation.
118. The Delegate for Ghana, Mr. Alhassan Attah, said on behalf of the African members that the study was much needed. Market access was critical to the development of African forest industries, especially for the production of value-added products, as had been indicated in the Market Discussion. He hoped that the consultants undertaking the report would give due attention to African timber markets. He noted the usefulness of the ITTO Tropical Timber Market Information service.

119. The Representative for Switzerland, Mr. Ralph Friedlander, stressed that market access for tropical timber in Switzerland was completely free and that there were no tariffs or quotas. However, he noted the sensitivity to environmental issues of the public and the resulting political pressure against the purchase of items produced from unsustainable sources; Swiss public procurement policies did not apply to municipalities. He expressed support for the study.
120. The Representative for Canada, Mr. David Drake, said that the study should proceed expediently. He referred to the proposal by the Lower House of Parliament of The Netherlands to establish a mandatory labelling of timber products from January 2000. He expressed concern that this had the potential to affect market access for all timbers. He said that certification of forest products could be useful to promote sustainable forest management, but it should be independent and non-legislated; the proposal was unlikely to be compatible with the obligations of the World Trade Organization; the proposal was contrary to the proposals for action of the IPF; and the proposal was also counter to the accord of the ITTA and the Year 2000 Objective. He requested further information from The Netherlands.
121. The Representative for The Netherlands, Mr. Marco Braeken, reported that on the 19 February 1998 the Lower House of Parliament had approved draft legislation for the mandatory labelling of timber products from 1 January 2000. The Minister for Foreign Trade of The Netherlands government had attended the deliberations in order to provide advice on trade regulations. He noted that there were doubts as to the compatibility of the proposal with international obligations. In March 1998, the Standing Committee of the Upper House requested the Minister to notify the EU Commission and the WTO of the draft legislation in order to obtain guidance on its compatibility. The request was under consideration. On 18 March 1998, a meeting had been held between the government and the second chamber of parliament during which the government had defended successfully its present policy regarding the promotion of sustainable forest management and sustainably produced timber and this policy would be continued without change for the foreseeable future.
122. The Chairperson of Council strongly urged that the study be started as soon as possible and that consultants be appointed. Interested parties should work with the Executive Director to make any changes to the budget at this Session. She requested an interim report at the next Session of Council. The study should determine impediments, including those imposed by governments and municipalities, to the trade.

Item 15: CITES Listing Proposals by Members – Decision 3(XVI)

123. The Executive Director reported that he had been advised by the Government of Brazil of a proposal to list mahogany (*Swietenia macrophylla*) in Annex III of CITES.
124. The Representative for Brazil, Ms. Barbara Briglia Tavora, confirmed that Brazil had requested the CITES Secretariat to add the Brazilian population of *Swietenia macrophylla* to Appendix III of CITES; confirmation had since been received and that this would take effect from 26 July 1998. She said that Brazil stood by its previous statement made in Santa Cruz, Bolivia, at the Twenty-second Session of the ITTC that CITES matters should be discussed only at CITES meetings and not in other fora such as ITTC. However, she drew attention to a forthcoming meeting to be held by Brazil and the Amazon Cooperation Treaty countries in Brasilia during 3 to 5 June 1998 at which mahogany would be discussed. Participants would include representatives of those countries where mahogany appeared naturally, the six major importing countries, as well as observers. She invited delegates to send governmental observers and added that ITTO would be sending a representative.

Item 16: Matters Related to Article 16 of the ITTA, 1994 – Decision 9(XXIII)

125. The Producer Spokesperson, Ms. Barbara Briglia Tavora, reported that, in order to fulfill the mandate of Decision 9(XXIII), the Producer group had drafted a decision on some aspects of matters related to Article 16. The draft dealt with the establishment of a set of qualifications desirable for selection of applicants for the position of Executive Director, should the need arise; it also established basic transitional rules should the position become vacant.

126. The Consumer Spokesperson, Mr. David Drake, welcomed the proposal from the Producers which, he said, would be discussed by the group. He said there was no common position by Consumers on the issue so members would speak individually.
127. The Representative for the European Union, Mr. Enzo Barattini, said he had been disappointed by the limited efforts made to date to arrive at a conclusion on the matter. Following the last Session, it had been recognized that it was necessary for Council to act to ensure that there was a concrete procedure in place. He hoped Council would leave Libreville with a clearly defined framework so that a procedure could be adopted at the next Council Session.
128. The Representative for the United States of America, Ms. Jan McAlpine, said that the issue had been raised at the previous Session in order that Council should not be caught by surprise; she therefore urged the matter to be moved forward. She was optimistic that members would leave Libreville with a solid foundation to allow a decision to be made in Yokohama in November on the selection of candidates.
129. The Representative for Australia, Dr. Kwame Asumadu, encouraged all members to put in place a concrete mechanism to enable Council effectively to bring together information and be in a position to move forward constructively on this issue.
130. The Vice-Chair proposed that a working group be convened to discuss the draft decision provided by the Producer group.

Item 17 Possible Elements to be Incorporated into Draft Guidelines on Intellectual Property Rights – Decision 10(XXII)

131. The Chairperson referred to Document ITTC (XXIII)/4 and invited comments.
132. The Representative for the United States of America, Ms. Jan McAlpine, stated that the US retained the position held at the Twenty-second Session in Santa Cruz. Much of what had been proposed by the consultant was not agreeable in terms of the appropriate role for ITTO in retaining Intellectual Property Rights (IPR). She drew attention to the possibility of IPR arising out of projects in producer countries being held by ITTO and she expressed concern, as a donor, that this would change the nature of the Organization. She said that if a decision were to be taken, it should be restricted to the area of copyright of published material only and she felt that there was not enough information in the report on how ITTO might address copyright protection. She requested that a proposal be made available at the next Session to indicate what was covered by copyright and that this be the scope of IPR for ITTO.
133. The Representative for Japan, Mr. Toshikatsu Aoyama, said that the guidelines were acceptable. He felt that IPR from project activities should be owned by ITTO. He proposed that a draft document for the protection and management of the IPR of all products of ITTO activities be drawn up and its applicability tested by the Secretariat through the project system.
134. The Representative for Brazil, Ms. Barbara Briglia Tavora, said she did not feel that the study properly covered all aspects of IPR and therefore she would not be ready to take a decision on the current document.
135. The Representative for Switzerland, Mr. Ralph Friedlander, referred to page 21 of the document which distinguished between the ownership and the protection of intellectual property. He said that Switzerland would oppose ITTO owning property rights of any project outcomes and that ownership should remain with the recipient country, however ITTO may have a role assisting countries with the protection of their IPR. He proposed that a further study on the possibility of the role of assistance might be undertaken.
136. The Representative for the United States of America, Ms. Jan McAlpine, said she appreciated the distinction between protection and ownership but warned that if ITTO were to be responsible for protection of IPR for recipient members there would be potential for significant expenses to be incurred due to extensive legal costs.

137. The Representative for Colombia, Mr. Heliodoro Sanchez, said that the IPR should belong to the countries which submitted the project proposals.
138. The Representative for Canada, Mr. David Drake, said that the Council had already spent much time on the issue of IPR. He questioned how productive it would be to continue the discussion. He proposed that the issue of IPR be put in abeyance but that a new document addressing copyright alone be prepared.
139. The Representative for the European Union, Mr. Enzo Barratini, said that copyright was an issue which had been discussed frequently. He proposed that more information on this be provided for the forthcoming Council Session to allow a compromise solution to be reached or to allow for the matter to be set aside.
140. The Representative for Japan, Mr. Toshikatsu Aoyama, supported the proposal by the European Union for a further study to be done.
141. The Representative of the Sierra Club, Mr. Bill Mankin, said IPR was a very complicated issue and he suggested that ITTO stay away from it.
142. The Representative for the People's Republic of China, Mr. Fan Fu, supported the request for a more in-depth study.
143. The Chairperson concluded that IPR was extremely complex and there appeared to be no consensus. However, she questioned why ITTO was having such problems with the issue, given the number of other organizations which have had to address it and she suggested that these might be examined. She asked the caucuses to discuss the proposals so that there might be a productive discussion at the Twenty-fifth Session.

Item 18: Draft Annual Report 1997

144. The Secretariat reported on the activities of the Organization during 1997, as detailed in the Draft Annual Report, Document ITTC (XXIV)/2. The key decisions of the Twenty-second and Twenty-third Sessions of the Council held in Santa Cruz de la Sierra, Bolivia and Yokohama, Japan, respectively, were noted. Attention was drawn to the establishment of the Informal Advisory Group and a report on project work was given. A summary of the statistics of the world tropical timber situation was given, based on ITTO inhouse analysis. The involvement of ITTO during the year in the Fourth Session of the IPF and the subsequent meeting of the IFF, the UN Commission on Sustainable Development, the Special Session of UN General Assembly, the Interagency Task Force on Forests and the World Commission on Forests and Sustainable Development was noted, as well as the Organization's representation at the XI World Forestry Congress in Turkey.

Item 19: Report of the Credentials Committee

145. The Chairperson of the Credentials Committee, Mr. Joachim Allogho Bilé Allogho (Gabon), referred to Document ITTC (XXIV)/9. He reported that the Committee, which had comprised representatives of Colombia, Cote d'Ivoire, Egypt, Germany, Indonesia, Republic of Korea and The Netherlands, had met on 25 May 1998. The Committee had examined the credentials of 38 countries plus those of the European Union for the Twenty-fourth Session of the ITTC and the Twenty-second Session of the Associated Committees.
146. Thailand had now signed the ITTA 1994 but had not yet submitted its credentials for the Session. The Committee recommended that Council accept the credentials and asked Thailand to submit its credentials as soon as possible. The Delegate for Thailand, Mr. Pralong Dumrongthai, reported that the Ministry of Foreign Affairs had been informed of the requirements and he hoped that the necessary documentation had since reached Yokohama; he requested that the Secretariat check this and he apologized to Council for this delay.

Item 20: Pledges to the Special Account and the Bali Partnership Fund

147. The Representative for The Netherlands, Mr. Marco Braeken, informed Council that the Government of The Netherlands would be making an initial contribution to the Bali Partnership Fund of US\$100,000, following completion of the internal procedures.
148. The Representative for the Republic of Korea, Mr. Jin Pyo Jeon, referred to the economic crisis being experienced by the Republic of Korea and said this had restricted their contribution. However, he noted the importance attached by the Government of the Republic of Korea to international cooperation and maintaining close ties with producer countries through projects aimed at sustainable forest management and he announced a contribution of US\$30,000 to the Special Account.
149. The Representative for the United States of America, Ms. Jan McAlpine, announced a contribution of US\$100,000 to the Bali Partnership Fund, following completion and implementation of the rules for the Fund.
150. The Representative for Japan, Mr. Toshikatsu Aoyama, announced a contribution to the Special Account of US\$10,312,000 for 1998 (at an exchange rate of US\$1: ¥118). He said that the Government of Japan set a high value on ITTO's role as a pioneer in the sustainable management of tropical forests through its project activities. He was pleased to note that these had been mentioned in the G8 Action Programme on Forests. He said that forest fire was an important issue which could influence the forest conservation role of the Organization. He said that Japan wished to offer financial assistance in order that ITTO would be able to make further contributions in the international arena. He added that there was a need for financial contributions by other countries. Japan would consider a further contribution to the Bali Partnership Fund once the management rules had been set up.
151. The Representative for Switzerland, Mr. Ralph Friedlander, said that Switzerland traditionally made pledges at the Yokohama Session, as at the last Session when US\$2 million (SFr. 3 million) had been pledged. He repeated Switzerland's intention to contribute to the Bali Partnership Fund but this would not be confirmed until the Fund had been operationalised; he hoped that this would be in place for the next Session.
152. The Representative for Australia, Dr. Kwame Asumadu, announced that the Government of Australia pledged US\$20,000 to the Special Account. He also expressed interest in contributing to the Bali Partnership Fund and he hoped to be able to make a positive announcement regarding this at the next Session in Yokohama.
153. The Vice-Chairperson of Council thanked all the donors for their financial support.

Item 21: Reports of the Associated Sessions of the Committees

154. The Chairperson of the Committee on Reforestation and Forest Management, Mr. Jean Claude Emile Anoh (Cote d'Ivoire), referred to Document CRF (XXII)/31 Rev.1. He reported that six completed pre-projects, 12 completed projects, 37 projects under implementation and six projects awaiting agreement had all been considered. In addition, 21 project proposals and three pre-project proposals had been considered. Two presentations had been made to the Committee, one reported on the ITTO Borneo Biodiversity Expedition and another on mangrove management in Colombia. Two project ideas submitted by Papua New Guinea had been discussed. There had been insufficient time to consider the committee's policy concerns, however, delegates had been requested to submit proposals for discussion at the next Session. The Committee recommended three new projects for approval and funding.
155. The Chair of the Committee on Forest Industry, Ms. Aulikki Kauppila (Finland), referred to Document CFI (XXII)/9. She reported that, in addition to the consideration of projects, the Committee had found time for discussions on future work needed in the field of Forest Industry. Five projects had previously been selected for ex-post evaluation and two of the reports on these had been discussed at this Session. One had proved to be productive; the report on the other one indicated that the impact of the project on the forest sector had been limited. The Committee had discussed means of avoiding problems which had led to this result but stressed the importance of such work to optimize the Organization's project activities. The Committee made the following recommendations

to Council: to approve for implementation three project proposals and four pre-project proposals; to ask for one project proposal to be revised and re-submitted directly to the Committee; to allocate supplementary funds amounting to US\$350,000 to allow continuation of the Fellowship Programme; to allocate additional funds amounting to US\$684,591 to finance a one-year extension of the ITTO Network for Information Sharing and Project Support under the revised workplan and budget approved by the Committee; to urge member countries to make full use of consultancy services available under PD73/89 in order to bring project proposals to the high standard required by ITTO; to urge donors to assist with the monitoring and evaluation of ITTO projects through participation in project steering committee meetings; to confirm that ITTO was open to cooperation with international organizations and that participation of these organizations in ITTO projects should be assessed by the expert panel on their technical aspects only (political aspects should be dealt with only by Council); to urge member countries to contribute funds to finance Forest Industry pre-projects and projects approved by the Council in previous sessions – this would also assist addressing the imbalance between the main work areas of ITTO.

156. The Vice-Chairperson of Council, Mr. Jean Williams Sollo (Cameroon), reported on the work of the Fellowship Panel. A total of 129 applications from producer countries and 37 from consumer countries had been considered. The Panel had agreed that, in view of the funds available (US\$170,000), selection should be rigorous and take into account regional distribution. The Panel recommended the approval of 28 fellowships for a total US\$157,000; 26 from producer countries and 2 from consumer countries. Thirty-nine per cent were from Asia-Pacific, 29 per cent from Africa and 18 per cent from Latin America. Eight fellowships had been awarded to women. The Programme covered a broad range of activities.
157. The Chairperson of the Committee on Economic Information and Market Intelligence, Dr. Roszehan Mohd Idrus (Malaysia), referred to Document CEM (XXII)/6 Rev.1. She said that 17 ongoing projects and two pre-projects had been considered by the Committee. The report of the IWG had greatly facilitated the work of the Committee. Only two new projects had been brought to the Committee and one of these was recommended for approval and funding. The Committee had noted the paucity of project proposals and discussed ways to remedy this. The new Action Plan contained several elements in the interest areas of the Committee and it was suggested that an assessment of those elements which had not been adequately addressed should be made. It was proposed that the Committee itself should be more proactive in generating project ideas and that the private sector could also play a role in assisting countries to submit good and relevant projects. Project work might also develop through liaison with other organizations. The Committee hoped that more projects would be forthcoming in future and requested that the donor community look favourably on the projects approved.
158. Dr. Roszehan noted that the report of the 1998 Market Discussion which had taken place in the Session of the Joint Committees was appended to the report of the CEM. The Committee had expressed satisfaction with the Discussion both in its consideration of the trade in Africa and the current crisis in the tropical timber trade sector; substantial consideration by the Committee was given to how ITTO might respond appropriately to this situation. The Committee had spent significant time discussing issues outside the agenda, including the development of ITTO's homepage, and certification. The Committee recommended that ITTO make more efficient use of the homepage and electronic communication for document distribution and public relations; it should also be linked to other organizations and attempts should be made to develop in-house capability to improve it. The Committee noted that the final report on the issue of Certification had been circulated but that no time had been scheduled to discuss it. The Committee agreed that it was necessary to exchange views on the subject and decided to revisit the issue at the next Session, hopefully assisted by the Market Access study.
159. The Chairperson of the Committee on Finance and Administration, Mr. Toshikatsu Aoyama (Japan), referred to Document CFA (III)/8. He reported that discussions had been held on the review of contributions to the administrative budget; the current status of the administrative account; the resources of the Special Account and the Bali Partnership Fund; and the Auditor's Report for the Financial Year 1997. Based on suggestions by member countries at the previous Session, there had been a useful exchange of views regarding resources for programme support and the review of resources and uses of the working capital account. Mr. Aoyama highlighted the following issues: the development of the management of the Bali Partnership Fund; the identification of criteria for project eligibility and priorities for funding; and the generation of contributions to the Bali Partnership Fund. Members had agreed to continue discussions on the management of the Fund at the next Session

so that it would be operational as soon as possible. The Committee made the following recommendations: to adopt the Report of the Independent Public Accounts on the accounts of the Organization for 1997, as contained in Document CFA (III)/5; to authorize the transfer of US\$210,713.79 from programme support to the component of translation costs in programme support to eliminate the deficit incurred in that account; to authorize the increase in charges to be deducted from all project budgets, the costs of translating project proposals, from 0.5 per cent to 1.0 per cent as authorized by Decision 4(XV) beginning with those proposals submitted for appraisal at the Twenty-fifth Session of the Council.

160. The Vice-Chair of Council took note of the reports of all four Committees and proposed they be included as Annexes in the Report of Council.

Item 22: Dates of the Twenty-fifth, Twenty-sixth and Twenty-seventh Sessions of the Council and the Associated Sessions of the Committees

161. The Executive Director confirmed that the Twenty-fifth Session of the Council would be held during 3 to 9 November 1998 at ITTO headquarters in Yokohama, Japan. The Twenty-sixth Session of the Council would be held during 10 to 15 May 1999 in Chiang Mai, Thailand. The Twenty-seventh Session of the Council would be held during 1 to 6 November 1999 in Yokohama, Japan.
162. The Representative for Thailand, Mrs. Wanida Subansenee, announced that the six-day meeting of the Twenty-sixth Session of Council to be held in Thailand in 10 to 15 May 1999 would be followed by a one-day excursion. She looked forward to welcoming delegates to Chiang Mai.
163. The Representative for Japan, Mr. Toshikatsu Aoyama, welcomed members to the Twenty-fifth and Twenty-seventh Sessions of Council which would be held in Yokohama, Japan, during 3 to 9 November 1998 and 1 to 6 November 1999, respectively.

Item 23: Other Business

164. The Minister of Environment and Forests in Cameroon, His Excellency Mr. Sylvestre Naah Ondo, congratulated Gabon on its hosting of the Twenty-fourth Session of the Council. He praised the Executive Director for his leadership of the Organization over the years and he recognized the efforts of ITTO in Cameroon and elsewhere in Africa. He mentioned the establishment of national guidelines for the sustainable development of the forests of Cameroon and noted the presence of the ITTO regional office in Yaoundé.
165. The forests in Cameroon suffered from daily degradation and the country had not always been able to undertake conservation. The population of 15 million, with a growth rate of three per cent per year was constantly adding pressure to the forests. Only recently had forestry come into its own. In 1992, the Ministry of Environment and Forests had been established and in 1994 a new forest policy had been created. In 1997, the annual production of logs had increased to 3 million cubic metres making Cameroon one of the biggest producers of tropical timber in Africa. The forest resources represented 8 per cent of GDP (US\$400 million).
166. In the permanent forest, no tree could be felled unless there was assurance that it could be replaced. This principle had led to the sustainable development of Cameroon's forests. Most of the instruments were now in place to work towards the Year 2000 Objective and implementation had begun, however, there were still concerns. The Minister noted three key elements to sustainable development: inventory, management and regeneration. If timber was to be processed locally, factories and funds were needed. If wood was to be exported and there were protectionist policies in consuming countries, sustainable development of the tropical forests would not be pursued and the forests would have no economic value resulting in their clearance. The transfer of technology was also a problem without the support of the northern countries. He called on ITTO to sensitize consumer countries in order to seek solutions to the problem of trade barriers. He stressed the importance of reforestation and plantations and added that many pilot projects had given encouraging results allowing the preservation of the natural forest.
167. The Representative for the FAO, Mr. Jim Bourke, said he was pleased to attend and he passed on the wishes of the new Assistant Director-General of the FAO Forestry Department, Mr. Hosny El

Lakany, for a successful meeting. He noted the following activities of the FAO of relevance to the work of ITTO. In the follow-up to the IPF through the IFF, FAO had continued to act as Chair for the Informal Interagency Task Force on Forests which had become a valuable means for sharing information and increasing coordination amongst organizations. High priorities for FAO were the Forest Resource Assessment, criteria and indicators of sustainable forest management, National Forest Programmes and outlook studies and statistics, on some of which FAO had worked closely with ITTO. He noted the meetings this year of the FAO regional forestry commissions.

168. The FAO Advisory Committee on paper and wood products had met in April and discussed issues of certification, the FAO global fibre supply study, trade negotiations and outlook studies. A major outlook study on Asia-Pacific was due to be published in the next few months; he noted with appreciation ITTO's contribution to this and hoped that similar contributions would be made to a new study on Africa. FAO was also working with the EC on a project in ACP countries which had opportunities for collaboration with ITTO.
169. He referred to FAO's relationship with ITTO. Despite efforts by FAO to develop working ties with ITTO, this had not been as productive as it might have been. Mr. Bourke said that over the years, FAO had made many offers for collaboration but so far with limited results; he noted as an example of this that, despite its work in the field, FAO had not been invited to participate in ITTO's expert panel on criteria and indicators. Mr. Bourke stressed that he was raising the issue to stimulate better cooperation between the two organizations in order to assist member countries' mutual interests.
170. The Chairperson agreed that international cooperation was very important.
171. The Representative for Uganda, Mr. Olet Erisa Dickson, said this was the second time he had attended Council as an observer. He noted the reference in the Executive Director's address regarding concerns over forest fires. From late 1996 to early 1997, Uganda had lost 2,000 hectares of mature tropical plantations through fire. He welcomed the proposal by Dr. Freezailah for producer countries to divide their forests into five categories. Uganda was currently revising its expired management plans in an attempt to balance sustainable utilization of forest resources with conservation of the forest for biodiversity and environmental stabilization.
172. Mr. Dickson explained that Uganda covered 20 million hectares, 3.5 million hectares of which were covered by forest i.e. about 20 per cent of the dry land. Tropical forest covered 738,000 hectares, savannah woodland 720,000 hectares, softwood plantations 14,000 hectares, and hardwood plantations 18,600 hectares. The total forest area was 1,490,600 hectares which was approximately 7.5 per cent of the total land area. He listed the following key problems encountered in the management of the forest: degradation and conversion – the government was trying to reclaim degraded areas by tree-planting policies; inadequate appreciation of non-timber forest products; inappropriate management practices; excessive waste and overconsumption; poor forest health; inefficient marketing of forest products; alienation of communities in management decisions; and inadequate forest policy and neglect of the law.
173. He said that the Government of Uganda was addressing these problems with the assistance of a number of donor agencies. The government had recently approved the Uganda Forest Sector Umbrella Programme which aimed to devise a national forestry programme.
174. He said he was pleased to inform the Council that his government had accepted to join ITTO and he hoped that Uganda would attend the next Session as a full member.
175. Mr. Philémon Selebangué, spoke on behalf of the African Timber Organization. He said that ATO and ITTO had many common objectives for their members in Africa and he encouraged the improvement of relations between the two organizations. He said that both entities had taken initiatives on sustainable management of tropical forests and he suggested that a formal coordination be established which would enhance international representation. It would also have a bearing on the exchange and harmonization of information. He believed that input from ATO could be useful for ITTO and suggested the establishment of common country correspondents for statistical information.

Item 24: Decisions and Report of the Session

176. The Vice-Chairperson of Council referred to Document ITTC (XXIV)/10 comprising the nine decisions for adoption by Council at its Twenty-fourth Session. The Council approved all the decisions (these are reproduced in this report as Annex V). 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 all members.

Item 25: Closing Session

177. The Ambassador of Japan, His Excellency Mr. Tomoji Kawai expressed, on behalf of the Government of Japan, gratitude to the government of Gabon for hosting the Session and to all members for their contributions. He said that Japan had enthusiastically supported the work of the Organization and he recognized that the activities of ITTO would become increasingly important under the ITTA, 1994. He was convinced that ITTO would contribute to the development and economic growth of developing countries under this Agreement and would continue to play an important role in global forest issues, in particular sustainable forest management.
178. In order to address issues of development and find solutions to many environmental problems, it was necessary to establish cooperative relations based on interdependence with a cooperative spirit between consumer and producer countries. He said ITTO was one of the few international organizations which had been positively challenging forestry issues. He referred to mention of ITTO's pioneering role in the G8 Action Programme for Forests, and also to recent meetings at which forest fire had been discussed. He was pleased that Council had agreed the decision on a technical consultation on forest fire. He congratulated Council on its decisions on the criteria and indicators, the Action Plan and cooperation with ATO. He acknowledged the achievements and progress of ITTO in the past 12 years.
179. The Representative for the European Union, Mr. Enzo Barattini, expressed satisfaction with the positive conclusion of the Session. With regard to the decision on criteria and indicators, he hoped that the draft manual to be considered at the next Session would become an irreplaceable tool to complement the revision. He said that the Action Plan would allow delegations to prepare their programme of work 1999. The Mission Statement would enhance capacity amongst members for joint action. The EU was keen to make a positive contribution to the effort to reach a more viable and efficient project cycle. With reference to Council's decision on countering forest fire, ITTO had been able to prove its role as a catalyst in actions for saving the forest. He also welcomed the strengthening of relations with ATO.
180. Despite these positive steps, he expressed regret that Council had been unable to reach agreement on a procedure for the nomination of Executive Director. He sincerely hoped that a final decision on the procedure and criteria to be adopted would be reached at the next Session. He thanked the government of Gabon for their warm hospitality, the Spokespersons of the Consumer and Producer groups, and the Executive Director and the Secretariat for all their contributions.
181. The Consumer Spokesperson, Mr. David Drake (Canada), said significant progress had been made at this Session. The second meeting of the Informal Advisory Group had met prior to Session and he noted that Council had already taken action on two issues raised by the IAG. The Consumers hoped that IAG would shortly shift its focus from purely short-term issues of the agenda to tackling more strategic issues also. Progress had been made by approving the Libreville Action Plan (including the Mission Statement) which represented a significant step forward. He said it was important that this document be used to operationalise the work of the Organization. A clear distinction between the activities of the Organization and those of the member countries might also be used to define the use of the Bali Partnership Fund and to focus better the project work. The Bali Partnership Fund was a central element in the Agreement and he noted the interest of several donors in the Fund and he hoped that the rules of management would be finalized at the next Session.
182. The Market Discussion had highlighted the worrying downturn in the trade due to the economic crisis in Asia. The decisions to commission a report on the downturn in trade of tropical timber and to hold a joint ATO/ITTO conference on the further processing of tropical timber in Africa were two steps taken by the Organization to address these issues. He said Consumers welcomed the initiative to

improve institutional collaboration between ITTO and ATO.

183. It was essential for ITTO to remain a vital organization that could be responsive to the needs of its members; the decision to convene a technical consultation on forest fire was therefore an important one. He noted that this consultation would be carried out in close collaboration with other international organizations, including FAO and UNEP as well as individual countries.
184. With reference to the new criteria and indicators, he looked forward to discussion at the next Session on the decision to prepare a manual on methods used to compile data on indicators. He encouraged members to apply these criteria and indicators for reporting progress towards the Year 2000 Objective.
185. The Consumers welcomed the announcement that ITTO was contributing to the secretariat of the IFF. He expressed thanks to the government of Japan for making this possible. Although no decision had been reached, the issue of IPR remained important.
186. Consumers continued to attach considerable importance to projects, however there was still a need to strengthen the efficiency and effectiveness of planning, implementing, monitoring and evaluation of these. Mr. Drake said that the meeting to be held with Committee Chairs with the Secretariat prior to the next Session should provide a helpful step to strengthen the work of the Committees; enhancement of the policy work of the Committees was of particular concern to the Consumers.
187. Mr. Drake praised the bipartisan system of generating decisions, which continued to work well, and he thanked to the Chairpersons of the working groups, and those consultants who had assisted the process. He expressed thanks to the government of Gabon, to Minister Berre and all his team for their assistance, warm hospitality and efficient organization of the proceedings. He thanked the Producer Spokesperson for allowing the continuation of the partnership between the two spokespersons.
188. The Producer Spokesperson, Ms. Barbara Briglia Tavora (Brazil), said it had been a pleasure to be in Gabon and an honour to speak for the first time on behalf of the Producer members. On behalf of the Producers, she expressed thanks to the people of Gabon for their generous hospitality; she also thanked the Secretariat and in particular the Executive Director for his ceaseless efforts resulting in the success of this meeting. She thanked Mr. Sollo for the efficient leadership of the proceedings and she looked forward to seeing Ms. Caswell again in Yokohama.
189. Important measures had been taken at this Session, in particular the Action Plan and important fundamental policy questions had been decided. She concluded by thanking her counterpart, the Consumer Spokesperson for working together in a spirit of positive cooperation.
190. The Representative for Thailand, Mrs Wanida Subansenee, congratulated the government of Gabon on the successful hosting of the Twenty-fourth Session of the Council. She thanked the people of Gabon for their hospitality. She invited all members to meet for the Twenty-sixth Session of Council in Chiang Mai.
191. The Representative for the African Timber Organization (ATO) said that the hopes of the ATO to come into closer cooperation with ITTO were now becoming a reality, following adoption of the Council decision in this respect. This Twenty-fourth Session of Council was therefore of extra importance to the ATO. It now remained for the two organizations to forge ahead with consultations in order to identify the areas, conditions and mechanisms of such collaboration. He said it was only through such cooperation that ATO was able to make a substantial contribution towards striking a sustainable equilibrium between environmental issues and developmental needs. Since independence African countries had put much effort into the development of forest industries and trade but with so many attendant problems achievement had been limited. Through inter-organizational cooperation, ATO could go a long way towards developing balanced programmes to support individual countries in their efforts to address problems and derive maximum benefit from the forest resources on a sustained basis. He welcomed the decision by Council for a joint ITTO/ATO conference on the promotion of further processing of tropical timber in Africa. Other areas of cooperation which might be considered for the future included the promotion of timber marketing, institutional capacity building, information extension in statistics, joint research activities. He thanked the donors and hoped that they would continue to support the ITTO/ATO collaboration.

193. He warned of the need to be aware of streamlining, transparency and a democratic process in the workings of the Council. These were essential for ITTO's unique forum for consultation which generated a collective sense of shared interest and solidarity.
194. He acknowledged the presence of dignitaries from other African nations who had attended the Session, the Minister of Environment, Water, Forestry and Fisheries of the Central African Republic, the Honorable Minister for Environment and Forestry in Cameroon, and the Honorable Deputy Minister of Lands and Forestry from Ghana with whom he and the Chairperson had discussed the sad situation of forestry and forest industries in Africa. ITTO's role in Africa must be enhanced and he was encouraged by the Council decision on ITTO/ATO cooperation. He also acknowledged the growing involvement of the trade in the work of the Organization and he referred to the Market Discussion organized by the informal International Trade Network Group.
195. He attributed the success of the meeting to the dedication of Mr. Hilaire Ondo and his team of assistants whom he thanked.
196. Dr. Freezailah drew attention to the immensity of the task ahead of the Organization to achieve the Year 2000 Objective and the modest efforts and resources mobilized so far; he said that the effects of El Nino and the downturn in the timber market had added to problems and the situation of forestry in Africa should be accorded high priority in the agenda for action. The rules for the Bali Partnership Fund would soon be finalized and encouraging support had been heard from several countries; he reiterated thanks to Japan for their outstanding contribution to the Organization and he said that this generosity should not be taken for granted. He noted the first contribution by Canada and he particularly drew attention to the contribution by the Republic of Korea, a country suffering from severe economic difficulties. He said the human dimension was needed to enhance the level of producer/consumer cooperation to increase resources and hence ITTO's capacity to implement the increasing number of projects approved by Council. He proposed that a target of US\$50 million be the aim for the Bali Partnership Fund to attain within one year; with Japan's pledge of US\$11.5 million already, this would mean an average contribution of US\$2 million for each country in the consumer group. He appealed to donors for their support.
197. The Vice Chair of Council, Mr. Jean Williams Sollo, thanked all delegations, the working groups and Producer and Consumer groups, who had achieved such high quality work in such limited time in pursuit of sustainable forest management with a view to achieving the Year 2000 Objective. The projects, the activities of the Secretariat and the Bali Partnership Fund represented more than US\$17 million, which bore testimony to the continuing interest of consumer countries in the search for the sustainable development of forests; however, these contributions were insufficient and a number of projects were still awaiting financing; their non-implementation could damage the overall objective of ITTO. He encouraged the consumer countries to be more generous because, he said, ITTO was one of the few organizations which proposed concrete solutions, financed and evaluated them. He hoped that the report he would make to the Chairperson would reassure her and allow her to continue to lead the Organization.
198. He thanked Minister Berre for everything that he and his colleagues had done to ensure the success of the meeting and he asked the Minister of State to transmit to His Excellency President Omar Bongo, the deep gratitude of the members for the welcome and hospitality received.
199. His Excellency, Mr. Jean-François Ntoutome Emane, Minister of State for Gabon, said that after ten days of fruitful debate Council had achieved its task and he congratulated members on the results of the meeting. The Government of Gabon was satisfied that all its concerns had been taken into consideration, most particularly, decisions on the new criteria and indicators for the sustainable development of tropical forests which complement the guidelines of the Organization, and the new Action Plan of ITTO which reflected the objectives of ITTA, 1994. He said Gabon was honoured that this had been named the 'Libreville Action Plan'. He said that the government of Gabon remained sensitive to the efforts undertaken by all and the continuing support of work in the field in producer member countries and particularly in Gabon which proved the dynamic role of international cooperation in the consideration of the needs of developing countries. He was delighted at the adoption of the decision establishing formal links of cooperation between ITTO and ATO.
200. The Minister reaffirmed Gabon's desire to implement all those commitments taken at the regional and international levels for the conservation and sustainable development of its forests and the country's

cooperation in the consideration of the needs of developing countries. He was delighted at the adoption of the decision establishing formal links of cooperation between ITTO and ATO.

200. The Minister reaffirmed Gabon's desire to implement all those commitments taken at the regional and international levels for the conservation and sustainable development of its forests and the country's determination to do its best to achieve the Year 2000 Objective. He said that Gabon's activities in the field had been presented by Minister Berre and this demonstration had allowed members to appreciate the efforts undertaken by Gabon. He informed Council that, in order to reinforce existing efforts, a bill on Gabon's new policies in the field of water and forests had been presented to government. This would ensure that policy in this area would seek to implement the sustainable development of the forest area, including the conservation of biodiversity.
201. He thanked the Chairperson of Council, Ms. Stephanie Caswell, for the quality of her work which she had accomplished in such a short time. She had already marked out the path to follow and the results of the Session bore her mark. He congratulated Mr. Jean Williams Sollo who had led the debate so effectively and, on behalf of government of Gabon, he thanked the Executive Director for all his efforts.
202. The Minister of State officially closed the Session.

ANNEX I

LIST OF PARTICIPANTS

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

Distr.
GENERAL

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TWENTY-FOURTH SESSION
20-28 May 1998
Libreville, Gabon

PROVISIONAL LIST OF PARTICIPANTS

**TWENTY-FOURTH SESSION OF
THE INTERNATIONAL TROPICAL TIMBER COUNCIL
AND ASSOCIATED SESSIONS OF THE COMMITTEES**

Libreville, Gabon, 20-28 May 1998

The data of the entries in this list are as provided to the Secretariat.

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- ** Sr. David Nicolas Herrera Pinedo
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- ** M. Jean Williams Sollo
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- Notes: 1 Members under the ITTA, 1983, and have signed the ITTA, 1994, but have not yet completed full accession procedures for the ITTA, 1994.
- (n.r.) Not registered during the Sessions.
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- ** Alternate representatives/Représentant suppléants/Representantes suplentes
- *** Advisers/Conseillers/Asesores

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ANNEX II

AGENDA

DOCUMENT: ITTC(XXIV)/1

Distr.
GENERAL

ITTC(XXIV)/1
25 February 1998

Original: ENGLISH

TWENTY-FOURTH SESSION
20-28 May 1998
Libreville, Gabon

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
6. Admission of Observers
7. Statement by the Executive Director
8. Report of the Informal Advisory Group
9. Report of the Working Group on Revision of the ITTO Action Plan and Finalization of the Mission Statement - Decision 5(XXIII)
10. Report of the Expert Panel on Revision of the Interim Report on Criteria and Indicators for the Measurement of Sustainable Management of Natural Tropical Forests - Decision 3(XXIII)
11. Report of the Informal Working Group on Evaluation of Reports from On-Going and Completed Projects and Pre-Projects - Decision 4(XXII)
12. Progress Report on Revision of Guidelines and Manuals relating to Project Formulation and Implementation - Decision 7(XXI).
13. Reports by Members on Progress towards Achievement of the Year 2000 Objective - Decision 3(X).
14. Market Access - Decision 2(XXIII)
15. CITES Listing Proposals by Members - Decision 3(XVI)
16. Matters Related to Article 16 of the ITTA, 1994 - Decision 9(XXIII)
17. Possible Elements to be Incorporated into Draft Guidelines on Intellectual Property Rights - Decision 10(XXII)
18. Draft Annual Report for 1997
19. Report of the Credentials Committee

/...

20. Pledges to the Special Account and the Bali Partnership Fund
21. Reports of the Associated Sessions of the Committees
22. Dates of the Twenty-fifth, Twenty-sixth, and Twenty-seventh Sessions of the Council and the Associated Sessions of the Committees
23. Other Business
24. Decisions and Report of the Session
25. Closing Session

ANNEX III

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

DISTRIBUTION OF VOTES

	<u>No. of Votes</u>	
	1997	1998
<u>PRODUCERS</u>		
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.....	21	20
Fiji.....	15	15
India.....	24	27
Indonesia	157	145
Malaysia	130	128
Myanmar.....	31	26
Papua New Guinea	37	34
Philippines	17	16
Thailand	17	17
Latin America		
Bolivia	30	31
Brazil.....	148	162
Colombia.....	32	27
Ecuador	21	19
Guyana	23	20
Honduras.....	17	16
Panama	18	16
Peru	37	31
Venezuela	--	25
	<hr/>	<hr/>
Total:	1,000	1,000

	<u>No. of Votes</u>	
	1997	1998
<u>CONSUMERS</u>		
Australia	17	16
Canada	13	14
China	146	138
Egypt.....	16	15
European Union		
Austria.....	11	11
Belgium/Luxembourg	20	21
Denmark	12	12
Finland	10	10
France.....	42	39
Germany	31	31
Greece	13	12
Netherlands.....	31	30
Spain.....	25	26
Sweden	11	11
United Kingdom.....	45	40
Japan	358	361
Nepal	10	10
New Zealand	10	10
Norway.....	11	10
Republic of Korea.....	108	102
Switzerland.....	11	11
United States of America.....	49	70
 Total:	 1,000	 1,000

ANNEX II

TEXT OF THE MAIN DECISIONS

ADOPTED BY THE COUNCIL AT ITS TWENTY-FOURTH SESSION

Documents:	DECISION 1(XXIV)	ITTC(XXIV)/10
	DECISION 2(XXIV)	ITTC(XXIV)/11
	DECISION 3(XXIV)	ITTC(XXIV)/12 Rev.1
	DECISION 4(XXIV)	ITTC(XXIV)/13
	DECISION 5(XXIV)	ITTC(XXIV)/14
	DECISION 6(XXIV)	ITTC(XXIV)/15
	DECISION 7(XXIV)	ITTC(XXIV)/16
	DECISION 8(XXIV)	ITTC(XXIV)/17
	DECISION 9(XXIV)	ITTC(XXIV)/18 Rev.1

Distr.
GENERAL

ITTC(XXIV)/10
28 May 1998

Original: ENGLISH

TWENTY-FOURTH SESSION
20-28 May 1998
Libreville, Gabon

DECISION 1(XXIV)
PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Twenty-fourth Session the recommendations of the three Committees on Projects and Pre-Projects, as contained in documents CEM(XXII)/6 Rev.1, CRF(XXII)/31 Rev.1 and CFI(XXII)/9;

1. Decides:

(i) To approve the following Projects:

PD 19/98 Rev.1 (M)	Design and Implementation of an Information System within the Guyana Forestry Commission (\$276,075.00)
PD 8/96 Rev.2 (F)	Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Crop (\$807,849.00)
PD 2/97 Rev.3 (F)	Establishment of a Demonstration Area for the Sustained Utilization of Timber, based on a Forest Enterprise in the Niobo Reserved Forest – Phase I (\$638,000.00)
PD 4/97 Rev.3 (F) Phases I and II	Development and Promotion of Afforestation Activities in Egypt (Phase I - \$246,749.00 Phase II - \$391,873.00)
PD 17/97 Rev.3 (F) Phases I and II	Pilot Project for the Reforestation and Rehabilitation of Degraded Forest Lands in Ecuador – Phases I and II (Phase I - \$399,518.00 Phase II - \$426,558.00)
PD 53/97 Rev.2 (F)	Regionalisation of the Volume Tables for Trees of Natural Forests and Plantations (\$282,942.00)
PD 55/97 Rev.2 (F)	Reforestation and Participatory Forest Management in the Transitional Zone (Brong-Ahafo Region) of Ghana (\$494,850.00)

PD 1/98 Rev.1 (F)	Teak Reforestation Project of 1,100 ha at Toeuk Chha Forest Reserve Kampong Cham Province (\$702,550.00)
PD 3/98 Rev.1 (F,I)	Teak-Based Multistoried Agroforestry System: An Integrated Approach Towards Sustainable Development of Forests (\$229,315.00)
PD 4/98 Rev.1 (F)	Silviculture and Economics of Improved Natural Forest Management in Ghana (\$428,006.00)
PD 8/98 Rev.2 (F)	Development of a Demonstration Area in the Sustainable Management of Gabonese Forests (\$789,493.00)
PD 9/98 Rev.2 (F)	Publication, Testing and Clarification of ITTO's Criteria and Indicators for the Sustainable Management of Gabon's Forests (\$485,256.00)
PD 14/98 Rev.1 (F)	Sustainable Use and Reforestation of Amazon Forests by Indigenous Communities (\$823,037.00)
PD 17/98 Rev.3 (F)	Forest Inventory and Production of Management Plans for Areas of Reserved Production Forests in the First Forest Zone of Gabon (Phase 2 – Stratification of First Zone) (Phase I - \$635,651.00 Phase II - \$339,401.00)
PD 21/98 Rev.1 (F)	Forest Management, Community Involvement and Sustainable Use of Si- Kop Forest Area (Coastal Province, Cameroon) (Phase II) (\$857,030.00)
PD 22/98 Rev.1 (F)	Development of Teak Cloning and Establishment of Industrial Plantations (\$387,238.00)
PD 31/98 Rev.1 (F)	First Conference of Andean Forestry Chambers for the Sustainable Management of Natural Tropical Forests in the Region (\$169,961.00)
PD 32/98 Rev.1 (F)	Forest Fire Management in Ghana (\$366,513.00)
PD 12/98 Rev.1 (I)	Manpower Development for the Ghana Wood Industry Training Centre (WITC) (\$237,375.00)
PD 20/98 Rev.1 (I)	Establishment of a Training and Technical Information Center for Wood Based Industries (\$508,755.00)
PD 33/98 Rev.2 (I)	Sustainable Production of Construction Materials from Philippines Bamboos (\$544,696.00)

(ii) To authorize financing for immediate implementation of the following Projects:

PD 4/97 Rev.3 (F) Phase I	(\$246,749.00)
PD 9/98 Rev.2 (F)	(\$485,256.00)
PD 17/98 Rev.3 (F) Phase I	(\$635,651.00)
PD 22/98 Rev.1 (F)	(\$387,238.00)
PD 32/98 Rev.1 (F)	(\$366,513.00)

PD12/98 Rev.2 (I) (\$237,375.00)

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

PD 33/93 Rev.1 (F) (\$74,905.00)
 PD 17/93 Rev.3 (I) Phase II (\$300,000.00)
 PD 1/93 Rev.1 (M,F,I) (\$350,000.00)

- (iv) 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 19/98 Rev.1 (M) (\$276,075.00)
 PD 8/96 Rev.2 (F) (\$807,849.00)
 PD 2/97 Rev.3 (F) (\$638,000.00)
 PD 4/97 Rev.3 (F) Phase II (\$391,873.00)
 PD 17/97 Rev.3 (F) Phase I (\$399,518.00)
 PD 17/97 Rev.3 (F) Phase II (\$426,558.00)
 PD 53/97 Rev.2 (F) (\$282,942.00)
 PD 55/97 Rev.2 (F) (\$494,850.00)
 PD 1/98 Rev.1 (F) (\$702,550.00)
 PD 3/98 Rev.1 (F) (\$229,315.00)
 PD 4/98 Rev.1 (F) (\$428,006.00)
 PD 8/98 Rev.2 (F) (\$789,493.00)
 PD 14/98 Rev.1 (F) (\$823,037.00)
 PD 17/98 Rev.3 (F) Phase II (\$339,401.00)
 PD 21/98 Rev.1 (F) (\$857,030.00)
 PD 31/98 Rev.1 (F) (\$169,961.00)
 PD 20/98 Rev.1 (I) (\$508,755.00)
 PD 33/98 Rev.2 (I) (\$544,696.00)

2. Decides:

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

PPD 10/97 Rev.2 (F,I) Formulation of a Project Proposal for Sustainable Management and Rehabilitation of Nepal's Tropical Forest Resources through Community Participation and Manpower Development (\$50,000.00)

PPD 2/98 Rev.1 (F) Promotion and Transfer of Knowledge on Sustainable Forest Management Models among Timber Producers (\$50,851.00)

PPD 7/98 Rev.1 (F) Support to the Akposso Population for the Development of a Participative Approach to Forest Management in the Bato Area (North Amou) (\$66,038.00)

PPD 1/98 Rev.2 (I) Rubberwood Utilization and Marketing in Thailand (\$82,290.00)

PPD 4/98 Rev.1 (I) Promotion of Tropical Non-wood Forest Products in Thailand (\$89,886.00)

PPD 5/98 Rev.1 (I) Technical Assistance to Increase Production and Improve Competiveness in the Timber and Furniture Industries of Peru (\$53,805.00)

PPD 9/98 Rev.1 (I) Assessment of Forest Industry Training Needs (\$52,434.00)

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

PPD 7/98 Rev.1 (F)	(\$66,038.00)
PPD 4/98 Rev.1 (I)	(\$89,886.00)
PPD 5/98 Rev.2 (M,I)	(\$53,805.00)

- (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 10/97 Rev.2 (F,I)	(\$50,000.00)
PPD 2/98 Rev.1 (F)	(\$50,851.00)
PPD 1/98 Rev.2 (I)	(\$82,290.00)
PPD 9/98 Rev.1 (I)	(\$52,434.00)

3. Decides to approve the following activities and to authorize financing for immediate implementation:

- Expert Panel for Technical Appraisal of Project Proposals – Sixteenth Meeting (24-28 August 1998) (\$95,000.00)
- Expert Panel for Strengthening and Streamlining the Work of the Committees and the Expert Panel for Technical Appraisal of Project Proposals (\$62,000.00)
- Technical Consultation on the Management of Forest Fire (\$208,000.00)
- Publication and Distribution of the ITTO Action Plan (\$45,000.00)
- Publication and Distribution of the ITTO Criteria and Indicators for Sustainable Management of Natural Tropical Forests (\$45,000.00)

4. Urges Members to consider financing those approved Projects, Pre-Projects and Activities for which funds are not immediately available;
5. 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, Pre-Projects and Activities, and furthermore decides that such unearmarked contributions shall not be allocated without the prior authorization of the Council;
6. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects, Pre-Projects and Activities for which funds are not immediately available.

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TWENTY-FOURTH SESSION
20-28 May 1998
Libreville, Gabon

DECISION 2(XXIV)

ORGANIZATION OF WORK UNDER THE ITTA, 1994

The International Tropical Timber Council,

Recalling Decision 3(XXII) on the organization of work under the ITTA, 1994;

Also recalling the reports of the Chairpersons of the Informal Advisory Group presented to the Council at its Twenty-third and Twenty-fourth Sessions;

Aware of the need to reduce costs wherever possible;

Decides to:

1. Request the Executive Director to review all previous Council decisions and prepare an inventory of which decisions have expired, which have been overtaken by subsequent decisions, which have been implemented and which are pending implementation, for consideration by the Council at its Twenty-fifth Session;
2. Authorize the Executive Director to initiate on a pilot basis the use of electronic mail and the ITTO home page to transmit project and other documents to all Members wishing to receive documents electronically, and request Members to inform the Executive Director of their interest in participating in the trial;
3. Authorize the Executive Director to arrange funding for the above pilot from the Special Account, and invite Members to contribute to the Special Account for this purpose;
4. Further request the Executive Director to explore other ways of reducing the costs of document preparation, translation and distribution and present a report to the Council for consideration at its Twenty-fifth Session;
5. Request the Chairperson of the Fellowship Selection Panel, which is of interest and relevance to three Committees, to make future reports on the Panel's recommendations directly to the Council.

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DECISION 3(XXIV)

CRITERIA AND INDICATORS FOR SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS

The International Tropical Timber Council,

Recalling Decision 5(XXI) regarding the need to elaborate additional examples of the application of the indicators included in the document No.3 of the ITTO Policy Development Series, "Criteria for the Measurement of Sustainable Tropical Forest Management" in order to make them more usable and facilitate the measurement and monitoring of progress towards the achievement of the Year 2000 Objective;

Welcoming the report of the Expert Panel on Criteria and Indicators for Sustainable Management of Natural Tropical Forests [Document ITTC(XXIV)5 Rev.1] which is based on comments made on the Panel's interim report;

Also welcoming the additional comments on the report made during the Twenty-fourth Session of the Council;

Noting that a revision of Annex 3 of the report has been made addressing these comments on a consensus basis;

Decides to:

1. Request the Executive Director to prepare an ITTO publication based on the Annex 3 of the report entitled "*Criteria and Indicators for Sustainable Management of Natural Tropical Forests*";
2. Authorize the Executive Director to arrange financing from the Special Account to meet the cost of publication, and invite Members to contribute to the Special Account for this purpose;
3. Request the Executive Director to distribute the publication widely to members and other interested parties;
4. Encourage Member countries to consider applying the revised ITTO Criteria and Indicators for reporting to ITTO in relation to the Objective Year 2000;
5. Urge member countries to prepare projects to test the revised ITTO Criteria and Indicators;
6. Request the Executive Director to convene an Expert Panel by 30 September 1998, comprising representatives from three producer member countries and three consumer member countries, to produce a manual on the methods that could be used to compile data on indicators at both levels in applying the ITTO "*Criteria and Indicators for*

/...

Sustainable Management of Natural Tropical Forests”;

7. Authorize the Executive Director to engage two consultants to prepare, by 31 August 1998, an internal working paper for the use of the Expert Panel;
8. Authorize the Executive Director to arrange financing for the Expert Panel and the consultants from the Special Account and invite members to contribute to the Special Account for this purpose.
9. Request the Executive Director to circulate the draft manual in three working languages to members and accredited observers, and relevant international organizations, prior to the Twenty-fifth Session of the Council;
10. Invite members and accredited observers, and relevant international organizations to submit comments on the draft manual by 31 March 1999 for incorporation by the Secretariat in consultation with members of the Expert Panel;
11. Request the Executive Director to present the revised manual in three working languages for approval by the Twenty-sixth Session of the Council; and
12. Authorize the Executive Director to arrange funding for the publication and wide distribution of the Action Plan from the Special Account, and invite Members to contribute to the Special Account for this purpose.

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DECISION 4(XXIV)

MATTERS RELATED TO ARTICLE 16 OF THE ITTA, 1994

The International Tropical Timber Council

Recalling Article 16 of the ITTA, 1994 regarding the Executive Director and staff of the ITTO Secretariat;

Noting Decision 9(XXIII) on matters related to article 16 of the ITTA, 1994;

Recognizing the need for an open and transparent process to ensure a smooth transition for the appointment of a person with suitable and appropriate qualifications to the position of Executive Director of the ITTO, when the circumstance arises;

Further recognizing the need for appropriate transitional arrangements, should the post of the Executive Director become vacant prior to the expiry of the incumbent's full term;

Decides:

1. To continue to discuss further matters relating to article 16 of the ITTA 1994 at the Twenty-fifth ITTC Session;
2. To facilitate this discussion, to establish a working committee of ten, comprised of eight representatives from member countries (four from consumer member countries and four from producer member countries) and the two spokespersons, to take place for a period of up to four days, to undertake work on the procedure for appointing the Executive Director as per the Terms of Reference at Annex 1 of this Decision. The report of the working committee shall be provided to member countries for consideration, at least, two months prior to the Twenty-fifth Session of the Council in Yokohama;
3. To establish the basic transition rules for the case of vacancy of the office of the Executive Director, which are included in Annex 2 of this Decision;
4. To authorize the Executive Director to invite member countries to contribute to the Special Account for this purpose; and
5. That a decision by the Council on a transparent and open process for the appointment of the Executive Director of the ITTO will be taken in any case at the Twenty-fifth Session of the ITTC and urge member countries that they are fully prepared to enable the decision by the Council on this matter to be finalized at this Session of the Council.

ANNEX 1 FOR DECISION 4(XXIV)

**TERMS OF REFERENCE FOR THE WORKING COMMITTEE
TO PREPARE COUNCIL DISCUSSION ON MATTERS RELATED TO ARTICLE 16**

1. Develop guidelines and/or selection criteria for the position of the Executive Director of the ITTO, for use when it becomes vacant, for advertising the position as well as for use by member countries for nominating or proposing suitably qualified candidates for consideration by Council for selection to the position of the Executive Director of the ITTO. In developing the guidelines or selection criteria, the working committee shall take into consideration the objectives and functions of the ITTO as enshrined in ITTA, 1994.
2. Recommend an open and transparent procedure for the selection and appointment of the Executive Director of the ITTO by member countries.
3. In undertaking its work, the working committee shall take into consideration the processes and procedures that are used by other international and/or multilateral organizations similar to the ITTO for the selection and appointment of an Executive Director.
4. The working committee shall provide its report to the Secretariat for dissemination to member countries, at least, two months prior to the Twenty-fifth Session of Council in Yokohama.

ANNEX 2 FOR DECISION 4(XXIV)

TRANSITIONAL RULES

1. In any situation where the Executive Director is unable to act or in the case of a vacancy in the Office of the Executive Director, the most senior Assistant Director will provisionally take the position, as officer-in-charge, and assume the day-to-day functions of the position;
2. Should for any reason the position become vacant, at the next Session of the ITTC, the position of Executive Director will be declared officially vacant by the Council, which will call for the process of appointment for the subsequent Session of the ITTC.

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TWENTY-FOURTH SESSION
20-28 May 1998
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DECISION 5(XXIV)

FURTHER STREAMLINING THE WORK OF THE COMMITTEES

The International Tropical Timber Council,

Recalling Decision 4(XXI) on the establishment of an Expert Panel on the Organization of Work under the ITTA, 1994;

Further recalling Article 24 of the ITTA, 1994 to undertake policy work and project activities in the areas of Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry, in a balanced manner, to the extent possible integrating possible policy work and project activities;

Also recalling Decisions 4(XXII), and 4(XXIII), which called for the convening of an informal working group, to evaluate project reports on ongoing and completed pre-projects and projects to assist the Committees and Decision 7(XXII) which elaborated on the task, composition and requirements of the Expert Panel for Technical Evaluation of Pre-projects and Project Proposals;

Having reviewed the experience of the informal working group at its Twenty-fourth session,

Recognizing the continuing need for the Committees to assess and streamline their organization of work and to restructure their agenda to ensure an appropriate balance;

Further recognizing the continuing need for the Committees to reflect an appropriate balance between project and policy work in order to attain the overall objectives of the ITTA, 1994;

Decides to:

1. Dissolve the informal working group which has met twice to evaluate reports on ongoing and completed pre-projects and projects to assist the Committees on Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry;
2. Request the Executive Director, prior to the Twenty-fifth session of the Council, to convene a meeting of up to three days composed of members of the Secretariat and the Chairpersons of the Committees, and the Expert Panel Chairperson to organize the work and agendas of the Committees with a view to promoting efficient and effective consideration of agenda items 6, 7, 8, 9, and 10 of the respective Committees concerning pre-projects and projects, at the Council's Twenty-fifth session. The Terms of Reference are annexed.
3. Request members to submit additional comments on the streamlining of the work of the committees to the Executive Director by July 31, 1998.
4. Request the Executive Director, by September 15, 1998, to convene a four day meeting of a group of eight individuals, four from producer countries and four from consumer countries, who are highly familiar and experienced with the workings of the ITTO project cycle and policy work, the Committees and the Expert Panel for Technical Evaluation of Pre-projects and Project Proposals, together with appropriate members of the Secretariat, to:

- consider further measures for strengthening and streamlining the work of the Committees and Expert Panel for the Technical Appraisal of Project Proposals, taking into account comments received from members and Decisions 4(XXI), 1996 and 4(XXII), and 4(XXIII), 1997, including their respective annexes; and
 - propose ways to streamline the work of the Committees and improve the efficiency and effectiveness of the Expert Panel for the Technical Appraisal of Project Proposals;
 - propose ways to enhance the policy work of the Committees;
5. Review the report of the group at its Twenty-fifth session with a view to taking immediate action; and
 6. Request the Executive Director to allocate the financial resources from the Special Account to implement this Decision.

ANNEX

TERMS OF REFERENCE FOR DECISION 5(XXIV)

1. Assist Committees to prepare their work and agendas for the Twenty-fifth Session of the Council;
2. Examine whether modifications proposed by the Expert Panel for Technical Appraisal of Projects and Pre-Projects have been adequately addressed by the proposing entity. In relation to this task, the Group shall be guided by the categories of decisions outlined in the Annex of Decision 4(XXIII);
3. Review the reports on on-going pre-projects and projects with the assistance of the Secretariat, to identify issues that should be highlighted during committee sessions; and
4. Review the reports on completed pre-projects and projects with the assistance of the Secretariat to identify;
 - those that may benefit from ex-post evaluation;
 - lessons that could be usefully applied to other projects or project proposals; and
 - relevance for policy considerations;
5. Prepare reports for consideration by the Committees.

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DECISION 6(XXIV)

DOWNTURN IN THE INTERNATIONAL TROPICAL TIMBER MARKET

The International Tropical Timber Council,

Seriously concerned about the deteriorating market conditions for tropical timber, characterized by falling demand, exports and prices;

Recalling the proceedings of the 1998 Market Discussion held on 22 May 1998 in conjunction with the current Session;

Noting the ongoing ITTO Market Access Study;

Recognizing the serious implications of the market downturn on the international trade in tropical timber, on the socio-economic well-being of members and on on-going efforts towards enhancing sustainable forest management;

Further noting Article 1 (e) of the ITTA, 1994, which aims to promote the expansion and diversification of international trade in tropical timber from sustainable sources by improving the structural conditions in international markets, by taking into account, *inter alia*, prices which reflect the cost of sustainable forest management, and which are remunerative and equitable for members;

Decides to:

1. Call upon Members to explore ways to facilitate the recovery of the international tropical timber market;
2. Encourage Members to support on-going efforts to enhance their capacity to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000;
3. Authorize the Executive Director to engage two consultants (one from a producer member country and the other from a consumer member country) to undertake a study to assess the extent and implications of the market downturn for tropical timber, and to recommend appropriate actions to address the problem as per the attached Terms of Reference; and
4. Authorize the Executive Director to arrange funding for the two consultants from the Special Account, and invite member countries to contribute to the Special Account for this purpose.

ANNEX FOR DECISION 6(XXIV)

**TERMS OF REFERENCE FOR A STUDY ON THE DOWNTURN IN THE
INTERNATIONAL TROPICAL TIMBER MARKET**

1. To assess the extent and implications of the market downturn for tropical timber in exporting and importing member countries.
2. To analyse the factors contributing to the market downturn.
3. To analyse the current market conditions for tropical timber vis-à-vis other timber and timber substitutes.
4. To recommend appropriate actions to address the problem.
5. To prepare a preliminary report for the Twenty-fifth session and a final report for the Twenty-sixth session.

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TWENTY-FOURTH SESSION
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DECISION 7(XXIV)

COOPERATION BETWEEN THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION AND THE AFRICAN TIMBER ORGANISATION (ATO)

The International Tropical Timber Council,

Reaffirming the broad aims of Article 1 of the ITTA, 1994, and in particular paragraphs 1(a), 1(b) and 1(i);

Recognizing ITTO and ATO common objectives of implementing all actions to achieve sustainable management of tropical forests and promoting the development of domestic further processing of tropical timber in Africa;

Recalling that a set of recommended policies and actions to promote domestic further processing of tropical timber had been completed under the ITTO financed Pre-Project PPD 11/92 (I) relating to sustainable management of productive forests in Africa published in July 1992;

Emphasizing the need to strengthen the cooperation between ITTO and ATO;

Decides to:

1. Request the Executive Director to undertake consultations with the ATO Secretariat in order to identify the areas, conditions and mechanism of collaboration between ITTO and ATO;
2. Invite the Executive Director to submit the report related to these consultations during the Twenty-fifth ITTC session, in order to have a close institutional coordination between the two Organizations;
3. Endorse a proposal to convene a joint ITTO/ATO conference to take place before the Twenty-sixth Session of ITTO Council on the promotion of further processing of tropical timber in Africa;
4. Consider this proposal for approval through the Project Cycle at the Twenty-fifth ITTO Council Session; and
5. Invite Members to contribute to the Special Account to finance the Conference.

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TWENTY-FOURTH SESSION
20-28 May 1998
Libreville, Gabon

DECISION 8(XXIV)

TECHNICAL CONSULTATION ON FOREST FIRE

The International Tropical Timber Council,

Seriously concerned about the disastrous and frequent forest fires in Southeast Asia and other tropical regions;

Reaffirming the obligation and commitment of all members to the objectives of the ITTA, 1994;

Noting the work and activities of the Organization on fire management including the development of the ITTO Guidelines on Fire Management in Tropical Forests;

Further noting the activities of various relevant U.N. Agencies, especially FAO and UNEP, in the area of forest fire management;

Recognizing the need for urgent international efforts on the issue of forest fire;

Decides to:

1. Upon request, send expert missions to member countries suffering from forest fire, with priority given to those countries which have ongoing ITTO forest fire management-related activities to:
 - (a) Examine the extent and causes of forest fires during 1997 - 1998 in member countries, taking into consideration work already done;
 - (b) Examine the various national and international initiatives being undertaken on forest fires in member countries;
2. Convene a Technical Consultation on the prevention and management of forest fire in relation to tropical timber at the earliest possible opportunity with participation of experts from relevant international and national organizations, non-governmental organizations and individual experts to:
 - (a) Assess the applicability of the ITTO Guidelines on Fire Management in Tropical Forests based upon the information gained from the mission and the experience of experts;
 - (b) Identify future options for work within the framework of the ITTA, 1994;
3. Appeal for voluntary contributions from all members and other sources to the Special Account to finance the missions and convening of this Technical Consultation on Forest Fire; and

4. Request the Executive Director to report the findings, recommendations and conclusions of the missions and the technical consultation to the Council at its Twenty-fifth Session for its consideration.

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TWENTY-FOURTH SESSION
20-28 May 1998
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DECISION 9(XXIV)

ADOPTION OF THE LIBREVILLE ACTION PLAN OF THE ITTO

The International Tropical Timber Council,

Recognizing the objectives of the ITTO as set out in Article 1 of the ITTA, 1994;

Recalling Decision 6(XXI) on the revision of the ITTO Action Plan in the light of the entry into force of the ITTA, 1994;

Also recalling Decision 5 (XXIII) on the importance and urgency of finalizing the Action Plan and Mission Statement;

Welcoming the revised Report of the Expert Panel on Revision of the Action Plan incorporating comments made during the Twenty-third Session [Document ITTC(XXIII)/7 Rev.1];

Noting the additional comments made by members during the Twenty-fourth Session;

Recognizing the importance of the revised Action Plan to guide the work of ITTO;

Also recognizing the value of a clear and concise Mission Statement which is part of the Action Plan;

Decides to:

1. Adopt the revised Action Plan as the Libreville Action Plan of the ITTO;
2. Request the Executive Director to arrange the publication and wide distribution of the Action Plan to Members and other interested parties as expeditiously as possible;
3. Request the Executive Director to undertake the preparation of a work programme for the year 1999, in consultation with the Chairpersons and Vice-chairpersons of Council and Committees, with a view to its adoption at the Twenty-fifth Council Session; and
4. Authorize the Executive Director to arrange funding for the publication and wide distribution of the Action Plan from the Special Account, and invite Members to contribute to the Special Account for this purpose.

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ANNEX V

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

Documents: CEM(XXII)/6 Rev.1
 CRF(XXII)/31 Rev.1
 CFI(XXII)/9
 CFA(III)/8

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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
TWENTY-SECOND SESSION OF THE COMMITTEE ON
ECONOMIC INFORMATION AND MARKET INTELLIGENCE

Contents

Report

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

Appendix B: Report of the Market Discussion

REPORT

1. Opening of the Session

The Twenty-second Session of the Committee, under the Chairmanship of Dr. Roszehan Mohd. Idrus (Malaysia), was opened on 20 May 1998 at a Joint Session of the three technical Committees. The list of participants is contained in document ITTC(XXIV)/Info. 2.

2. Adoption of Agenda and Organization of Work

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

3. Admission of Observers

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

4. Market Discussion (Joint Session of Committees)

The theme of the 1998 Market Discussion was "Africa in the Context of World Trade". The Moderator was Mr. Jean Jacques Landrot (ATIBT, France) and the Rapporteur was Dr. Michael J. Adams, Market Information Services (MIS) Coordinator, Economic Information and Market Intelligence Division of ITTO. The following were the speakers and the topics of their presentations:

Dr. Steven E. Johnson Statistician Economic Information and Market Intelligence, ITTO	"Trade Flow Statistics and Forecasts"
Dr. Michael J. Adams MIS Coordinator Economic Information and Market Intelligence, ITTO	"Market News/Price Trends"
Dr. Mohd Lawal Garba (ATO)	"Regional Overview: Africa"
Mr. Alphonse Owele, Director Timber Trade and Industry Development of Gabon	"Gabon's Trade and Industry: Developments, Market Trends"
Mr. Alhassan N. Attah Ag. Chief Executive, Forest Products Inspection Bureau (FPIB), Ghana	"Ghana's Trade and Industry: Developments and Market Trends"
Mr. Ad Wesselink Sales Director, Weimar and incoming President, UCBD	"European Perspective"
Mr. Art Pond President, International Wood Products Association (IHPA), U.S.A.	"North American Perspective"
Mr. Barney Chan General Manager, Sarawak Timber Association Malaysia	"Asian Perspective"
Mr. Geoffrey Pleydell Trade Adviser to U.K. Delegation	"Trade Perspective"

A summary report of the Market Discussion, synthesizing the above presentations and the ensuing discussions, is contained in Appendix B.

5. Report of the Informal Working Group on Evaluation of Reports of On-Going and Completed Pre-Projects and Projects – Council Decision 4(XXII)

The Committee referred to document ITTC(XXIV)/7, "Report of the Informal Working Group on Evaluation of Reports of On-Going and Completed Pre-Projects and Projects" (Council Decision 4(XXIV)). The Committee agreed to consider in more detail those pre-projects and projects that were flagged for its attention by the Informal Working Group.

6. Report of Pre-Project Work in Progress

The Committee considered document CEM(XXII)/3 prepared by the Secretariat on the progress and status of pre-projects approved for financing and implementation by the Council. The Committee took note of the progress report on the following two pre-projects:

- (i) **PPD 13/95 Rev.1 (M) Creation of a Structure for Research, Collection and Publication of Economic Information with the View to Establishing a Sustainable Database on the Marketing of Timber in Cameroon (Cameroon)**

The representative of Cameroon informed the Committee that pre-project activities had been completed and that the final report would be submitted to the Secretariat soon.

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

The Committee noted that implementation of this pre-project had begun.

7. Report of Project Work in Progress

The Committee considered document CEM(XXII)/4 prepared by the Secretariat on the progress and status of projects approved for financing and implementation by the Council. The Committee took note of progress reports on the following seventeen projects and one activity:

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

The representative of Brazil gave a summary of the status of the final project report. He noted that he would present the Secretariat with the final Portuguese report and a draft English report during the Session, and that the financial report would be sent to the Secretariat soon. The Committee decided, therefore, to defer consideration of the final report and the need for an ex-post evaluation mission until its next Session.

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

The Secretariat provided details of project progress in the past six months, noting the intention to investigate strengthening the MIS on the ITTO homepage. The delegate of the USA recommended that the development of the homepage be viewed holistically, including all statistical work disseminated by the organization as well as Council/Committee documents, project reports, etc. He noted that the homepage would also benefit from increased international cooperation, including links to related sites where appropriate. The Secretariat noted these comments and requested delegates to also bring these issues to the attention of the Committee on Finance and Administration, whose remit included the overall development of the ITTO homepage.

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

The representative of Ghana provided details of project progress in the past six months, explaining the nature of the databases developed under the project that had now been placed

on the Internet. The financial audit was underway and would be submitted to the Secretariat with the final report soon.

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

The representative of Colombia provided details of project progress in the past six months, noting the improvements in forestry data collection and dissemination that had been brought about by the project. He noted that the request for reallocation of budget funds contained in document CEM(XXII)/5 and recommended by the IWG was due to the availability of GIS equipment that was already purchased through other government activities. The reallocation of funds, which would allow printing and dissemination of statistical reports, was approved by the Committee. The project was being undertaken by a new agency within the Ministry of the Environment established and funded by the government to be responsible for all forestry statistics and ensure the sustainability of project outputs. A project newsletter had been produced and a copy would be sent to the Secretariat. The representative of Colombia requested the Secretariat to undertake the scheduled monitoring mission in September 1998 prior to project completion.

(v) PD 35/94 Rev.4 (M,I) Forest Products Marketing Organization Feasibility Study (PNG)

The Secretariat provided details of project progress in the past six months, noting that the final report was expected soon.

(vi) PD 46/94 (M,F,I) Forestry Law Regulation (Bolivia)

The representative of Bolivia provided details of project progress in the past six months. The final report was being printed and would be sent to ITTO by early June. The representative of Bolivia noted that all ITTO projects were now under the responsibility of Bolivia's Ministry of Agriculture, Livestock and Rural Development.

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

The Secretariat provided details of project progress in the past six months. A scheduled Steering Committee meeting was awaiting confirmation by the implementing agency.

(viii) PD 25/95 Rev.1 (M) Training Workshop on Tropical Forestry and Timber Trade Statistics (ITTO Secretariat)

The Secretariat provided details of project progress in the past six months, informing the Committee of the successful completion of the third workshop in Abidjan, Côte d'Ivoire. The second cycle of three workshops would commence in Asia in late 1998.

The representative of the FAO noted that FAO and the EU would be launching a project to improve statistical capabilities in African and Caribbean countries in late 1998. The Committee acknowledged the scope for liaison and cooperation between ITTO and FAO in statistical training.

(ix) PD 27/95 Rev.3 (M) Establishment and Operation of a Forest Strategic Information Center (CIEF) - Phase I (Peru)

The representative of Peru provided details of project progress in the past six months. The first phase had been successfully completed and Peru was seeking financing for Phase II to provide for the extension of the statistical system to all regional nodes. Peru was actively supporting this project, providing interim funding while awaiting financing of Phase II. The Center would be sustained beyond project completion under the Ministry of Agriculture.

- (x) **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 representative of China provided details of project progress in the past six months, noting that the project was on track. She requested that an ITTO monitoring mission be dispatched in the near future.

- (xi) **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 representative of Gabon provided details of project progress in the past six months. He noted that many improvements in data collection and recording systems had been realized, and that a log tracking system (incorporating numbered tags and geographical location of felled trees) was to be implemented. He noted that final regional workshops and training would take place in June, followed by an internal evaluation of the system and trainees. He requested authorization for the release of the final project funds prior to submitting the final report, as noted and recommended in the report of the IWG. Following clarification from the Secretariat on ITTO fund disbursement procedures, the Committee approved the request to release the final tranche in early June 1998.

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

The Secretariat provided details of project progress in the past six months and clarified the IWG's comment on job security for trained personnel, that was intended to raise the issue of retaining trained personnel to operate such statistical systems after the completion of the project.

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

The representative of Bolivia provided details of project progress in the past six months. He noted that all project staff but one had been hired and that 2 project staff had traveled to Peru to study the statistical system developed under the first phase of PD 27/95 Rev.3 (M). An engineer from this project had also been retained. The government of Bolivia would establish a center for forest statistics and computing under the Ministry of Agriculture, Livestock and Rural Development to ensure the future sustainability of the system. ITTO was invited to send a representative to the first project steering committee meeting in August or September 1998.

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

The Secretariat provided details of project progress in the past six months and assured the Committee that the government of Fiji would be contacted concerning the urgent submission of a work plan to facilitate commencement of project activities.

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

The Committee urged donors to provide funds for the implementation of this previously approved project. The Committee approved the division of Phase II into Stages 1 and 2, each of 12 months duration, to facilitate financing and to allow project work to proceed.

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

The Committee urged donors to provide funds for the implementation of this previously approved project. The representative of Ghana noted that further revisions had been made to this proposal on a voluntary basis to reflect concerns expressed at the last session of the Committee, including reducing the ITTO budget.

- (xvii) 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)**

The Committee urged donors to provide funds for the implementation of this previously approved project. The representative of Ghana noted that further revisions had been made to this proposal on a voluntary basis to reflect concerns expressed at the last session of the Committee.

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

The Committee noted that the working group to explore the development of a joint questionnaire would be convened before the next Session of the Committee.

8. Consideration of Project and Pre-Project Proposals

The Committee had before it proposals for two projects evaluated by the Expert Panel for the Technical Appraisal of Project Proposals and subsequently referred to it by the Informal Working Group on Evaluation of Reports of On-Going and Completed Pre-Projects and Projects (IWG). The Committee decided to consider only those projects which were recommended to it by the Expert Panel at its Fifteenth or earlier sessions and which had been submitted in revised form to the IWG (the technical appraisals of these projects/pre-projects are contained in Appendix A). The Committee noted that pre-project PPD 6/98 (M, I) contained in its agenda had been incorporated into another pre-project (PPD 5/98 Rev.1 (M, I)) to be considered by the Committee on Forest Industry.

- (i) PD 44/97 Rev.1 (M) **Implementation of a Monitoring System for Sustainable Tropical Forest Management in Bolivia**

The Committee noted that the report of the IWG recommended that the proposal be revised and re-submitted to the Expert Panel. The Committee decided to recommend that the Government of Bolivia note the comments and recommendations of the Expert Panel and the IWG in preparing a second revision.

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

The Committee noted the report of the IWG, which indicated that the proposal had incorporated and addressed all of the comments and recommendations of the Expert Panel. The representative of the UK noted that this project proposal was a good complement to current bilateral work it was undertaking in Guyana. The Committee decided to recommend this project for immediate financing and implementation.

9. 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 166 applications received for fellowships, of which 28 were approved. The Selection Panel's recommendations appear under the appropriate section of the report of the Committee on Forest Industry.

10. Dates of the Twenty-fifth Session of the Committee

The Twenty-third Session of the Committee would be held in conjunction with the Twenty-fifth Session of the International Tropical Timber Council, scheduled for Yokohama, Japan, from 3 to 9 November 1998.

The Twenty-fourth Session of the Committee would be held in conjunction with the Twenty-sixth Session of the International Tropical Timber Council, scheduled for Chang Mai, Thailand, from 10 to 15 May 1999.

The Twenty-fifth Session of the Committee would be held in conjunction with the Twenty-seventh Session of the International Tropical Timber Council, scheduled for Yokohama, Japan, in November 1999.

11. Other Business

(i) **Response to market crisis**

The Committee undertook substantial discussion on an appropriate response by ITTO to the current crisis in the tropical timber market as raised in the Market Discussion (Appendix B). Some members felt that ITTO should urgently make a strong statement, expressing concern over the suffering caused by the market downturn and reiterating support for the ITTO Year 2000 Objective. Some members saw the need for a study to assess the severity of the crisis and its impact on the economies of affected member countries.

(ii) **Generation of projects**

The Committee noted the relative paucity of projects coming before it and discussed ways to remedy this. Members noted that the new Action Plan contained several elements in the area of Economic Information and Market Intelligence. An examination of those elements that needed to be adequately addressed should be made. It was pointed out that the Committee might take a more proactive role in generating project ideas, and that the private sector could play its part in assisting countries to submit good projects in areas relevant to the Committee. Project work could possibly come through liaison with other organizations. FAO pointed out that an African forest sector outlook study would begin soon and that ITTO collaboration would be sought in this regard.

(iii) **Certification**

The Committee noted that a final report on certification had been circulated to members, but no discussion had been scheduled for the Council and the Committee. Members provided views on the need to generate follow-up activities based on the recommendations of this report. All members agreed that certification was of varying importance in different markets and market segments. Members further agreed that it was important to continue to use the ITTO forum to discuss the topic and to allow for the sharing of experiences in this field. The Committee agreed that it was important to disseminate information to the public on examples of good forest management in the tropics. The Committee decided to continue its consideration of the topic of certification at its next session.

(iv) **Market access**

The Committee was informed that the study on this topic as decided by the Council at its previous Session would begin in due course following the selection of consultants. The Committee noted a market access study being undertaken for all timber products by APEC (Asia Pacific Economic Conference). The representative of FAO also informed the Committee of a recently completed study on trade barriers for forest products and sought comments from members.

(v) **ITTO homepage**

The Committee discussed the role of the ITTO homepage, with particular attention to the issue of electronic dissemination of documents. Several members felt that it was necessary for ITTO to make more effective and efficient use of the homepage and electronic communication in general for both document distribution and public relations. The homepage should also be linked to those of related organizations, and an attempt should be made to develop in-house capability to maintain and enhance the ITTO homepage. The Secretariat noted these comments and requested delegates to also bring these issues to the attention of the Committee on Finance and Administration, whose remit included the overall development of the ITTO homepage. The Committee decided to recommend to Council that ITTO further develop its homepage, taking into account the issues raised in this discussion.

12. Recommendations to the International Tropical Timber Council

- The Committee recommended that funding be made immediately available for the following projects and pre-projects approved at this Session:

PD 19/98 Rev.1 (M)

"Design and Implementation of an Information System within the Guyana Forestry Commission" (US\$276,075)

/ ...

- The Committee recommended that funding be made immediately available for the following projects approved at earlier sessions.
 - PD 27/95 Rev.3 (M)** **“Establishment and Operation of a Forest Strategic Information Center (CIEF) – Phase II Stage 1” (Peru) (US\$478,080)**
 - 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) (US\$241,924)**
- The Committee recommended that Council consider ways in which ITTO can further develop its homepage to allow for more efficient and effective document distribution and public relations. Council was also requested to consider ways by which ITTO could develop in-house capability to maintain the homepage.

APPENDIX A

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

(i) PD 44/97 Rev.1 (M) Implementation of a Monitoring System for Sustainable Tropical Forest Management in Bolivia

The aim of this project is to establish a monitoring system to control the flow of forest products during their transport from the harvesting areas to the processing and marketing centers for these products. The system will have 10 control posts strategically located along the country's major forest product transport roadways. The main role of the control posts is to verify that the timber products originate from managed forests. This activity is of vital importance to promote the adoption of management plans and the implementation of forest management activities among forest users. Furthermore, the system will provide a forest statistical data and information gathering service. The project falls within the framework of the new national forest regime aimed at promoting sustainable forest management in accordance with the recently enacted new Forest Law of Bolivia.

Secretariat Comments for the Fourteenth Expert Panel

The project follows the ITTO format, with the exception that the logical framework matrix is missing. The work plan and the budget should also be set out in greater detail, as per the ITTO format. Allowance should be made for ITTO monitoring, evaluation and program support.

Comments of the Fourteenth Expert Panel

The Panel felt that the objectives of the proposal were clearly under ITTO's mandate. It questioned whether the system would be sustainable once project funds were depleted. The Panel felt that justification for the proposal should extend beyond revenue generation to include promoting sustainable forest management. The ITTO format has not been adhered to in the following respects:

1. The outputs do not relate to the Specific Objectives
2. Activities are not given per output
3. The work plan and budget require more detailed presentation, including breakdowns by activity and (for the budget) unit costs
4. The logical framework matrix is missing
5. Risks are not evaluated (e.g. lack of cooperation of companies)
6. Schedule for reporting is confused
7. ITTO monitoring and evaluation needs to be included in the budget, as does program support cost
8. A project steering committee needs to be constituted and budgeted for

The Panel also felt that there was inconsistency in whether secondary products would receive certificates. The percentage of logs/products to receive certificates needs to be specified, while the risk of less than 100% coverage needs to be recognized. Also, the potential of electronic (i.e. bar code) certificates should be evaluated, as should the use of existing checkpoints as opposed to establishing new ones. The Panel felt that the ITTO budget was high, and that the Government of Bolivia should assume more of the long-term costs of the system. Finally, the Panel suggested that it may be more appropriate for ITTO to support a study of log-flow control systems with potential application to Bolivia, rather than implementing the system itself. In this regard the Government of Bolivia should take note of the proposals for a log tracking system submitted by the Government of Ghana (PD 29/97 (M)).

Recommendations of the Fourteenth Expert Panel

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

- Include a map showing important wood transit points and identifying prospective control points
- Reduce the budget with Government of Bolivia assuming a larger proportion of on-going costs
- Clarify outputs and activities
- Justify ITTO support and possible steps to ensure sustainability
- Include budget lines with unit costs for all elements, including Project Steering Committee meetings
- Adhere to the ITTO format as per the above specific comments

- Consider undertaking a preliminary study of a cost-effective log-flow tracking system of relevance to Bolivia

Conclusion of the Fourteenth 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 Fifteenth Expert Panel

Few of the recommendations of the Fourteenth Expert Panel have been addressed in the revised document. The ITTO budget has been reduced marginally, as has the contribution of the Government of Bolivia. The question of sustainability of the activities at project completion, as raised by the Expert Panel, has been largely ignored. The Fourteenth Expert Panel recommended that "a preliminary study of a cost effective log-flow tracking system of relevance to Bolivia be undertaken", this recommendation has not been taken onboard. Computational errors in the budget require attention.

Comments of the Fifteenth Expert Panel

The efficacy of the proposed Monitoring System and its sustainability were discussed in depth by the Panel. Based on experience from other countries, the Panel doubted that the proposed monitoring system, with control posts, would achieve the result desired by the government of Bolivia. The Panel noted that few of the concerns of the previous Fourteenth Panel had been addressed, especially those in relation to sustainability and further elaboration of budget lines and unit costs. The Panel noted that the recommendation of the Fourteenth Panel for the reformulation of the project as "a preliminary study of a cost effective log-flow tracking system of relevance to Bolivia" was not addressed.

The Panel noted the following points:

1. the outputs from the project require greater elaboration;
2. the budget needs revision especially in terms of the ITTO administrative costs;
3. welfare and bonus payments for project personnel should not be paid from project funds;
4. the unit costs for expenditure items need elaboration;
5. the overall budget should be reduced and the government of Bolivia should assume a greater proportion of the costs;
6. address all the issues of the Fourteenth Expert Panel; and
7. provide a detailed analysis of risks in regard to private sector cooperation and provide details of activities to overcome these risks.

Because of these concerns, the Panel felt it could not commend this proposal to the Committee.

Conclusion of the Fifteenth Expert Panel

The Panel concluded that it could not commend the revised proposal and submits it for assessment by the Informal Working Group prior to the beginning of the Council Session before presentation to the Committee for appraisal.

Assessment by the Twenty-second Session of the Committee

The Committee decided to recommend that the proposal be revised and resubmitted to the Expert Panel.

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

This project stems from the ITTO Workshop on Forestry and Timber Trade Statistics, 14 April to 2 May 1997. After returning from this workshop, the Guyana Forestry Commission (GFC) participants made recommendations for improving the information system within the GFC to provide an information service for the efficient management of the GFC, for the forest sector and for the public. With approval of these recommendations, an information system working group (IS WG) was formed to work out the details of setting up an information system within the GFC.

The general objective of this project is to provide access to appropriate, timely, comprehensive and accurate information for the public and to support forest sector functions allowing, for better management of Guyana's forests. The specific objective is to develop the capability within the Guyana Forestry Commission to provide an information service that meets the needs of the forest sector.

Forestry sector activities are centered mainly around timber harvesting. This is due to the lack of knowledge on the values of other forest products, and thus the other values of the forest are often ignored in favor of logging of timber species.

The forest sector of Guyana exports an average of 4.3% of total value adding timber extracted. Exports are centered around a few popular species often with very little processing to the timber species being done, which would add value to the timber. Since no comprehensive study has been done in the past, it is assumed the low exports are a result of lack of knowledge of markets for species. Increased knowledge on the uses of other species, market values and existing markets will allow the forest sector not only to increase export volume and value but also to diversify in species production allowing for sustainability of all species.

Secretariat Comments for the Fifteenth Expert Panel

Section four does not follow the ITTO format. Specific activities must be clearly specified in the logical framework matrix. The 5.5% ITTO administrative support cost is miscalculated.

Comments of the Fifteenth Expert Panel

The Panel recognized the importance of this project for the government of Guyana and its relevance for the forest sector and ITTO objectives. The Panel endorsed the objective of this proposal, with some amendments. The Panel would like to see greater background detail, specifically on the structure and administration of the forestry sector in Guyana. The Panel felt that the proposal could be further strengthened by additional information on the resource base and ownership. The question of sustainability of the project was raised and discussed and it was suggested that this could be addressed in an amended proposal. In a project such as this there are many stakeholders, with the cooperation of the private sector being a major element for the success of the project. The attendant risks should therefore be elaborated.

Recommendations of the Fifteenth Expert Panel

The Panel recommended that the revised document include:

1. strengthened commentary on the sustainability of the project;
2. elaborated risks, particularly in relation to the private sector cooperation;
3. better definition of the administrative structure of the Guyana Forestry Commission;
4. reassessment of the need for two publication specialists;
5. the budgetary unit costs should be examined and presented in a clearer fashion;
6. the modified document should include an organizational chart; and
7. a clearer presentation of activities must be provided in the text and in the logical framework.

Conclusion of the Fifteenth Expert Panel

The Panel concluded, that with the incorporation of the essential modifications, (which are necessary for the project to succeed), the project shall be assessed prior to the beginning of the Council Session by the Informal Working Group before presentation to the Committee for final appraisal.

Assessment by the Twenty-second Session of the Committee

The Committee decided to recommend this project for approval and immediate funding.

Appendix B Report of the Market Discussion

The theme of the market discussion, arranged by the Informal Trade Group for the 24th Session of the ITTC, was "Africa in the context of world trade". After presentations by two members of the ITTO Secretariat focusing on trade flows and current market conditions (particularly price movements), seven speakers, representing Africa, Asia, Europe and North America presented papers. This report summarizes these papers and the discussion generated. The theme of the market discussion was somewhat overshadowed this year by the scope of the current market crisis facing the tropical timber sector, particularly in Asia.

Industrialization in the African timber sector

The first presentation by the Secretariat showed that Africa's production and trade of primary forest products was marginal compared to other tropical regions, except in the case of logs. Its contribution to global production and trade of these products was tiny, and in many cases had actually declined in percentage terms over the past three decades. Its position in the context of world trade was even smaller when pulp and paper and secondary processed wood products were considered, due to the virtual lack of secondary processing capacity in tropical Africa.

In response to presentations by the Secretary General of the African Timber Organization (ATO) and speakers from Gabon and Ghana, a lively debate developed on means to stimulate greater industrialization in the timber sector in Africa. The debate was enhanced by interventions from the floor by an expatriate business invitee and by the representative of Egypt, describing their experiences in investing in Gabon. The attention of delegates was drawn to document PPR 11/92 (I) concerning policies and measures toward the development of domestic further processing of tropical timber which brought together many of the elements affecting investment decisions in the tropical timber sector.

The Secretary General of the ATO reported on the situation in Africa and noted that, despite its abundant forest resources, African countries were still unable to capture the full benefits from these resources due to a reliance on primary products. Various incentives for investors were identified, including easing taxes on investments and machinery imports and providing a competitively priced, trained work force. The speaker from Gabon enumerated infrastructure and policy issues that should be addressed before industrialization would occur. In particular, he pointed to difficulties in finding qualified and experienced personnel and to deficiencies in training opportunities for timber industry workers. This issue was underscored by an industry invitee who stated that the productivity of untrained workers could not match the performance of trained workers.

Gabon and Ghana had followed very different paths in developing their domestic wood processing industries. The speaker from Gabon noted that while the country was committed to expanding its domestic wood-processing sector, its efforts to-date had proved less than successful. The meeting noted the various incentives the Government of Gabon was offering potential investors in wood processing facilities and was told that, despite these incentives, the structure of the industry had not changed and that log exports continued to dominate the trade from Gabon.

Ghana was following a different path than Gabon in expanding its wood processing industries. Prior to the imposition of log export restrictions by Ghana, domestic manufacturing industries had to be content with processing export reject raw materials. Low yields and the high processing costs for low quality logs were said to put domestic manufacturers at a competitive disadvantage. This factor, along with the need to conserve its forest resources, prompted the Ghanaian government to suspend log exports. Since the suspension of log exports, sawnwood exports had increased significantly. Recent legislation had created disincentives for the export of non-kiln dried timber and it was considered that this would further stimulate domestic wood processing.

In Gabon, there was a problem of under-capacity in the timber industry while in Ghana there was one of over capacity. The meeting was advised that, while the annual allowable cut in Ghana was 1 million cubic meters, the industrial capacity in the industry was around 2.5 million cubic meters. The opportunity for cooperation between Gabon and Ghana, taking advantage of the log supply in Gabon and the industrial capacity in Ghana, was noted. The meeting was advised that this issue had been raised at a ministerial level and had been assessed as technically feasible. To be profitable, such a venture would require

addressing the issue of high domestic shipping costs and issues relating to different commercial and financial procedures in the two countries.

African producers were less reliant on Asian demand than producers in Asia and, as a consequence, were only beginning to feel the impact of the current market crisis there. Diversification of markets and of production were highlighted as helping Ghana to weather the "economic El niño" up to now and the opportunity for greater intra-African trade was promoted as yet another way African producers could weather the current market downturn.

Market Crisis and Trade Reaction

The extent to which tropical log, sawnwood and plywood markets had weakened over the past 12 months was noted in both ITTO Secretariat presentations. This theme was also taken up by most of the other speakers. While tropical timber demand and prices had steadily increased during 1996 and early 1997, since then falling demand in Japan, Korea, China, Thailand and the Philippines, together with the effects of the Asian currency crisis, were altering price structures and trade patterns for tropical timbers. The market crisis was seriously affecting Asian producers and the effects of the crisis were also being felt in Africa and Latin America.

The industry reaction to the falling market had been to reduce prices in an attempt to boost sales and, currently, prices for logs sawnwood and plywood were at the lowest level since the market crisis in the 1970's. To support the efforts of the trade to maintain sales, many governments had cut harvesting royalty rates and export levies. However, despite efforts to sustain the market and stimulate demand through price reductions, exports continued to fall and prices continued to weaken.

In the present market crisis there was evidence that added value products had fared better than the commodities. Price reductions for added value products in the international market had dipped but had not fallen as catastrophically as prices for logs, sawnwood and plywood. This fact should add momentum to efforts to expand processing industries in producer countries.

At a time when there was an over supply of most commodities and at a time when stock levels were at all time highs, efforts by Indonesia, the worlds largest producer of tropical timber, to restructure its timber sector were having a profound impact. As part of restructuring plans, the Indonesian authorities had reduced export levies on logs and sawnwood. This move had the potential to bring more sawnwood and logs onto the market at a time when the market was retreating, although this potential had so far not been realized due to market conditions and transport difficulties. In addition, plywood producers in Indonesia were being freed of the controls of APKINDO and this was creating considerable uncertainty in the market place with importers tending to defer purchases.

The impact of the current crisis in many tropical timber producer countries was serious, particularly in Asia. Export earnings had fallen and companies were closing or having to introduce part-time production. This was having a serious social impact as unemployment in the sector was rising. Equally serious were the risks to advances in sustainable forest management. As log prices fell (e.g. Sarawak logs to Japan dropped from US\$250 to US\$100 per cubic meter over the past twelve months), it became increasingly necessary to reduce costs by cutting operational costs and increasing harvest levels. The meeting recognized that the prevailing situation posed some severe risks for the tropical timber trade and urgently requested Council to examine what actions could be taken in support of the trade. The meeting further recognized that the current market crisis was due to macro-economic problems in both consumer and producer countries, fundamentals that could not be impacted by the trade through price reductions or other trade measures.

Market Opportunities

While crisis was the only word that adequately described Asian markets, opportunity was the word of the moment for the US and European markets. Trade representatives from both regions pointed out that while consumption of tropical timber was small compared to Asia, both economies were strong and receptive to good quality wood products. Imports of tropical wood products into Europe had been declining progressively since the early 1990's, while the value of tropical imports to the US had been increasing.

These two markets were very different in respect of demand for certified timber. In some parts of Europe, especially in Germany, there was a growing demand for certified timber from sustainably managed forests due to environmental concern by consumers. However, the European market was not seen as providing

much of an opportunity to exporters hurt by the Asian crisis, due to this same environmental concern. Over 400 municipalities and provincial authorities in Germany have placed restrictions on the use of tropical timber in public buildings, while the use of tropical timber was reportedly restricted by local governments in eleven communes in the Netherlands and Belgium. In the US, a recent independent survey revealed that consumers place quality and price above certification, indicating that consumers there would be unlikely to pay a 'green' premium for certified timber.

Calls for Action

The meeting noted that timber production provided jobs and created wealth in various forms: wages, taxes and revenues, dividends and interest payments, income for suppliers to the industry and reserves for industrial development. The timber trade thereby contributed to economic development. While the timber trade could be threatened by declining raw material supplies, it also faced equally severe problems and pressures in the market place, which should also be addressed by the Organization.

All signatories of the ITTA had agreed to the ITTO Year 2000 Objective. The trade was now asking who would verify that a country had indeed achieved that objective. The fact that ITTO members had defined the objective and set the parameters for its attainment suggested that they should be the ones to establish the verification process. A forceful call was made during the discussion for ITTO not to shy away from this role and not to let third party verifiers monopolize the process. Some participants felt that a useful starting point for action on this issue was the list of recommendations contained in the certification report submitted to ITTO at this Session.

Several speakers pointed out that ITTO, despite its establishment under a commodity agreement, over-emphasized forest issues at the expense of market and trade issues. Speakers noted that the trade continued to be criticized by anti-industry groups who used exaggerations and over-simplifications to enforce the perception that the wood products industry was a significant contributing factor to forest loss. As ITTO moved nearer to its Year 2000 Objective, it should demonstrate its achievements more positively to help the trade counter this.

In a concluding paper, a representative of the trade recommended that ITTO evaluate the possible effects of the economic upheavals in Asia on the industry and propose suitable responses. He also called on the organization

to make greater use of the expertise of trade and industry representatives, to develop a media strategy and to improve its public relations capacity. He further urged the development of a model environmental policy for timber companies wishing to demonstrate responsible management, and called for succinct progress reports by members on the Year 2000 Objective to provide the trade with a tool to strengthen the market for tropical wood products.

In his concluding remarks, the moderator thanked the speakers and participants for their contributions and identified the promotion of investment in the African timber sector and the need to make a response to the current market crisis as issues that could usefully be taken up by Council in its deliberations at this Session.

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20-28 May 1998
Libreville, Gabon

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
FROM THE TWENTY-SECOND SESSION OF THE COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
20-28 May 1998**

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REPORT

1. Opening by the Chairman

The Twenty-second Session of the Committee was opened, on 20 May 1998, by the Chairman of the Committee on Reforestation and Forest Management, Mr. Anoh Emile Jean Claude (Côte d'Ivoire). The list of participants is reproduced in document ITTC(XXIV)/Info.2 Rev.1.

2. Adoption of Agenda and Organization of Work

At the first meeting on 20 May 1998, the Committee formally adopted the Agenda of its Twenty-second Session as contained in document CRF(XXII)/1.

3. Admission of Observers

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

4. 1998 Market Discussion (Joint Session of the Committees) "Africa in the Context of World Trade"

The theme of the 1998 Market Discussion was "Africa in the Context of World Trade". The Moderator was Mr. Jean Jacques Landrot (ATIBT, France) and the Rapporteur was Dr. Michael J. Adams, Market Information Services (MIS) Coordinator, Economic Information and Market Intelligence Division of ITTO. The following were the speakers and the topics of their presentations:

Dr. Steven E. Johnson Statistician Economic Information and Market Intelligence, ITTO	"Trade Flow Statistics and Forecasts"
Dr. Michael J. Adams MIS Coordinator Economic Information and Market Intelligence, ITTO	"Market News/Price Trends"
Dr. Mohd Lawal Garba (ATO)	"Regional Overview: Africa"
Mr. Alphonse Owele, Director Timber Trade and Industry Development of Gabon	"Gabon's Trade and Industry: Developments, Market Trends"
Mr. Alhassan N. Attah Ag. Chief Executive, Forest Products Inspection Bureau (FPIB), Ghana	"Ghana's Trade and Industry: Developments and Market Trends"
Mr. Ad Wesselink Sales Director, Weimar and incoming President, UCBD	"European Perspective"
Mr. Art Pond President, International Wood Products Association (IHPA), U.S.A.	"North American Perspective"
Mr. Barney Chan General Manager, Sarawak Timber Association Malaysia	"Asian Perspective"
Mr. Geoffrey Pleydell Trade Adviser to U.K. Delegation	"Trade Perspective"

A summary report of the Market Discussion, synthesizing the above presentations and the ensuing discussions, is contained in Appendix B of CEM(XXII)/6 Rev.1.

5. Report of the Informal Working Group on Evaluation of Reports of On-going and Completed Pre-projects and Projects - Council Decision 4(XXIII)

The Informal Working Group (IWG) presented their report ITTC(XXIV)/7 and the Committee agreed to use the report in conjunction with the Reports prepared by the Secretariat CRF(XXII)/1 /2 /3 /4 /5 and /6 for its work during the Session. At the end of the Session, a discussion on the IWG was held, the highlights of which are:

- a) The Committee congratulated the IWG on its work and found it to be very useful in streamlining the work of the Committee.
- b) However, the Committee also commented that it was too early to conclude on the future of the IWG and recommended that the issue be taken up in a broader context including the work of the Expert Panel and to involve the consultants engaged under the Streamlining of the Work of the Committees and the Reformulation of the ITTO Manuals for Project Formulation as well as for Monitoring and Evaluation.
- c) The Committee further noted that the IWG was still being discussed in the two consumer and producer groups, and, therefore, no conclusion could be forwarded at this stage. It, however, supported the initiative being proposed during the discussion of the IWG in the Informal Joint Consumer-Producer Session held earlier.
- d) The Committee supported the recommendation of the IWG that the reporting from the three technical divisions of the Secretariat be further harmonized.
- e) Finally, the Committee recommended to further discuss how to finance ex-post evaluations of completed projects or additional evaluation of on-going projects where such evaluation was not accounted for in the original budget of the project. This issue is also elaborated under Agenda Item 14 of this report.

6. Report on Completed Pre-Projects

The Secretariat informed the Committee that document CRF(XXII)/4 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 8/94 Rev.2 (F) Diagnosis and Design of a Support Program for PLANFOR (Ecuador)

The Committee took note that the Final Report, as well as a series of well documented technical reports describing in detail the results of the activities of this pre-project, had been submitted by the Executing Agency, and the former circulated as CRF(XXII)/9. Furthermore, the audited financial report had been received by the Secretariat. This pre-project is therefore completed.

2) PPD 8/95 Rev.2 (F) Mangrove Resource Information System: Evaluation of the Scope and Content of Existing Databases (Global)

The Committee noted that the Pre-project has resulted in Project PD 14/97 Rev.1 (F) "Global Mangrove Database and Information System (GLOMIS)" which has been approved, financed and is now under implementation.

3) PPD 3/96 Rev.1 (F) Design of a Socially Sustainable Forest Management Model (Peru)

The Committee took note that the Final Report, a yet to be numbered Project Proposal "A Socially Sustainable Forest Management Model", as well as a series of well documented technical reports describing in detail the results of the activities of this pre-project, had been submitted by the Executing Agency.

Therefore, the Committee decided to consider this pre-project as completed as soon as the Secretariat receives and agrees on the audited financial report of the pre-project submitted by the Executing Agency.

4) PPD 5/96 (F) Buffer Zone Development for Sustainable Forest Management (Thailand)

The Committee noted that the pre-project has resulted Project PD 16/97 Rev.2 (F) "Integrated Buffer Zone Development for Sustainable Management of Tropical Forest Resources in Thailand" which has been approved and financed during the ITTC XXIII.

5) PPD 8/96 (F) Enhancement of the Original Proposal for Project "Sustainable Forest Management in the Rapiran Bolson, Bolivian Amazon Region" (Bolivia)

The Committee took note that the Final Report and the Project Proposal PD 23/97 Rev.1 (F) "Sustainable Forest Management in the Rapiran Bolson, Bolivian Amazon Region", had been submitted by the Executing Agency. Therefore, the Committee decided to consider this pre-project as completed as soon as the Secretariat receives and agrees on the audited financial report of the pre-project submitted by the Executing Agency.

6) PPD 17/96 Rev.1 (F) Study and Definition of a General Scheme for Implementing Strategies for the Sustainable Management of the Forests of Gabon in Accordance with the Year 2000 ITTO Objective (Gabon)

The Committee noted that all pre-project activities have been successfully completed and resulted, *inter alia*, in the development of two project proposals which are submitted during this Session for final appraisal: PD 8/98 Rev.1 (F) "Development of a Demonstration Area in the Sustainable Management of Gabonese Forests" and PD 9/98 Rev.1 (F) "Publication, Testing and Clarification of ITTO's Criteria and Indicators for the Sustainable Management of Gabon's Forests".

It further noted that the final report, and the audited financial report of the pre-project have been received by the Secretariat. The Committee, therefore, decided to consider this pre-project as completed.

7. Report on Completed Projects

The Secretariat informed the Committee that the projects listed in document CRF(XXII)/3, "Report on Completed 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:

(A) Completed Projects, Including Financial Audit

1) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase I, II, III (Completed) (Peru)

The Committee took note that the Final Report of this project, as well as a series of well documented technical reports describing in detail the results of the project's activities, had been submitted by the Executing Agency. The audited financial reports for all three phases of the project had also been received and accepted by the Secretariat and the capital goods purchased by the project officially transferred to INRENA. This project is therefore completed. Moreover, the Committee recognized the important contribution of this project towards sustainable forest management in Peru and therefore commissions an ex-post evaluation be carried out in order to assess the lessons learnt and further incorporate these into the project proposal produced by the related PPD 3/96 Rev.1 (F) "Design of a Socially Sustainable Forest Management Model". Furthermore, this ex-post evaluation is to be financed with the remaining funds

allocated to the ITTO Monitoring and Evaluation budget, if sufficient. If not, additional funds should be allocated for its execution from the Evaluation Programme Budget of PD 17/93 Rev.3 (M.F.I).

2) PD 120/91 Rev.4 (F,I) Development of Operational Models for Sustainable Management of Natural Tropical Forests (Malaysia)

The Committee acknowledged that the project produced interesting outputs which contribute to the preparation of forest management plans in tropical forests. In this view, the Committee recommends the Forest Department of Sabah, Malaysia to prepare an article for the ITTO newsletter "Tropical Forest Update" summarizing the main outcomes of the project.

3) PD 9/92 Rev.2 (F) Forest Management in Islas de la Bahia, Honduras, Central America (Honduras)

The Committee recalled that at its previous session this project had been deemed completed, pending the final financial audit. Furthermore, the Committee noted that this time the Secretariat had also received the final financial report. However, as the financial audit revealed that the NGO implementing this project committed some irregularities in the management of project funds, the Committee recommends that the project be closed at the technical level and forwarded to the Administrative and Financial Committee for further review and assessment of the administrative and financial aspects.

4) PD 6/93 Rev.2 (F) Manual and a World Natural Mangrove Atlas for Mangrove Ecosystem Restoration (Global)

The Committee noted that the audited financial Statement has been submitted to ITTO Secretariat, therefore the project is now completed. In view of several other similar projects supported by ITTO, the Committee agreed on the proposed evaluation to assess which particular fields of research and development are needed in mangroves. The Committee decided to commission an external review on the engagement of ITTO on mangroves. The Secretariat is requested to make necessary arrangement on the consultancy and cost involved through the Project PD 17/93 Rev.3 (M.F.I).

5) PD 2/95 Rev.1 (F,I) Book and Databank on the Lesser-Known Timbers of South-East Asia: Volume 5(3) within the PROSEA Programme (Indonesia)

The Indonesian Delegation informed the Committee, in relation to the comments made by the IWG, that handbooks produced by the PROSEA were compiled from the available secondary data, whilst the outcomes of Tree Flora for Sabah and Sarawak were mostly generated from the field surveys and expeditions. The Secretariat also informed the Committee that field manuals derived from the PROSEA handbooks have been published as reported in the document CRF(XXII)/5.

In response to the query made from the delegation of France, the Secretariat explained that the handbooks have been widely disseminated through existing PROSEA Networks and the property right is shared between ITTO, PROSEA and the Government of Indonesia, as stipulated under the Project Agreement.

Since the audited financial statement of the Project has been submitted to ITTO, the Committee decided to consider the project completed and recommends that a concise article summarizing the three handbooks of PROSEA be published in the ITTO newsletter "Tropical Forest Update".

6) PD 8/95 Rev.1 (F) Multiple Resource Stratification, Mapping and Inventory for the Management of the First Forest Zone in Gabon - Phase I (Gabon)

The Committee acknowledged the declaration made the Delegation of Gabon concerning the issues raised by the IWG when assessing the final report of the project namely, the effective implementation of the recommendations included in the final report, and the assessment of the advantages of the established GIS in comparison with the former information base.

It recorded the Government's commitment to make the best use of project's results, through its decision to extent the stratification process to the second forest zone, and the establishment of an interministerial working group in order to continue discussion with the view to achieving the complete zoning of the national territory. It also recognized the advantages of the GIS as an important tool of forest management.

The Committee noted that the final report, and the audited project financial report have been received by the Secretariat, and decided therefore that the project should be considered as completed.

7) PD 43/95 Rev.1 (M,F,I) First Latin American Workshop on Tropical Forests Within the Framework of the International Tropical Timber Agreement (Peru, Venezuela)

The Committee took note that the Final Report of this project, as well as the Workshop's proceedings, had been submitted by the Executing Agency, and the former circulated as CRF(XX)/24. Furthermore, the audited financial report had been received and accepted by the Secretariat. This project is therefore completed. Moreover, the Committee noted that the Workshop Proceedings were inconclusive. The Latin American delegations further highlighted the importance of such meetings for the region and recalled that this was but the first meeting held so far and, as such, the Committee could not expect consensus on any major issues nor substantial conclusions. The Committee therefore recommended another such Workshop be organized under the auspices of a project proposal to follow up on the accomplishments achieved to date.

(B) Completed Projects, Pending Financial Audit

1) PD 104/90 Rev.2 (F) Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View - Phase I (Malaysia)

The Committee took note of the information that the audited financial statement had just been received and was under review by the Secretariat.

2) PD 105/90 Rev.1 (F) Model Forest Management Area, Phase I (Malaysia)

The Committee took note of the information that the audited financial statement had just been received and was under review by the Secretariat.

3) PD 128/91 Rev.2 (F) Management, Conservation and Development of the Mangrove Forests in Panama (Panama)

The Committee took note that the Final Report, as well as a series of well-documented technical reports describing in detail the project's results, had been submitted by the Executing Agency. Therefore, the Committee decided to consider this project as completed as soon as the Secretariat receives and agrees on the audited financial report of the project submitted by the Executing Agency.

4) PD 130/91 Rev.2 (F) Plantation Establishment Methods (Phase I) (Philippines)

The Committee noted that the project produced valuable technical outputs, therefore the Committee recommends that the implementing agency publish the results in Tropical Forest Update. The Committee noted that the project has been followed up by PD 21/97 Rev.2 (F) with involvement of the private sector.

5) PD 186/91 Rev.2 (F) Tree Flora of Sabah and Sarawak (Phase I) (Malaysia)

The Committee took note of the information that the audited financial statement had just been received and was under review by the Secretariat. The Committee noted that the Phase II of the project (PD 27/97 Rev.1 (F)) is still awaiting finance.

8. Review of Pre-Project Work in Progress

Twenty pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XXII)/6.

The Committee did not raise any issues associated with these pre-projects.

9. Review of Project Work in Progress

The Committee took note of a status report (document CRF(XXII)/5) by the Secretariat on the 83 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 (62), B) awaiting the signing of an Agreement (6), C) pending finance (14), or D) falling under the sunset provision since last Session (1).

The Committee noted the reports on the progress of these projects in document CRF(XXII)/5 and further discussed the substantive issues associated with a number of projects in depth. Details of these discussions are as follows:

(A) Projects under implementation

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

The Committee took note of the information from the Secretariat and the implementing agency, IBAMA, that the delays, caused by problems concerning overlapping land claims from local communities and the ITTO Project areas selected for the implementation of the harvesting activities, had been solved through active negotiations between IBAMA and the two communities and other interested groups. The Committee further took note of the latest information that negotiations between local NGO's, IBAMA and EMBRAPA/CPATU had resulted in an addendum to the Forest Management Plan which addressed the concerns of the NGO and the other interested parties. The implementing agency expects that these problems have now been solved and that the process for public tendering for the harvesting contracts will be reissued shortly in order to enter into contract with the successful bidder and that field activities will be initiated during this year.

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

The Secretariat briefed the Committee on the situation of projects and pre-projects implemented in the Republic of Congo, and recalled that the Council decided to suspend these projects and pre-projects during its 23rd Session in Yokohama, as the Secretariat could not communicate with Congo because of prevailing social conditions in that country since June 1997.

The Committee took note of the declaration made by the Delegation of Congo with the purpose of updating the Committee on the current situation in the country and the status of projects and pre-projects under implementation. It was recorded that project PD 77/90 (F) is almost completed and final reports will be submitted to the Secretariat as soon as possible.

Regarding the other projects and pre-projects [PD 2/93 Rev.1 (F), PD 12/96 Rev.2 (F), and PPD 4/96 Rev.1 (F)], which are at different level of implementation, it was recorded that the conditions surrounding their implementation are back to normal, and the implementation of these projects/pre-projects could be resumed. To conclude, the Congolese Delegation indicated that an official letter has been sent to the Executive Director to request the lift of the suspension concerning these projects and pre-projects. This information was confirmed by the Secretariat.

Further to its deliberations, the committee took the following decisions:

1. To ask the Secretariat to lift the suspension affecting the Congolese projects as soon as a positive assessment of the prevailing conditions in Congo is made. To that effect the Secretariat should undertake a mission to Congo as soon as possible.
2. To grant extensions to PD 77/90 (F), PD 2/93 Rev.1 (F), PD 12/96 Rev.2 (F) and to PPD 4/96 Rev.1 (F) until December 1998 in order to allow the completion of projects/pre-projects activities and the development of projects/pre-projects final reports and their submission to the Secretariats.
- 3) **PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia Phase I (Operational), II (Operational), III (Pending Finance) (Indonesia)**

The Indonesian Delegation explained to the Committee about the current monetary crisis in Indonesia,

which caused considerable losses of the project funds due to the unexpected and volatile US Dollar/Rupiah exchange rate. Therefore, the Government of Indonesia agreed to enter into a "supplementary arrangement" with ITTO Secretariat as an Addendum to the Project Agreement, to allow direct disbursement of funds to the recipient concerned, in order to enhance the proper and timely flow of funds and ensure that the attainment of the project objectives are not compromised.

The Japanese Delegation sought clarification on when the Phase I will be considered as close. To this end, the Secretariat advised the Committee that the remaining activities under Phase I which pertain to the sponsorship of candidates Ph.D. programme can only be finalized upon their return from overseas studies. This matter was reported at the previous Session of the Committee and it authorized the Phase II be implemented concurrently with the remaining of the Phase I. The Committee noted this information.

4) PD 99/90 Rev.1 (F) Establishment of Rio Preto's National Forest (Brazil)

The Committee took note of information from the Secretariat that substantial progress has been achieved and that the completion report can be expected shortly.

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

The Committee took note of the information from the Secretariat that an International Seminar will be held in Pokhara, Nepal from 31st. August to 2nd September, 1998.

6) PD 106/90 Rev.1 (F) Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area, Phase I (Malaysia)

The Committee was given a presentation on the results of the ITTO Borneo Biodiversity Expedition 1997 made by Dr. Paul Chai representing the Malaysian and Indonesian Delegations. In this connection, the Committee noted that the results of the Expedition were documented, among others, in CRF(XXII)/12, CRF(XXII)/13, CRF(XXII)/14, CRF(XXII)/15, and CRF(XXII)/26. The Indonesian Delegation praised the achievements made by the Expedition team and expressed gratitude to ITTO for supporting such remarkable joint project activity which allowed sharing field experiences among the international experts, in particular scientists from Malaysia and Indonesia.

The Committee acknowledged with thanks the presentation of the outcomes of the Expedition.

7) PD 131/91 Rev.2 (F) Pilot Project for the Sustained Management of the So'o Lala Forest (Cameroon)

The Committee took note of the declaration made by the Delegation of Cameroon clarifying that the relations between the forest concessionaire and the project have improved and the project is now progressing smoothly.

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

The Committee took note of the information from the Secretariat that an International Workshop on Growth and Yield will be held in Papua New Guinea from 9th to 13th November, 1998

9) PD 171/91 Rev.2 (F) Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps, Phase I (Completed), Phase II - Stage I (Completed),- Stage II (Pending Finance) (Colombia)

The Committee took note that the first stage of the second Phase of this project had been successfully completed. Furthermore, the Committee recommended the Council to provide full financing for the second Stage of the second Phase of the project in the amount of US\$ 641,101 in order to complete the work of the Project without delay.

10) PD 172/91 Rev.2 (F) The Recovery of Natural Systems of the Hillside of Caqueta, Phase I (Completed), Phase II (Operational) (Colombia)

In view of the probable delays in the implementation of some project activities that may be caused

by the El Nino Phenomenon and/or subversive activities in the region, the Committee agreed to provide an extension in time, without additional funds, if and when the Executing Agency so requests it.

11) PD 185/91 Rev.2 (F) Sustainable Forest Management and Development in Peninsular Malaysia, Phase I (Operational), Phase II (Pending Finance) (Malaysia)

The Committee noted that the project is towards its completion and in order to allow refinement of the expected technical manuals, the Committee agreed to grant an extension of Phase I until December 1998, without additional costs.

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

The Thai Delegation informed the Committee that the project has been successfully completed, however the implementing agency decided to continue some project activities under a bilateral arrangement with the donor country.

13) 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 (Operational) & Phase III (Pending Finance) (China)

The Committee took note of the report from the Secretariat that an external evaluation had been successfully carried out at the end of Phase II and that all expected output and documentation had been accomplished according to the work plan as presented in Document CRF(XXII)/25. The committee further took note of the report from the International Consultant who reviewed the work plan and budget for the third Phase in close cooperation with the Implementing Agency. The Committee therefore decided to recommend to the Council to approve the work plan and budget for Phase III of the project as per Document CRF(XXII)/19 and to allocate US\$ 930,510.00 for the immediate implementation of the third phase.

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

The Committee took note of the declaration made by the Delegation of Côte d'Ivoire with the view to updating the Committee on the implementation of the project. It recorded that all field activities have been completed and future project activities will focus on the analysis of the information that has been gathered. It also noted that the selection of a biometrician, who will help in this analysis, is underway. The Committee decided to grant the project an extension until May 1999 in order to allow the completion of project activities and the submission of final reports.

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

The Committee took note of the declaration made by the Delegation of Cameroon clarifying that the delay in submitting the project progress report is attributed to the change of the format of the project progress report in order to accommodate the requirements of the Common Fund for Commodities (CFC). It also noted that the implementation of the project is progressing smoothly and that a joint review mission involving the ITTO and the CFC is scheduled for right after this Council Session.

16) 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 stated that a consultative forum has been established at national level (so-called CGIF) dealing with forest fire in Indonesia. He further stated that the project has played a major role in the coordinating board which involves other relevant initiatives in Indonesia such as projects sponsored by: JICA, EU, DFID-UK, GTZ, etc.

At the request of Japanese Delegation, the Secretariat informed the Committee that the National Guidelines of Protection of Forest Against Fire is expected to be finalized by December 1998. The Committee noted this information.

17) PD 20/93 Rev.1 (F) Development of National Guidelines for the Sustainable Management of Natural Tropical Forests of Cameroon (Cameroon)

The Committee took note of the declaration made by the Delegation of Cameroon clarifying that projects activities have been completed, the final report submitted to the Secretariat, and the audited financial report is being finalized. The Committee decided to grant the project an extension until December 1998 in order to allow the completion of project activities and the submission of final reports.

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

The result of the Borneo Biodiversity Expedition was presented to the Committee by Dr. Paul Chai, on behalf of the joint projects PD 26/93 Rev.1 (F) and PD 106/90 Rev.1 (F). Please refer to PD 106/90 Rev.1 (F).

The Indonesia Delegation stated that although the expedition caused significant delay in the implementation of the project, the outcomes of the Expedition, which he then praised and valued, will be a useful contribution to the preparation of the Management Plan of the Bentuang Karimun National Parks, the expected output of the project. The Committee noted this information.

19) 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 project implementation had improved considerably over the past year. The Committee also thought highly of the proposal developed for the follow-up project. However, as some recommendations of the End-of-Phase Evaluation had yet to be incorporated into the new project proposal, the Committee was hesitant to approve PD 10/98 Rev.1 (F). Therefore, it felt that the current project should be extended for five months until the end of December 1998 to allow project activities to continue at a minimal level until a final decision is made by the Council during its next session in November 1998. Subsequently, the Committee recommended to the Council that an allocation of \$74,905 be approved for this purpose.

20) 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 (Operational) (Panama)

The Committee took note of the progress achieved in project implementation to date and further observed certain delays in some of the project activities due to the effects of the El Niño Phenomenon in the region. Moreover, it endorsed an extension of the project for a period of eight months until the end of March 1999, without additional funds, to allow for the completion of project activities.

21) PD 4/94 Rev.3 (F) East New Britain Balsa Industry Strengthening Project (PNG)

The Committee took note of the report of the Secretariat that the project had experienced some delay due the drought situation in Papua New Guinea. However the Committee could not approve the request for extension in time for two years and the request for additional funds amounting to US\$ 275,780.00 as per Document CRF(XXII)/20. Instead, the Committee recommended that the Secretariat conduct a full evaluation of the project and its achievements and that the Implementing Agency, based on their request for an extension, develop a formal project proposal for a Phase II to be presented to ITTO through the normal project cycle. The Committee further decided to grant the Project and extension without additional funds in order to complete the activities of the first phase until June 1999.

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

The Committee took note of the progress in the implementation of the project, as presented by the Secretariat. It decided to grant the project an extension until June 1999, consistantly with the revised work plan submitted to the Secretariat.

- 23) PD 28/94 Rev.2 (F) **Continuation of the Publication of the Journal "Bosques y Desarrollo" and Organization of a Communication and Information Service (Andean Region)**

The Committee took note of the progress achieved in project implementation to date and further observed certain delays in some of the project activities due to various factors. It therefore approved an extension of the project for a period of thirteen months until end of the January 1999, without additional funds, to allow for the completion of project activities.

- 24) PD 31/94 Rev.1 (F) **Planning Practical and Cost-Effective Strategies for Genetic Resource Conservation of Commercial Tree Species in Tropical Asia and the Pacific (Asia Pacific)**

The secretariat informed the Committee that the AIFM (ASEAN Institute of Forest Management) as the Implementing Agency of the Project has been transformed into the Regional Center of Forest Management within Forest Research Institute Malaysia (FRIM). The Government of Malaysia notified ITTO Secretariat that the change of this status is effective starting January 1998.

The Malaysian Delegation confirmed the change of the Implementing Agency and explained that the new Regional Center under the auspices of the Government of Malaysia, will retain the scope, programme and personnel of the AIFM. Following the supports from Japanese and Indonesian Delegations, the Committee endorsed the change of the Implementing Agency of this project from AIFM to Regional Center of Forest Management (RCFM) at the Forest Research Institute Malaysia (FRIM).

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

The Committee took note that project activities only commenced after the Government of Venezuela ratified the ITTA 1994, rather than in April 1997 as initially proposed. However, as the project is still at an initial stage, the Committee thought a decision on a request for an extension of the project could be taken later.

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

The Malaysian Delegation informed the Committee on the outcomes of the recent Project Steering Committee Meeting held in Kuching on 23 April 1998 as documented in the Minutes of the Meeting submitted to ITTO Secretariat. He also indicated that the current economic crisis in Malaysia and in the region makes the logging operation with helicopter as no longer feasible. It noted that even conventional tractor logging encounters similar difficulty. The Committee took note of this information.

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

The Indonesian Delegation informed the Committee that due to the recent forest and land fires in the location of the project area, the scientists from USA decided to postpone their visit to Indonesia to conduct training program, therefore an extension of project duration is required. The Committee agreed to grant an extension to the project until May 1999, without additional costs.

- 28) PD 30/95 Rev.1 (F) **Dissemination and Training on ITTO Guidelines and Criteria - Phase II, Stage I (Completed), - Stage II (Pending Finance) (Brazil)**

The Committee took note of the Information from the Secretariat and the Implementing Agency that the first Stage of this project has been successfully completed and fully documented. The committee acknowledged that the summary report circulated as Document CRF(XXII)/21 contained valuable information that could be used as a guideline for other countries for similar exercises. The Committee, therefore, recommended the Council to provide full financing for the second Stage of the project for the amount of US\$ 806,020.00 in order to complete the work of the Project without delay.

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

The Executing Agency requested an extension in time and a budget reallocation and referred the Committee to the details on budget line items contained in Document CRF(XXII)/22. The Committee approved the modified budget and an extension of the project for a period of three months until end of the October 1998, without additional funds, to allow for the completion of project activities.

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

The Committee took note of some procedural irregularities in the implementation of this project. Furthermore, it recognized that the project's development objective could not be fully realized anymore due to the fact that the Macaua National Forest was largely uninhabited. The Committee therefore recommended that the Executing Agency regularize all administrative procedures as per the Secretariat's request and further formulate a draft workplan defining the elaboration of a forest management plan other than a community-based one to be presented and approved at the project's next Steering Committee meeting, prior to the release of the next tranche of project funds.

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

The Committee took note of the declaration made by the Delegation of Gabon regarding the delay and the financing of the construction of an office at the project site. The Delegation of Gabon gave assurances that the construction of the office, which is an additional contribution from the Government of Gabon to the project, will be completed before the end of the project.

32) PD 35/96 Rev.2 (F) Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production (Philippines)

The Secretariat informed the Committee that an article about the project has been published in the recent issue of the ITTO newsletter "Tropical Forest Update". The Committee took note of this publication.

33) PD 42/96 Rev.1 (F) Support for the Development of a Forestry and Wildlife Law (Peru)

The Committee took note that due to the democratic and political nature of this project it was extremely difficult to bind it to a timeframe or schedule. In view of this, the Committee endorsed an extension of the project for a period of one year until end of the December 1998, without additional funds, to allow for the completion of project activities.

34) PD 9/97 Rev.1 (F) Landowner Education and Training for Sustainable Forest Management (Fiji)

The Committee took note of the information from the Implementing Agency that due to restructuring of the Forestry Department, the project requested to delay the start of the implementation of the Project until September, 1998. The Committee agreed with this request to postpone the beginning of Project implementation until September 1998.

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

The Thai Delegation informed the Committee that they understand the delay of project funds by the donor(s) until beginning 1999, meanwhile the implementing agency will make preparatory arrangement, so that the project can be implemented next year. The Committee noted that the project will officially start in 1999.

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

The Committee acknowledged with thanks that the project is supported by a private Japanese supermarket chain (Ito-Yokado).

- 37) PD 38/97 Rev.1 (F) **Books and Databank on the Medicinal and Poisonous Plants of South-East Asia: Volume 12(1), Volume 12(2), and Volume 12(3) within the PROSEA Programme Stage I (Partly Operational), Stage II (Pending Finance) (Indonesia)**

The Secretariat informed the Committee on the incomplete financial status of the project, due to the misunderstanding on the pledging made for the Stage I of this project during the ITTC XXIII. The Indonesian Delegation clarified the situation and the Dutch Delegation confirmed that it will contribute US\$ 727,950.00 for the whole project duration meaning half of the total budget needed. The Committee took note that the project is still awaiting full financing and to be listed accordingly without referring to any stages.

(B) Projects awaiting implementation agreement

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

The Committee observed that the agreement concerning this project is pending the release of the funds pledged by the Government of the Netherlands in the Special Account. It took note of the declaration made by the Dutch Delegation clarifying that, due to budgeting constraints, these funds can be disbursed only by the beginning of 1999.

The Committee welcome the agreement reached by the Government of Japan and the Government of Netherlands, by which the Government of Japan accepts to provide additional funds amounting to US\$ 50,000 in order to allow the project to start, and the Government of the Netherlands accepts to reduce its contribution by the same amount. This agreement was reached with the understanding that the full pledge made by the Government of the Netherlands, less US\$ 50,000, will be received to the ITTO Special Account by early 1999.

- 2) PD 8/97 Rev.2 (F) **Implementation and Evaluation of Criteria and Indicators for Sustainable Natural Forest Management (Colombia)**

The Committee took note that the Colombian Government proposed to change the Executing Agency, CONIF, due to the fact that the later could not implement the project because of legal hindrances. The Committee therefore endorsed the Colombian Government's request that ACOFORE be assigned as the new Executing Agency.

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

The Committee took note of the information from the Secretariat that apparently due to some changes in the Forestry Department, the Secretariat had not yet received the final signed Agreement. The Committee expressed its grave concern over the situation and requested the Secretariat to immediately write to the Government of Guyana to seek further information stressing that the implementation of this Project involves several donors who have allocated substantial funds for its implementation.

(C) Projects awaiting financing

- 1) PD 8/96 Rev.2 (F) **Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Managed Crop (Pending Finance) (Bolivia & Honduras)**

The Committee took note that the Submitting Governments decided to, in accordance with Decision 2(X) Annex 2 Point 2 "Sunset Provision", revise and resubmit the project as PD 8/96 Rev.2 (F) to the Council for decision. The Committee further recommended that the Council approve PD 8/96 Rev.2 (F) and allocate US\$ 807,849 for its implementation.

- 2) PD 16/96 Rev.4 (F) *Ex situ* Conservation of *Shorea leprosula* and *Lophopetalum multinervium* and their Use in Future Breeding and Biotechnology (Pending Finance) (Indonesia)

The Indonesian Delegation intervened to propose an amendment to the project budget in view of reducing the cost involved due to current exchange rate of US Dollar and deletion of items related to overseas training. He further explained that reduction of budget amounting to US\$ 100,000 will not affect the overall outputs of the project. The Committee decided to approve the change of expected ITTO contribution from US\$ 710,000 to US\$ 600,000, as documented in CRF(XXII)/27 Rev.1.

- 3) PD 17/96 Rev.2 (F) Technical Assistance to the National Forest Inventory (NFI) (Pending Finance) (Indonesia)

The Indonesian Delegation intervened to indicate the withdrawal of this project from the list of Project Awaiting Financing. The Committee noted the withdrawal of the project.

10. 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 21 Project proposals were considered by the Committee; similarly 3 pre-project proposals were considered. During its work the Committee took note of the recommendations of the IWG as contained in Document ITTC(XXIV)/7.

PROJECT LIST

PROJECT NUMBER	TITLE
<u>Projects Assessed by the Committee</u>	
PD 8/96 Rev.2 (F):	Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Crop (Bolivia and Honduras)
PD 2/97 Rev.3 (F):	Establishment of a Demonstration Area for the Sustained Utilization of Timber, Based on a Forest Enterprise in the Nlobo Reserved Forest – Phase I (Cameroon)
PD 4/97 Rev.3 (F):	Development and Promotion of Afforestation Activities in Egypt (Egypt)
PD 17/97 Rev.3 (F):	Pilot Project for the Reforestation and Rehabilitation of Degraded Forest Lands in Ecuador (Ecuador)
PD 18/97 Rev.1 (F):	National Forest Inventory & Support for Forest Allocation (Dem. Rep. Congo)
PD 53/97 Rev.2 (F):	Regionalisation of the Volume Tables for Trees of Natural Forests and Plantations (Côte d'Ivoire)
PD 55/97 Rev.2 (F):	Reforestation and Participatory Forest Management in the Transitional Zone (Brong-Ahafo Region) of Ghana (Ghana)
PD 1/98 Rev.1 (F):	Teak Reforestation Project of 1,100ha at Toeuk Chha Forest Reserve Kampong Cham Province (Cambodia)

PD 2/98 Rev.1 (F,I):	Management and Utilization of Paca (<i>Guadua sarcocarpa</i>) (Peru)
PD 3/98 Rev.1 (F):	Teak-based Multistoried Agroforestry system: An Integrated Approach towards Sustainable Development of Forests (Myanmar)
PD 4/98 Rev.1 (F):	Silviculture and Economics of Improved Natural Forest Management in Ghana (Ghana)
PD 8/98 Rev.2 (F):	Development of a Demonstration Area in the Sustainable Management of Gabonese Forests (Gabon)
PD 9/98 Rev.2 (F):	Publication, Testing and Clarification of ITTO's Criteria and Indicators for the Sustainable Management of Gabon's Forests (Gabon)
PD 10/98 Rev.1 (F):	Participatory Forest Management by the Indigenous Communities of the Chimanes Region, Beni, Bolivia (Bolivia)
PD 13/98 Rev.1 (F):	Establishment of a National Network of Permanent Plots of Forest Species (NPPNFS) (Colombia)
PD 14/98 Rev.1 (F):	Sustainable Use and Reforestation of Amazon Forests by Indigenous Communities (Peru)
PD 17/98 Rev.3 (F):	Forest Inventory and Production of Management Plans for Areas of Reserved Production Forests in the First Forest Zone of Gabon (Phase II - stratification of 1st zone) (Gabon)
PD 21/98 Rev.1 (F):	Forest Management, Community Involvement and Sustainable Use of Si-Kop Forest Area (Coastal Province, Cameroon) (Phase II) (Cameroon)
PD 22/98 Rev.1 (F):	Development of Teak Cloning and Establishment of Industrial Plantations (Côte d'Ivoire)
PD 31/98 Rev.1 (F):	First Conference of Andean Forestry Chambers for the Sustainable Management of Natural Tropical Forests in the Region (Ecuador)
PD 32/98 Rev.1 (F):	Forest Fire Management in Ghana (Ghana)

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 14 (E) below.

PRE-PROJECT LIST

PROJECT NUMBER

TITLE

Pre-Projects Assessed by the Committee

PPD 10/97 Rev.2 (F,I):	Formulation of a Project Proposal for Sustainable Management and Rehabilitation of Nepal's Tropical Forest Resources through Community Participation and Manpower Development (Nepal)
PPD 2/98 Rev.1 (F):	Promotion and Transfer of Knowledge on Sustainable Forest Management Models among Timber Producers (Peru)
PPD 7/98 Rev.1 (F):	Support to the Akposso Population for the Development of a Participative Approach to Forest Management in the Bato Area (North Amou) (Togo)

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 14 (F) below.

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11. 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.

12. Dates and Venue of the Twenty-fifth Session of the Committee

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

13. Other Business

(a) Recommendation for Projects and Pre-Projects Awaiting Financing

The Committee noted with concern the number of approved projects and pre-projects that remained unfunded. The Committee therefore urged member countries to contribute funds for these unfunded approved projects including contributions to the Bali Partnership Fund. The list of such projects is included in Section C) of Agenda Items 8 and 9, in the Committee Agenda document CRF(XXII)/1.

(b) Presentations of Project Results

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

- PD 106/90 Rev.1 (F) & PD 26/93 Rev.1 (F) ITTO Borneo Biodiversity Expedition 1997 (IBBE 1997) (Malaysia & Indonesia)
- PD 171/91 Rev.2 (F) Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps, Phase II – Stage I (Colombia)

(c) Information on the Project Management Information System (PMIS)

The Secretariat informed the Committee that the PMIS is currently being reviewed and updated in order to harmonize the system between the three technical divisions.

(d) Update of Project Catalogue

The Secretariat informed the Committee that due to the above review of the PMIS the Project Catalogue could not be produced for this Session.

(e) Project Ideas

The Committee took note and discussed two projects ideas submitted as follows:

1) Submitted by the PNG Forest Authority, the Government of Papua New Guinea

The Committee took note of document CRF(XXII)/17 which described a project idea submitted by the PNG Forest Authority, the Government of Papua New Guinea for an ITTO Project in Papua New Guinea entitled "Fire, Logging and Site Interactions in the Management of Lowland Tropical Forests", as a follow-up of PD 162/91 Rev.1 (F) "Intensification of Growth and Yield Studies in Previously Logged Forests". The Committee had no specific comments.

2) Submitted by the PNG Forest Authority, the Government of Papua New Guinea

The Committee took note of document CRF(XXII)/17a which described a project idea submitted by the PNG Forest Authority, the Government of Papua New Guinea entitled "A Model Forest Management Area in Papua New Guinea". The Committee expressed its support of this Project Idea and urged the PNG Forest Authority to develop a full project Proposal following the ITTO Manual for Project

Formulation and to include reference to and collaboration with PD 14/95 Rev.3 (F) 'Model Forest Management Area - Phase II' and PD 26/96 Rev.4 (F) 'Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View - Phase II' both of which are being implemented in Sarawak, Malaysia. In addition the Committee noted with interest the testing and implementation of ITTO Criteria and Indicators and urged the PNG Forest Authority to include the revised set of C&I as they are expected to be adopted at this Session. The Committee further noted the reference to the Logging Code of Practice in line with the recommendation of the Expert Panel of Resources Needed and Costs Incurred to Achieve ITTO's Year 2000 Objective.

14. Recommendations to the International Tropical Timber Council

In addition to the usual recommendations regarding projects, the Committee discussed several other issues and recommendations to the Council for consideration.

- (A) The Informal Working Group brought to the attention of the Committee the provision of Decision 2(X), Annex (2), para. (2) which allows an approved Project Proposal before the expiry of the 20 months 'sunset' provision to be revised and re-submitted to the Council. As the Committee is functioning as the arm of the Council, an approved project within the 20 months period had been substantially revised and the implementing agency changed before being re-submitted to the Committee for approval. In the view of the IWG, the proper procedure would have been to re-submit the project for consideration to the Expert Panel for Project Proposals. The Committee recommended that this issue be reviewed by the Council.
- (B) The IWG had suggested an ex-post evaluation as well as a further evaluation of an ongoing Project where funds for such an activity were not included in the budget of the Project or under the ITTO Monitoring and Evaluation Line. The Committee discussed this issue and decided to recommend to the Council to investigate possibilities for financing either:
- through Project PD 17/93 Rev.3 (M, F, I) where funds for such purposes may be available
 - or by pooling unspent ITTO Monitoring and Evaluation funds from Completed Projects where the audited financial statement has been received. The funds pooled in this manner, for each Technical Division (Committee) individually, could be assigned to carry out such ex post or special evaluation as decided and recommended by the Committee on a case by case basis.
- (C) The Committee recommended to the Council to encourage the technical Committees to identify matters of a policy nature and to structure those for inclusion in the Agenda of the Committees with the assistance from the Secretariat before each Council Session and that sufficient time for a meaningful discussion be allocated.
- (D) Furthermore, the Committee recommended to the Council to request the Secretariat to distribute - together with the new Project Proposals approved by the Expert Panel - briefs or summaries including budget for those approved un-financed Projects, Pre-projects or Project Phases, Stages or extensions where financing would be sought during the coming Council Session. Such briefs would assist the donor governments in their financial considerations since pre-negotiations within the individual donor organizations are required before pledges can be made at the Council Session. Similarly, approved projects, which are considered relevant for funding through the Common Fund for Commodities, should be submitted to the CFC according to the schedule of the CFC procedure.
- (E) Finally, the Committee made the following recommendations regarding financing of approved Projects:
1. The Committee recommended that the Council approve PD 8/96 Rev.2 (F) and allocate US\$ 807,849 for its implementation.
 2. The Committee recommended that the Council approve PD 2/97 Rev.3 (F) and allocate US\$ 638,000 for its implementation.
 3. The Committee recommended that the Council approve PD 4/97 Rev.3 (F) and allocate US\$ 246,749 for the implementation of Phase I and US\$ 391,873 for the implementation of Phase II.

4. The Committee recommended that the Council approve PD 17/97 Rev.3 (F) and allocate US\$ 399,518 for the implementation of Phase I and US\$ 426,558 for the implementation of Phase II.
 5. The Committee recommended that the Council approve PD 53/97 Rev.2 (F) and allocate US\$ 282,942 for its implementation.
 6. The Committee recommended that the Council approve PD 55/97 Rev.2 (F) and allocate US\$ 494,850 for its implementation.
 7. The Committee recommended that the Council approve PD 1/98 Rev.1 (F) and allocate US\$ 702,550 for its implementation.
 8. The Committee recommended that the Council approve PD 3/98 Rev.1 (F) and allocate US\$ 229,315 for its implementation.
 9. The Committee recommended that the Council approve PD 4/98 Rev.1 (F) and allocate US\$ 428,006 for its implementation.
 10. The Committee recommended that the Council approve PD 8/98 Rev.2 (F) and allocate US\$ 789,493 for its implementation.
 11. The Committee recommended that the Council approve PD 9/98 Rev.2 (F) and allocate US\$ 485,256 for its implementation.
 12. The Committee recommended that the Council approve PD 14/98 Rev.1 (F) and allocate US\$ 823,037 for its implementation.
 13. The Committee recommended that the Council approve PD 17/98 Rev.3 (F) and allocate US\$ 635,651 for the implementation of Phase I and US\$ 339,401 for the implementation of Phase II.
 14. The Committee recommended that the Council approve PD 21/98 Rev.1 (F) and allocate US\$ 857,030 for its implementation.
 15. The Committee recommended that the Council approve PD 22/98 Rev.1 (F) and allocate US\$ 387,238 for its implementation.
 16. The Committee recommended that the Council approve PD 31/98 Rev.1 (F) and allocate US\$ 169,961 for its implementation.
 17. The Committee recommended that the Council approve PD 32/98 Rev.1 (F) and allocate US\$ 366,513 for its implementation.
- (F) The Committee made the following recommendations regarding Pre-Projects:
1. The Committee recommended that the Council approve PPD 10/97 Rev.2 (F,I) and allocate US\$ 50,000 for its implementation.
 2. The Committee recommended that the Council approve PPD 2/98 Rev.1 (F) and allocate US\$ 50,851 for its implementation.
 3. The Committee recommended that the Council approve PPD 7/98 Rev.1 (F) and allocate US\$ 66,038 for its implementation.
- (G) The Committee made the following recommendation regarding additional project funding:
1. The Committee recommended that the Council approve the extension of project PD 33/93 Rev.1 (F) and allocate additional funds amounting to US\$ 74,905.

15. Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix I

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

- 1) PD 8/96 Rev.2 (F): **Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Crop (Bolivia and Honduras)**

Conclusion of the Twenty-second Committee

The Committee noted that the Submitting Governments decided to, in accordance with Decision 2(X) Annex 2 Point 2 "Sunset Provision", revise and resubmit the project as PD 8/96 Rev.2 (F) to the Council for decision. The Committee approved the revised project PD 8/96 Rev.2 (F) and recommended the Council to allocate US\$ 807,849 for its immediate implementation.

- 2) PD 2/97 Rev.3 (F): **Establishment of a Demonstration Area for the Sustained Utilization of Timber, Based on a Forest Enterprise in the Nlobo Reserved Forest – Phase I (Cameroon)**

Conclusion of the Twenty-second Committee

The Committee took note of the declaration made by the Government of Cameroon clarifying that an assessment of the local populations needs in relation with the project will be made at the outset of the project. This assessment will help identify social clauses to be included in the contract to be negotiated with the forest concessionaire.

The Committee also noted that ONADEF is restructuring its organization in view of strengthening its capability in the field of project implementation and monitoring. Further to its deliberations, the Committee considered that all comments and recommendations made by the Panel of Experts and the IWG have been adequately addressed. Therefore, the Committee approved the project PD 2/97 Rev.3 (F) and recommended the Council to allocate US\$ 638,000 for its immediate implementation.

- 3) PD 4/97 Rev.3 (F): **Development and Promotion of Afforestation Activities in Egypt (Egypt)**

Conclusion of the Twenty-second Committee

The Committee considered and approved the addendum submitted by the Delegation of Egypt in which clarification was provided concerning the cost of land, and which included provisions for the undertaking of an ex-post evaluation of the project. It recorded that this evaluation will be financed for an amount of US\$ 10,000 from miscellaneous funds included in the project's budget. The Committee considered that all recommendations made by the Panel of Experts have now been fulfilled. The Committee decided, therefore, to recommend the Council to approve the project PD 4/97 Rev.3 (F) and recommended the Council to allocate US\$ 246,749 for the immediate implementation of Phase I and further allocate US\$ 391,873 for the implementation of Phase II.

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

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. The Committee also reviewed an Addendum submitted by the Executing Agency dividing the Project into two distinct phases with their corresponding budgets. Therefore, the Committee approved the project PD 17/97 Rev.3 (F) and recommended the Council to allocate US\$ 399,518 for the immediate implementation of Phase I and further allocate US\$ 426,558 for the implementation of Phase II.

- 5) PD 18/97 Rev.1 (F): **National Forest Inventory & Support for Forest Allocation (Dem. Rep. Congo)**

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal is a combination of 2 previous project proposals, PD 18/97 (F) : National Forest Inventory; and PD 19/97 (F): Support for Forest Allocation Using the Geographic Information System. It considered that the revised project is a complete new proposal and decided therefore to refer it back to the Panel of Experts for prior appraisal.

- 6) PD 53/97 Rev.2 (F): **Regionalisation of the Volume Tables for Trees of Natural Forests and Plantations (Côte d'Ivoire)**

Conclusion of the Twenty-second 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 53/97 Rev.2 (F) and recommended the Council to allocate US\$ 282,942 for its immediate implementation.

- 7) PD 55/97 Rev.2 (F): **Reforestation and Participatory Forest Management in the Transitional Zone (Brong-Ahafo Region) of Ghana (Ghana)**

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 55/97 Rev.2 (F) and recommended the Council to allocate US\$ 494,850 for its immediate implementation.

- 8) PD 1/98 Rev.1 (F): **Teak Reforestation Project of 1,100ha at Toeuk Chha Forest Reserve Kampong Cham Province (Cambodia)**

Conclusion of the Twenty-second Committee

The Committee took note of the concern raised by the Committee that the establishment of a forest plantation in the water catchment area of the dam, although it may reduce siltation, could lead to less water being available to the dam due to the water consumption by the tree vegetation. Therefore, the Committee advised the proposing agency to provide additional information on this risk as an addendum to the project and - under the condition that this information is provided - the Committee approved the project PD 1/98 Rev.1 (F) and recommended the Council to allocate US\$ 702,550 for its immediate implementation.

- 9) PD 2/98 Rev.1 (F,I): **Management and Utilization of Paca (Guadua sarcocarpa) (Peru)**

Conclusion of the Twenty-second Committee

The Committee noted that the proposal has been revised taking into account most of the comments made by the Expert Panel. However, the Peruvian Delegation informed the Committee that there are still essential improvements to be made in the proposal, particularly as regard to the budget presentation. The Committee recommended the Government of Peru to resubmit the revised proposal for the Council's consideration at its next Session to be held in Yokohama in November 1998.

- 10) PD 3/98 Rev.1 (F): Teak-based Multistoried Agroforestry system: An Integrated Approach towards Sustainable Development of Forests (Myanmar)**

Conclusion of the Twenty-second 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 3/98 Rev.1 (F) and recommended the Council to allocate US\$ 229,315 for its immediate implementation.

- 11) PD 4/98 Rev.1 (F): Silviculture and Economics of Improved Natural Forest Management in Ghana (Ghana)**

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 4/98 Rev.1 (F) and recommended the Council to allocate US\$ 428,006 for its immediate implementation.

- 12) PD 8/98 Rev.2 (F): Development of a Demonstration Area in the Sustainable Management of Gabonese Forests (Gabon)**

Conclusion of the Twenty-second Committee

The Committee noted that the revised proposal PD 8/98 Rev.1 (F) adequately addressed the Expert Panel's comments and recommendations. However the Government of Gabon submitted a further revision, PD 8/98 Rev.2 (F), which included a reduced budget. The Committee considered and approved the revised proposal PD 8/98 Rev.2 (F) and recommended the Council to allocate US\$ 789,493 for its immediate implementation.

- 13) PD 9/98 Rev.2 (F): Publication, Testing and Clarification of ITTO's Criteria and Indicators for the Sustainable Management of Gabon's Forests (Gabon)**

Conclusion of the Twenty-second Committee

The Committee took note of the declaration made by the Delegation of Gabon to clarify issues raised by the IWG when assessing project proposal PD 9/98 Rev.1 (F), namely, the expansion of the duration of the project and a further reduction of the project's budget. In this connection, the Committee considered and approved a further revision, PD 9/98 Rev.2 (F), which included a reduced budget. The Committee considered that all concerns raised by the Expert Panel and the IWG have been adequately addressed. Therefore, the Committee approved the project PD 9/98 Rev.2 (F) and recommended the Council to allocate US\$ 485,256 for its immediate implementation.

- 14) PD 10/98 Rev.1 (F): Participatory Forest Management by the Indigenous Communities of the Chimanes Region, Beni, Bolivia (Bolivia)**

Conclusion of the Twenty-second Committee

The Committee noted that while the revised project proposal adequately addressed the Expert Panel's comments and recommendations, it still required a further reformulation in order to incorporate the recommendations contained in the End-of-Phase Evaluation, particularly as regards the potential hindrances informal logging can cause in the implementation of forest management plans. It therefore recommended the Secretariat to select two independent consultants to carry out an Independent Evaluation on the informal logging in the Chimanes Region and to further assist in the reformulation of the project proposal. Furthermore, the Committee approved utilizing funds from the Evaluation Program budget of PD 17/93 Rev.3 (M,F,I) for the aforementioned evaluation and recommended the Council to allocate up to a maximum of US\$ 30,000 from the PD 17/93 Rev.3 (M,F,I) budget for its immediate implementation.

- 15) PD 13/98 Rev.1 (F): **Establishment of a National Network of Permanent Plots of Forest Species (NPPNFS) (Colombia)**

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal did not adequately address all of the Expert Panel's comments and recommendations, particularly as regard the continuity of the activities once the project was completed. In this light, the Committee recommended the CONIF revise the project proposal and resubmit it in time for the Council's consideration at its next Session to be held in Yokohama in November 1998.

- 16) PD 14/98 Rev.1 (F): **Sustainable Use and Reforestation of Amazon Forests by Indigenous Communities (Peru)**

Conclusion of the Twenty-second 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 14/98 Rev.1 (F) and recommended the Council to allocate US\$ 823,037 for its immediate implementation.

- 17) PD 17/98 Rev.3 (F): **Forest Inventory and Production of Management Plans for Areas of Reserved Production Forests in the First Forest Zone of Gabon (Phase II - stratification of 1st zone) (Gabon)**

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal PD 17/98 Rev.1 (F) adequately addressed the Expert Panel's comments and recommendations. However, the Government of Gabon submitted a further revision of the project PD 17/98 Rev.2 (F), which included a reduced budget. The Committee considered and approved the revised proposal PD 17/98 Rev.2 (F) and recommended the Council to allocate US\$ 635,651 for immediate implementation of Phase I and further allocate US\$ 339,401 for immediate implementation of Phase II.

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

Conclusion of the Twenty-second Committee

The Committee took note of the declaration made by the Delegation of Cameroon clarifying the issue related to the capability of the Government of Cameroon to absorb additional projects, as highlighted in the IWG's report. Further to its deliberations, the committee considered that all comments and recommendations made by the Expert Panel and the IWG have been adequately addressed. Therefore, the Committee approved the project PD 21/98 Rev.1 (F) and recommended the Council to allocate US\$ 857,030 for its immediate implementation.

- 19) PD 22/98 Rev.1 (F): **Development of Teak Cloning and Establishment of Industrial Plantations (Côte d'Ivoire)**

Conclusion of the Twenty-second 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 22/98 Rev.1 (F) and recommended the Council to allocate US\$ 387,238 for its immediate implementation.

- 20) PD 31/98 Rev.1 (F): **First Conference of Andean Forestry Chambers for the Sustainable Management of Natural Tropical Forests in the Region (Ecuador)**

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations and also observed that the Ecuadorian Delegation had prepared an Addendum further reducing the project's budget. Therefore, the Committee approved the project PD 31/98 Rev.1 (F) and its Addendum and recommended the Council to allocate US\$ 169,961 for its immediate implementation.

21) PD 32/98 Rev.1 (F): Forest Fire Management in Ghana (Ghana)

Conclusion of the Twenty-second 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 32/98 Rev.1 (F) and recommended the Council to allocate US\$ 366,513 for its immediate implementation.

22) PPD 10/97 Rev. 2 (F,I): Formulation of a Project Proposal for Sustainable Management and Rehabilitation of Nepal's Tropical Forest Resources through Community Participation and Manpower Development (Nepal)

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 10/97 Rev.1 (F) and recommended the Council to allocate US\$ 50,000 for its immediate implementation.

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

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations and further observed that the subject of the proposal was more in line with the Committee on Forest Industries work. Therefore, the Committee approved the pre-project PPD 2/98 Rev.1 (F) and recommended the Council to allocate US\$ 50,851 for its immediate implementation. Also, once financed, the pre-project should be transferred to the Forest Industries Division for monitoring and evaluation.

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

Conclusion of the Twenty-second Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 7/98 Rev.1 (F) and recommended the Council to allocate US\$ 66,038 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-SECOND SESSION OF THE COMMITTEE

PROJECT DOCUMENT	ITTA, 1994		BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Years)	RECOMMENDATION(*)		
	OBJECTIVES	OPERATIONAL ACTIVITIES				15 th EP	IWG	22 nd CRF
	Art. 1	Art. 27, Para. 2						
PD 8/96 Rev.2 (F)	c, d, f, j, l	a(i)(ii)(iii), c	807,849	Bolivia and Honduras	3	-	-	1
PD 2/97 Rev.3 (F)	c, d, f, j, l	a(iii)	638,000	Cameroon	3	-	c	1
PD 4/97 Rev.3 (F) I & II	c, j	a(i)(ii)	246,749 & 391,873	Egypt	3	2a	c	1
PD 17/97 Rev.3 (F) I & II	c, d, f, j, l	a(i)(ii)(iii), c	399,518 & 426,558	Ecuador	3	1	b	1
PD 18/97 Rev.1 (F)	c, f, j, l	a(iii)	673,874	D.R. Congo	2	-	c	2b
PD 53/97 Rev.2 (F)	f, j, l	a(i)(iii)	282,942	Côte d'Ivoire	3	2a	b	1
PD 55/97 Rev.2 (F)	c, d, f, j, l	a(i)(ii)(iii)	494,850	Ghana	3	1	b	1
PD 1/98 Rev.1 (F)	c, j	a(i)(ii), e	702,550	Cambodia	4	2a	b	1
PD 2/98 Rev.1 (F,l)	c, d, f, j, l	a(i)(ii)(iii), c	802,960	Peru	3	2a	c	2a
PD 3/98 Rev.1 (F)	c, j	a(i)(ii), e	229,315	Myanmar	2	2a	b	1
PD 4/98 Rev.1 (F)	c, f, l	a(iii)	428,006	Ghana	3	1	b	1
PD 8/98 Rev.2 (F)	c, d, f, j, l, m	a(iii)	789,493	Gabon	3	2a	b	1
PD 9/98 Rev.2 (F)	c, d, j, l	a(iii)	485,256	Gabon	18 months	2a	c	1
PD 10/98 Rev.1 (F)	c, d, f, j, l	a(i)(ii)(iii), c	984,726	Bolivia	2	2a	b	2a
PD 13/98 Rev.1 (F)	c, d, f, j, l	a(i)(ii)(iii), c	752,426	Colombia	3	2a	d	2a

* For Categories of Recommendations see Table C.

TABLE A (Cont.)

TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT
CONSIDERED DURING THE TWENTY-SECOND SESSION OF THE COMMITTEE

PROJECT DOCUMENT	ITTA, 1994		BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Years)	RECOMMENDATION(*)		
	OBJECTIVES	OPERATIONAL ACTIVITIES				15 th EP	IWG	22 nd CRF
	Art. 1	Art. 27, Para. 2						
PD 14/98 Rev.1 (F)	c, d, f, j, l	a(i)(ii)(iii), c	823,037	Peru	3	2a	b	1
PD 17/98 Rev.3 (F) I & II	c, d, f, l, m	a(iii)	635,651 & 339,401	Gabon	27 months	2a	b	1
PD 21/98 Rev.1 (F)	c, d, j, l, m	a(iii)	857,030	Cameroon	42 months	2a	b	1
PD 22/98 Rev.1 (F)	c, d, e, j, l, m	a(i)	387,238	Côte d'Ivoire	3	1	b	1
PD 31/98 Rev.1 (F)	c, d, f, j, l	a(i)(ii)(iii), c	169,961	Ecuador	8 months	2a	b	1
PD 32/98 Rev.1 (F)	c, f, j, l	a(ii)(iii)	366,513	Ghana	3	1	b	1
PPD 10/97 Rev.2 (F,I)	j, f	a(i)(ii), b	50,000	Nepal	2.5 months	1	a	1
PPD 2/98 Rev.1 (F)	c, d, f, j, l	a(i)(ii)(iii), c	50,851	Peru	6 months	2a	b	1
PPD 7/98 Rev.1 (F)	c, j, l	a(i)(ii)(iii)	66,038	Togo	6 months	1	b	1

* For Categories of Recommendations see Table C.

TABLE B

Categories of Decision for 15th Expert Panel	
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.
2(a).	The Panel concluded, that with the incorporation of the essential modifications, (which are necessary for the project to succeed,) the (pre-) project shall be assessed prior to the beginning of the Council Session by the Informal Working Group before presentation to the Committee for final appraisal.
2(b).	The Panel concluded, that it could not commend the revised proposal and submits it for assessment by the Informal Working Group prior to the beginning of the Council Session before presentation to the Committee for 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. a: (Such a pre-project could be commended to the Committee for final appraisal after being assessed by the Informal Working Group.) 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 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.)
6.	The Panel concluded, that there is insufficient information to assess the project adequately.
(Text in parentheses is optional)	
Categories of Recommendation for Informal Working Group	
a.	The Expert Panel for the Technical Appraisal of Pre-Project and Project Proposals did not recommend essential modifications, and a revised document is not required.
b.	All of the recommendations of the Expert Panel for the Technical Appraisal of Pre-Project and project Proposals have been adequately addressed.
c.	Many of the recommendations of the Expert Panel for the Technical Evaluation of Project Proposals have been addressed, however, some recommendations have not been addressed.
d.	The revised project proposal does not adequately address the recommendations of the Expert Panel for the Technical Evaluation of Project Proposals.
e.	A revised project proposal has not been submitted to ITTO.

Categories of Recommendation from 22nd CRF to the Council

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

* * *

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20 - 28 May 1998
Libreville, Gabon

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
TWENTY-SECOND SESSION OF THE COMMITTEE ON
FOREST INDUSTRY**

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Appendix I	Technical Evaluation of Project and Pre-Project Proposals
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REPORT

1. Introduction

The Twenty-second Session was opened on 20 May 1998 by Ms. Aulikki Kauppila (Finland), the Chairperson of the Committee. The List of Participants is reproduced in Document ITTC(XXIV)/Info.2.

2. Adoption of Agenda and Organization of Work

At its first meeting on 20 May 1998 the Committee adopted the agenda of its Twenty-second Session as contained in Document CFI(XXII)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document ITTC(XXIV)/Info.2.

4. 1998 Market Discussion (Joint Session of the Committees) "Africa in the Context of World Trade"

The theme of the 1998 Market Discussion was "Africa in the Context of World Trade". The Moderator was Mr. Jean Jacques Landrot (ATIBT, France) and the Rapporteur was Dr. Michael J. Adams, Market Information Services (MIS) Coordinator, Economic Information and Market Intelligence Division of ITTO. The following were the speakers and the topics of their presentations:

Dr. Steven E. Johnson Statistician Economic Information and Market Intelligence, ITTO	"Trade Flow Statistics and Forecasts"
Dr. Michael J. Adams MIS Coordinator Economic Information and Market Intelligence, ITTO	"Market News/Price Trends"
Dr. Mohd Lawal Garba (ATO)	"Regional Overview: Africa"
Mr. Alphonse Owele, Director Timber Trade and Industry Development of Gabon	"Gabon's Trade and Industry: Developments, Market Trends"
Mr. Alhassan N. Attah Ag. Chief Executive, Forest Products Inspection Bureau (FPIB), Ghana	"Ghana's Trade and Industry: Developments and Market Trends"
Mr. Ad Wesselink Sales Director, Weimar and incoming President, UCBD	"European Perspective"
Mr. Art Pond President, International Wood Products Association (IHPA), U.S.A.	"North American Perspective"
Mr. Barney Chan General Manager, Sarawak Timber Association Malaysia	"Asian Perspective"
Mr. Geoffrey Pleydell Trade Adviser to U.K. Delegation	"Trade Perspective"

A summary report of the Market Discussion, synthesizing the above presentations and the ensuing discussions, is contained in Appendix B of the report of the Committee on Economic Information and Market Intelligence.

5. Report of the Informal Working Group on Evaluation of Reports on On-Going and Completed Pre-Projects and Projects - Council Decision 4(XXII)

The Chairman drew the committee's attention to document ITTC(XXIV)/7, "Report of the Informal Working Group on Evaluation of Reports of On-Going and Completed Pre-Projects and Projects" [Council

Decision 4(XXIII)]. The Committee agreed that the report prepared by the Informal Working Group facilitated its work and provided the basis for its examination of projects and pre-projects under implementation as well as of completed ones. The Committee thanked the Group for its efforts. The Committee decided to recommend to Council that policy matters and other recommendations made by the IWG to streamline the work of the Committees be considered in any follow-up activity the Council may decide on this issue.

6. Report on Completed Projects

The Committee considered in detail the results of the ex-post evaluations it requested on projects PD 63/89 Rev.1 (I) "Low-Cost Houses from Small Diameter Trees, Plantation Thinnings, Tree Tops and Branches (Philippines)", and PD 108/90 Rev.1 (I) "Forest Industry Development Studies (Papua New Guinea)". The results of the ex-post evaluations of these projects, contained in document CFI(XXII)/5 and CFI(XXII)/6, respectively, were presented to the Committee by consultants Dr. Jozsef Bodig [PD 63/89 Rev.1 (I)] and Dato' Baharuddin Haji Ghazali [PD 108/90 Rev.1 (I)], who were engaged to carry out the evaluation work with assistance of the implementing agencies and ITTO Secretariat.

The Committee was pleased to learn that the ex-post evaluation of project PD 63/89 Rev.1 (I) was successfully completed. The Committee noted with satisfaction that the project achieved its stated outputs and objectives, and that its impact is already evident at a few communities and that its effect is expected to rapidly accelerate in the next few years. The project addressed a complex interacting issue of forest residues and shortage of affordable housing in the Philippines, but the Committee stressed that the project results and positive impacts could also benefit many other producer countries in similar situation. The Committee was particularly gratified that the project succeeded in developing and transferring technologies focusing on lower levels of investment and with a more labor intensive approach, thereby creating job opportunities at the local community level.

The Committee also considered and discussed in detail the results of the evaluation of project PD 108/90 Rev.1 (I). The evaluation report conclusion indicated that even though the project produced a comprehensive batch of technical reports to assist forest industry development in Papua New Guinea, not much follow-up on project recommendations and conclusions has been effected and that the overall impact of the project in the country forest sector has been limited. This is at least partially attributed to the excessively independent and poor monitoring of the consultancy company hired by the PNG Forest Authority (implementing agency). The Committee agreed that close monitoring of the work of subcontractors by the responsible implementing agencies and participation and advise of stakeholders and relevant interested parties are always desirable, and that the situation developed in this project supports this view. The Committee further agreed that closer monitoring by the Secretariat and donor countries - through participation in project steering committees - is also important to prevent the developments reported for this project, and to allow proper assessment of follow-up activities and projects.

However, the Committee also pointed out that the long term impact of a project of this nature, designed to promote forest industry development through technical studies and policy formulation, largely depends on the prevailing political will and action programs adopted and implemented after project completion. The change in the Government leadership in the forest sector, which took place towards the end of the project, brought forth new expectations and a new focus which pointed to directions other than those recommended in the project results. The Committee agreed that this is normal and that in this case the heretofore limited impact of the project should not be seen as a failure.

To disseminate lessons learned in the ex-post evaluation to work on projects PD 63/89 Rev.1 (I) and PD 108/90 Rev.1 (I), the Committee requested the Secretariat to distribute the ex-post evaluation reports to interested parties, including the implementing agencies, members of the projects steering committees, and members of Expert Panel for Technical Appraisal of Project Proposals. The distribution of the report on PD 108/90 Rev.1 (I) shall be made after a revision by the ITTO Secretariat and consultant (Dato' Baharuddin Haji Ghazali) to clarify and provide more information on the implementing agency role in the project execution and procedures it adopted in the selection and monitoring of the project subcontractor.

The Committee also took note of the Secretariat's information that the ex-post evaluation it requested on two additional completed projects is in progress. These projects are:

PD 37/87 Rev.3 (I) Industrial Use of New Forest Species in Peru - Phases I and II (Peru)

PD 152/91 Rev.1 (I) Harmonization of Technical Tropical Timber Standards in the Andean Sub-Region (Peru).

The Committee recalled that it has already requested ex-post evaluation of five completed projects, and stressed the importance of such work to optimize the Organization's project activities and to attract further funding. The Committee decided to consider and select additional projects for ex-post evaluation at its next Session.

7. Report on Completed Pre-Projects

The Committee reviewed the work completed under the following pre-projects:

- PPD 2/92 Rev.1 (I) Sustainable Development of the Plywood Industry in Latin America (Brazil)
- PPD 11/92 (I) Reviewing and Preparing Supporting Documents for Work on Guidelines for the Development of Sustainable Forest Industries (Global)
- PPD 18/96 Rev.2 (I) Formulation of a General Plan for the Industrialization of Timber Production in Gabon in Compliance with the Sustainable Forest Management Standards (Gabon)

The final reports on these pre-projects are reproduced in documents PPR 50/98 (I), PPR 49/98 (I) and PPR 48/98 (I), respectively.

The Committee expressed its satisfaction with the survey carried out under pre-project PPD 2/92 Rev.1 (I), which provided updated information on the structure of the Latin American/Caribbean plywood industry. The study disclosed and analyzed information on location, raw material supply, production capacity, technology, employment, markets, etc., which are essential for planning further development of the plywood sector, particularly in a region where the industry has not developed as expected due to financial and marketing constraints. The pre-project activities included a study tour to Malaysia to collect information and learn from experiences of Southeast Asian plywood manufacturing industries. The results of the studies on Latin America and the information and knowledge on the Southeast Asian industry were used to formulate recommendations on actions and project profiles designed to assist development of the Latin American plywood manufacturing industry.

The Committee noted that the final pre-project report (in Portuguese, 164 pages) has been printed and made available to members of the Brazilian Plywood Manufacturers' Association (ABIMCI). The Committee requested the Secretariat to instruct the pre-project implementing agency to also make copies of the final report available to plywood industry associations of other ITTO member countries in Latin America/Caribbean. The Committee instructed the Secretariat and implementing agency to make editorial corrections it pointed out during the discussions before disseminating the full report and summary report on this pre-project.

The Committee was also pleased with the completion of pre-project PPD 18/96 Rev.2 (I), carried out by the Gabonese Ministry of Forestry, Post and Telecommunication and the Environment. The Committee noted that the pre-project provided the basis for the preparation of a master plan for forest industry development, by reviewing and studying key issues, among them:

- i. Forest management policy in Gabon;
- ii. Forest sector legislation;
- iii. The timber industry situation, with emphasis on its relationship and linkages with the forest resource and its management;
- iv. Past experiences on timber industrialization in Gabon and selected developing countries.

The Committee noted that the pre-project also assisted in the preparation of two project proposals to promote forest industry development, which the Government of Gabon submitted for ITTO consideration, and that these have already been considered by the Expert Panel for Technical Appraisal of Project Proposals. The Committee was informed by the Government of Gabon that the international consultant that assisted the pre-project implementation is helping to reformulate these project proposals in accordance with the recommendations made by the Expert Panel. The Government of Gabon trusts that a reformulated project proposal focussing on training will be resubmitted in time for consideration by the Committee at its November 1998 session.

The Committee also considered the final report on PPD 11/92 (I), prepared to conclude its work on Guidelines for the Development of Sustainable Forest Industries. The Committee agreed that the final pre-project report, prepared by an independent consultant (Dr. Markku Simula), appropriately captured and summarized the Committee's views and the results of its five year discussion and work on guidelines, policies and other actions to promote development of sustainable forest industries. The report, entitled "Policies and Measures Toward the Development of Domestic Further Processing of Tropical Timber" is reproduced in document PPR 49/98 (I).

Following up on the Committee's earlier decision, the final pre-project report identifies policies and actions to promote domestic further processing of tropical timbers. The report is aimed at four main target groups: (I) planning specialists and decision-makers in relevant government agencies, (ii) management and planning staff of wood processing industry enterprises, (iii) trade and industry associations, and (iv) development and other financing institutions interested in funding investments in wood processing industry.

A total of 28 principles are identified for policies and measures toward the development of domestic further processing, of which 24 concern producer countries and 4 consumer countries. The principles have been broken down into 70 action proposals. In producer countries the following areas are covered: (I) improving investment climate (policy and legislation, enhancing investment, infrastructure), (ii) wood supply and utilization, (iii) development of trade, (iv) environmental and social aspects (socio-economic benefits, safety considerations, environmental considerations), and (v) improving productivity (training, research and development, waste reduction and utilization, small-scale industries). In consumer countries action proposals refer to (I) market access and trade development, (ii) investment and finance, and (iii) research and development and transfer of technology.

Three areas have been identified for possible future action by ITTO: (1) implementation of the action proposals through project and non-project work, (2) policy development through comparative case studies, and (3) eventual development of a model code of conduct of wood processing industry to be used as a reference by countries which wish to develop their own codes for voluntary adoption and application by industry. It became apparent during the implementation of the pre-project that there is presently no common perceived need for ITTO guidelines for sustainable tropical wood processing industry. However, the Committee expressed support for the recommendations to consider in more detail future work on policy development through comparative case studies and on a voluntary model code of conduct for the forest industry. On the latter, the Committee, encouraged by FAO's Model Code of Forest Harvesting Practice, which is being successfully used to develop regional codes (South Pacific, Asia Pacific, Africa) decided to hold further discussions in its next session in Yokohama in November 1998.

The Committee instructed the Secretariat to take the necessary actions to finalize the French and Spanish translations of the final report and to make it available to all interested parties. The Committee expressed its gratitude to Dr. Markku Simula (Indufor Oy) for his assistance in the completion of this pre-project report.

8. Review on Project Work in Progress

The Committee reviewed the work underway in twenty-nine ITTO approved and financed projects in the field of Forest Industry. The full report on project work in progress is reproduced in document CFI(XXII)/3.

Further information on implementation progress was given by member countries, implementing agencies and the ITTO Secretariat on the following projects:

PD 12/87 (I)	Research on Utilization of Tropical Timber in Construction (Malaysia)
PD 47/88 Rev.3 (I)	Research on Utilization of Lesser-Used Species as Alternative Raw Materials for Forest-Based Industries (Philippines)
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 107/90 (I)	Strategies for Sustainable Wood Industries in Sarawak (Malaysia)

- PD 209/91 Rev.2 (I) Study of Zairian Timber with a View to Promoting Certain Species (Democratic Republic of Congo)
- PD 17/92 Rev.4 (I) Technology Transfer/Commercialization of Selected Cocowood Utilization Technologies (Philippines)
- 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 20/95 Rev.2 (I) Chemical Modification of Bamboo Culms and Their Resistance to Weathering (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 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 7/97 Rev.2 (I) III Plywood and Tropical Timber International Congress (Brazil)

Under its review of Project PD 73/89 (M,F,I), the Committee noted with concern that the project consultancy services to assist identification and formulation of project proposals are being underutilized by members. The Committee decided to recommend to Council to urge members to fully make use of the available consultancy services to bring project proposals to the high standard required by ITTO, while reducing the workload of the Organization's technical committees and Expert Panel for Technical Appraisal of Project Proposals.

The Committee also considered whether the implementation of project PD 209/91 (I) should start, in light of the somewhat more stable working conditions that emerged in the Democratic Republic of Congo. The Committee noted that a report by the ITTO African Regional Services concluded that working conditions are adequate and that the implementing agency, which is being relocated in a new building with better facilities, is ready to start the project. The Committee regretted that a more in-depth discussion on the issue could not take place because the Democratic Republic of Congo did not attend the Session. The Committee decided to request the Secretariat to consult with the implementing agency and government of the Democratic Republic of Congo for a decision concerning 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 two hundred seventy-three fellowships, granted to recipients from thirty-one 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 project extension with an additional allocation of US\$350,000.

When reviewing the progress of work under project 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)", the Committee was informed of the results of an evaluation panel that met in Kuala Lumpur in February 1998. This panel considered the preliminary surveys carried out by the Forest Research Institute of Malaysia and the Energy Research Laboratory of Cameroon on industrial waste and residues produced by timber industries. The Committee was satisfied with the recommendations included in the panel's report and noted that work on the identification of private sector potential collaborators had begun in Malaysia. The representative of the Common Fund for Commodities expressed satisfaction with the report of the evaluation panel and urged a closer working

relationship between the two implementing agencies on the issues of equipment fabrication, while stressing the importance of appropriate selection of industry collaborators for the project during the next six months.

On its review of implementation of project PD 17/93 Rev.3 (M,F,I) "ITTO Network for Information Sharing and Project Support", the Committee recalled that, in previous Sessions, it had urged the Secretariat to increase the participation and contribution of the Regional Services for project evaluation and monitoring work. The Committee was informed by the Secretariat that overall this has not been effected because recent demand for routine project evaluation and monitoring work has not exceeded the workload manageable by the headquarters Secretariat.

However, the Committee was informed that the Regional Services of Asia-Pacific and Latin America had been requested to carry out ex-post evaluation of projects previously selected by the Committee and their work was discussed by the Committee under agenda Item 7 (Report on Completed Projects). After reassessing the demand for evaluation and monitoring made under this project, and taking into account the need to improve the project's cost/benefit relationship, the Committee decided that further work under this project component should be decided and contracted to consultants on an *ad hoc* basis, rather than continuing the present long-term continuous contracts with Regional Services in the producing regions.

The Committee also recalled the discussion held during the Twenty-First Session when concerns had been raised about the effectiveness of parts of the project - in particular that the system of information provision by the Regional Services through their contracted national correspondents to the ITTO Secretariat was not working well - and its instruction for the Editor of the Tropical Forest Update to meet with each of the Regional Services representatives together with their national correspondents to try to improve the situation. The Committee was informed that in compliance with its decision, meetings had subsequently taken place in Douala (Africa), Rio de Janeiro (Latin America) and Kuala Lumpur (Asia-Pacific) on 14 and 19 January and 18 February 1998, respectively. In each case, most, but not all of the national correspondents for the region had attended. The information requirements of the Secretariat had been discussed and detailed guidelines on contributions for both TFU and Market Information Service (MIS) had been distributed by the Editor.

The Committee agreed that it was still too early to assess whether there had been significant progress since the meetings. In terms of the material provided by the Regional Services, the Committee further took note of the Secretariat's view that the general information received since the meetings has improved in quality and quantity, but that the more specific pieces, e.g. conference reports, country profiles, were still of disappointing standard.

The Committee agreed on the need to continue to pursue the project objectives of publishing the newsletter and of strengthening ITTO in the three producing regions, and taking into account the need to improve the project benefits in relation to costs decided to recommend to Council a one-year extension of the project, with a new implementation approach which reduces the required funding to the amount of US\$684,591. The Committee further decided that use of funds allocated for this additional one year period shall be effected as detailed in the budget presented in Appendix III to this report. The Committee also requested that the Secretariat prepare a revised project proposal reflecting this new implementation approach, to be considered by the Committee at its next session.

9. Review of Pre-Project Work in Progress

The Committee took note and reviewed the progress of work under the 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 2/96 Rev.2 (I) | Development of the Indian Rubberwood Industry (India) |
| PPD 12/96 Rev.1 (I) | Development and Implementations of Stress Grading Rules for Tropical Timbers (Philippines) |

When reviewing pre-project PPD 50/91 (I), the Committee recalled that a number of years had passed since approval of this pre-project, and that work priorities of the Democratic Republic of Congo may

have changed since installation of the new government. In light of this possibility, the Committee requested the Secretariat to consult with the country's government to assist decisions on the continuation of this pre-project and on alternative assistance for the formulation of project proposals in other areas of higher priority, if any. The Committee noted that such assistance could be provided under the consultancy services available under project PD 73/89 (M,F,I).

The progress in the implementation of PPD 2/96 (I) and PPD 12/96 Rev.1(I) is reported in Committee Document CFI(XXII)/4. Further information on the implementation of these pre-projects was not provided as the implementing agencies were not present in the Session.

10. Consideration of Project Proposals

Eight project and pre-project proposals were submitted by member governments in time for Committee consideration and appraisal:

PD 46/97 Rev.1 (I)	Community Forest Product Processing in the Puerto Dias Extractive Reserve (Brazil)
PD 12/98 Rev.1 (I)	Technical Manpower Development for the Ghana Wood Industry Training Center (WITC) (Ghana)
PD 20/98 Rev.1 (I)	Establishment of a Training and Technical Information Center for Wood Based Industries (Myanmar)
PD 33/98 Rev.1 (I)	Sustainable Production of Construction Materials from Philippine Bamboos (Philippines)
PPD 1/98 Rev.1 (I)	Rubberwood Utilization and Marketing in Thailand (Thailand)
PPD 4/98 Rev.1 (I)	Promotion of Tropical Non-wood Forest Products in Thailand (Thailand)
PPD 5/98 Rev.1 (I)	Technical Assistance to Improve Efficiency and Competitiveness in the Timber and Furniture Industries of Peru (Peru)
PPD 9/98 (I)	Assessment of Forest Industry Training Needs (Guyana)

The Committee considered in detail the results of the evaluation of these projects and pre-projects effected by the Panel of Experts for Technical Appraisal of Project Proposals, as contained in document CEM,CRF,CFI(XXII)/CFA(III)/1.

These eight project and pre-project proposals were reformulated or amended taking into account the Expert Panel recommendations, and these revisions were thoroughly evaluated by the Committee. The detailed results of the Committee's evaluation and appraisal of these eight project and pre-project proposals are presented in Appendix I.

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

The Fellowship Selection Panel met two times during the Twenty-second Session to evaluate fellowship applications submitted in time and select successful candidates. The Selection Panel was composed of:

Mr. Jean Williams Sollo	Cameroon	Chairman (Vice-Chairman ITTC)
Mr. Matthew Kinross-Smith	Australia	
Mr. Franklin Samba	Cameroon	
Mr. Jose Gabriel Zurita	Ecuador	
Mr. Pralong Dumrongthai	Thailand	
Mr. Geoffrey Pleydell	U.K.	
Ms. Jan C. McAlpine	U.S.A.	

The Selection Panel considered a total of 166 applications and recommended to the Committee the approval of 28 fellowship grants, subject to the availability of funds, at a total cost of US\$157,616. The approved applications are listed in Appendix II.

12. Dates and Venue of the Twenty-fifth Session

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

13. Other Business

The Committee reviewed the ITTO work relating to the promotion of production, utilization and trade of rubberwood and considered the consistency of this working area with ITTO objectives and priorities. The Committee recalled that the Organization is financing several projects focussing on rubberwood (e.g., in China and India), and that the importance of this species for the further processing industry and international trade in value-added products justifies and calls for ITTO-financed studies and projects.

The Committee also considered the question of ITTO cooperation with other international organizations, including their role as project implementing agencies. The Committee noted that ITTO has been open to such cooperation, whose appropriateness is assessed on a case by case basis. Cooperation and participation of international organizations in ITTO projects should be assessed by the Expert Panel only on their technical aspects; policy and political aspects should be dealt with only by the Committee and Council.

In its discussions related to its future work programme, the Committee recalled that the Organization is financing a number of projects on non-wood forest products, an area singled out by the Intergovernmental Panel on Forests for its potential for international trade and relevance to local communities and domestic economies of a large number of developing countries. The Committee agreed that this is a highly relevant working area which merits further discussion, and requested that it should be included in its agenda next Session.

Regarding additional issues that the Committee on Forest Industry should be considering in its work program, the Committee expressed the view that increased emphasis should be given to project work on standardization and harmonization, which directly relates to the competitiveness of wood products in the world market. The Committee recalled that several projects had been completed on this topic (e.g. PD 152/91 Rev.1 (I) Harmonization of Technical Tropical Timber Standards in the Andean Subregion) and urged members to consider submitting additional projects in this area of work.

14. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

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

PD 12/98 Rev.2 (I)	Technical Manpower Development for the Ghana Wood Industry Training Center (WITC) (Ghana)
PD 20/98 Rev.1 (I)	Establishment of a Training and Technical Information Center for Wood Based Industries (Myanmar)
PD 33/98 Rev.2 (I)	Sustainable Production of Construction Materials from Philippine Bamboos (Philippines)
PPD 1/98 Rev.2 (I)	Rubberwood Utilization and Marketing in Thailand (Thailand)
PPD 4/98 Rev.1 (I)	Promotion of Tropical Non-wood Forest Products in Thailand (Thailand)
PPD 5/98 Rev.2 (I)	Technical Assistance to Improve Efficiency and Competitiveness in the Timber and Furniture Industries of Peru (Peru)

- PPD 5/98 Rev.2 (I) Technical Assistance to Improve Efficiency and Competitiveness in the Timber and Furniture Industries of Peru (Peru)
- PPD 9/98 Rev.1 (I) Assessment of Forest Industry Training Needs (Guyana)

2. That the following project proposal be revised and resubmitted directly to the Committee:

- PD 46/97 Rev.1 (I) Community Forest Product Processing in the Puerto Dias Extractive Reserve (Brazil)

3. To allocate supplementary funds amounting to US\$350,000 to allow continuation of the fellowship program implemented under project PD 1/93 Rev.1 (M,F,I) "ITTO Fellowship Programme - Phase II".
4. To allocate additional funds amounting to US\$ 684,591 to finance a one-year extension of project PD 17/93 Rev.3 (M,F,I) "ITTO Network for Information Sharing and Project Support", under the revised work plan and budget approved by the Committee at this session.
5. To urge member countries to fully make use of the consultancy services available under project PD 73/89 (M,F,I) to bring project proposals to the high standard required by ITTO.
6. To urge donor countries to assist and contribute to the monitoring and evaluation of ITTO projects, through participation in project steering committee meetings.
7. To confirm that ITTO is open to cooperation with international organizations and that participation of these organisations in ITTO projects should be assessed by the Expert Panel only on their technical aspects; and that policy and political aspects should be dealt with only by the Committees and Council.
8. 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 5/92 Rev.4 (I) Establishment of a Center For The Promotion of Lesser-Known Tropical Hardwood Species in Europe [US\$976,500]
- PD 11/96 Rev.2 (I) Strengthening and Development of Non-conventional Joinery Technology within the Corporation for Timber Production Development in the Colombian Pacific Region (CDP) (Colombia) [US\$540,000]
- PD 13/95 Rev.3 (I) Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries (Finland) Phase II [US\$442,261]
- PD 33/97 Rev.2 (I) Identification and Nomenclature of Commercial Tropical Timber Species in the Andean Community - Phase II (Peru) [US\$733,225]
- PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (Global) [Additional funds (US\$170,000)]
- PD 15/96 Rev.2 (M,I) Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines (Philippines) [Additional funds (US\$38,297)]
- PD 33/96 Rev.2 (I) Workshop on Nondestructive Testing of Tropical Timber (Global) [Additional funds US\$53,383]

15. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX I

Technical Evaluation of Project and Pre-Project Proposals

PD 46/97 Rev.1 (I) *Community Forest Product Processing in the Puerto Dias Extractive Reserve (Brazil)*

The Committee noted with satisfaction that the government of Brazil prepared and made available a document (CFI(XXII/8)) commenting and responding to the project appraisal made by the Expert Panel for Technical Appraisal of Project Proposals. The Committee considered the document and agreed that it appropriately provided more information on two of the questions raised by the Expert Panel (implementing agency institutional capability and training courses location/costs). The Committee further agreed that explanations related to the other two questions raised by the expert panel (cost of a few budget items and project duration) were satisfactory. The Committee decided that the contents of document CFI(XXII)/8 should be incorporated in the project proposal and that the revised proposal should be resubmitted directly to the Committee.

PD 12/98 Rev.1 (I) *Technical Manpower Development for the Ghana Wood Industry Training Center (WITC) (Ghana)*

The Committee considered the additional information and clarifications presented in the revised proposal related to how training would address social issues, the current staffing of the WITC and further references in the proposal regarding which WITC services would be charged to the users of the facilities. The Committee noted that the Informal Working Group had found that all of the recommendations from the Expert Panel for Technical Appraisal had been accounted for in the revised project proposal. Noting that Ghana's forest industry development strategy relies upon WITC to develop the required manpower and skilled labor force, the Committee decided to recommend to Council the approval of the proposal, which was further revised [PD 12/98 Rev.2 (I)] to include minor budget amendments to appropriately reflect ITTO monitoring and evaluation and administrative support costs.

PD 20/98 Rev.1 (I) *Establishment of a Training and Technical Information Center for Wood Based Industries (Myanmar)*

The Committee agreed that the proposed establishment of a training and technical information centre in Myanmar is important to assist development of downstream wood processing, and is thus relevant and consistent with the ITTA objectives. The Committee also agreed that this revised proposal adequately addressed the Expert Panel's recommendations. The Committee observed and supported the slight budget increase to facilitate the implementation of activities related to Outputs 1.2 and 2.1. The Committee decided to recommend this proposal to the Council for approval and implementation.

PD 33/98 Rev.1 (I) *Sustainable Production of Construction Materials from Philippine Bamboos (Philippines)*

The Committee discussed the recommendations from both the Expert Panel and the Informal Working Group which centered on four areas (i) prioritization of problems described in the proposal, (ii) the formulation of objectives, (iii) technical cooperation with the Forest Products Research Institute (FPRDI) of Los Banos and (iv) the question of funding university staff through the ITTO budget. The Committee guided work to further revise the project proposal during the Session leading to the formulation of an improved proposal which focuses on the utilization and production technologies and on research on mechanical properties of bamboo. The Committee noted the comments from the delegation of the United States of America regarding the possible inappropriateness of paying salaries of the project personnel and that this had been clarified in the revised proposal. The Committee was satisfied that the salary complements were in-line with normal practices of honoraria paid for project work outside the normal duties of the university professors. Regarding the expected role of FPRDI in the project, it was further noted that the revised proposal now included the shared use of testing equipment and technical expertise between the two institutions. The Committee decided to recommend to Council the approval and implementation of the revised proposal [PD 33/98 Rev.2 (I)].

PPD 1/98 Rev.1 (I) Rubberwood Utilization and Marketing in Thailand (Thailand)

The Committee agreed that the formulation of a strategic plan to promote further development of the rubberwood industry in Thailand, proposed in this pre-project, is relevant and consistent with the ITTO objectives. The Committee considered that minor revisions had been introduced in the proposal following recommendations made by the Expert Panel, but decided that further revision work should be carried out during the Session to provide more focus to the planned workshop objectives and ensure appropriate selection of target audiences. The Committee decided to recommend to Council the approval and implementation of the further revised proposal [PPD 1/98 Rev.2 (I)], which addressed these issues.

PPD 4/98 Rev.1 (I) Promotion of Tropical Non-wood Forest Products in Thailand (Thailand)

The Committee agreed that the proposed survey of non-wood forest resources and their utilization/trade in four selected forest areas in Thailand is relevant and consistent with ITTO priorities. The Committee discussed the issue of possible duplication of work, but concluded that existing information and data covered mostly exports, while the proposed work will focus largely on the seasonality of production and on utilization studies. The Committee stressed that to avoid duplication the study should concentrate on production and utilization, reducing the work related to market opportunities. The Committee decided to recommend to Council approval and implementation of the pre-project proposal.

PPD 5/98 Rev.1 (I) Technical Assistance to Improve Efficiency and Competitiveness in the Timber and Furniture Industries of Peru (Peru)

The Committee noted with satisfaction that as recommended by the Expert Panel for Technical Appraisal of Project Proposals, this pre-project merged two earlier proposals designed to prepare technical assistance/training programs and to formulate proposals for developing international markets for Peruvian value-added tropical timber products. The Committee agreed that the pre-project is appropriately designed and decided to recommend to Council the approval of the proposal, further revised [PPD 5/98 Rev.2 (I)] to include amendments to appropriately reflect the ITTO monitoring and evaluation and administrative support costs.

PPD 9/98 (I) Assessment of Forest Industry Training Needs (Guyana)

The Committee agreed that this pre-project has been adequately formulated in light of the recommendations of the Expert Panel for Technical Appraisal of Project Proposals. The pre-project, which will assess forest industry training needs and training facilities and resources in Guyana, will also formulate a training strategy and training proposal, if justified. The Committee decided to recommend to Council the approval of the proposal, further revised [PPD 9/98 Rev.1 (I)] to include minor amendments to appropriately reflect the ITTO monitoring and evaluation and administrative support costs.

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

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	FIELD OF ACTIVITY	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		Art.25 Para.1				
PD 46/97 Rev.1 (l)	c,e,g,h	Wood Processing	460,990	12 months	Brazil	2 (a)
PD 12/98 Rev.2 (l)	b,c,e,g	Training/Wood Processing	237,375	36 months	Ghana	1
PD 20/98 Rev.1 (l)	b,c,e,g	Training/Wood Processing	508,755	24 months	Myanmar	1
PD 33/98 Rev.2 (l)	c,f,i	Research and Development	544,696	48 months	Philippines	1
PRE-PROJECT DOCUMENTS						
PPD 1/98 Rev.2 (l)	c,f,i,k	Further Processing	82,290	10 months	Thailand	1
PPD 4/98 Rev.1 (l)	c,f,i	Non-Wood Forest Products	89,886	6 months	Thailand	1
PPD 5/98 Rev.2 (l)	c,d,e,f,i	Technical Assistance	53,805	6 months	Peru	1
PPD 9/98 Rev.1 (l)	b,c,e,g	Survey/ Feasibility Study	52,434	3 months	Guyana	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
100/98S	Li, Wei	China	Research on "Marketing of Rubberwood Products with a view to Promoting Rubberwood Processing Industry in China" at the College of Forest Resources, University of Washington, Seattle, U.S.A.
044/98S	Sharma, Ashita		Nepal Research on "Management and Marketing of Forest Products by the Forest User Groups in Nepal" in collaboration with the leading Research Institution of Nepal
097/98S	Bakouma, Jean		Congo Research on "Economic and Institutional Aspect of Sustainable Forest Management and Its Application in Arica" to be carried out at Institut National de la Recherche Agronomique, Nancy, France.

COMMITTEE ON FOREST INDUSTRY

139/98S	Eusebio, Dwight Agpoon	Philippines	Deliver a Conference Paper on "The Manufacture of Wood Fiber Reinforced Cement Composites from Eucalyptus pellita and Acacia mangium Kraft Pulp" at the Second European Panel Products Symposium organized by the University of Wales, UK.
145/98S	George Joseph, V.	India	Study tour on the inputs/support services provided by Forest Research Institute of Malaysia, Investment Promotion Board of Thailand and Singapore Furniture Manufactures Council for the further development of the Indian Rubberwood Industry
111/98S	Gnanaharan, Rajamoney	India	(1) Deliver a conference paper at the V International Bamboo Congress & VI - International Bamboo Workshop and (2) Study tour in the U.K. organized by TRADA Technology.

006/98S	Husain, Hamdan	Malaysia	Deliver Conference Paper at World Conference on Timber Engineering 1998 in Lausanne, Switzerland
108/98S	Wong, Andrew H.H.	Malaysia	Deliver conference paper at the 29th Annual Meeting of the International Research Group on Wood Preservation Conference to be held in the Netherlands.

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

084/98S	Adu-Anning, Charles	Ghana	Deliver Conference Paper at International Workshop on Sustainable Management of African Rain Forests Today in Libreville, Gabon
120/98S	Adu-Bredu, Stephen	Ghana	Research on "Threatened Milicia Species (iroko): Potential for the Production of Study Planting Materials" at the Forestry Research Institute of Ghana.
022/98S	Ammamoo, Magdalene Maud	Ghana	Case Study Phase II: The socio-economic dependence of rural communities on the forest and forest resources in the four major vegetation zones of Ghana
056/98S	Apetorgbor, Mary Mamle	Ghana	Deliver conference paper at the 2nd International Conference on Mycorrhiza (1 COM II) at Swedish University of Agricultural Science and International ICOM Committee.
011/98S	Aryal, Sabitri	Nepal	B.Sc Programme in Forestry, Forest Education Division, Pakistan Forest Institute, Peshawar, Pakistan
068/98S	Bittner, Jens	Colombia	Organizing a short course on "Selection, Management and Propagation of Species Stoods for Nursery Production" at Reserva Natural la Planada, Ricaurte, Nariño, Colombia.
151/98S	Chit Hlaing,	Myanmar	Research on development of district-wise computerized simulation models to assess teak plantations in forest districts in terms of both economic and ecological aspects.

158/98S	Colan, Violeta B.	Peru	Deliver Conference Paper at Congreso Latinoamericano de IUFRO: El Manejo Sustentable de Los Recursos Forestales, Desafio del Siglo XXI in Chile
017/98S	Elias, Elias	Indonesia	A reference book entitled "Reduced Impact Timber Harvesting in Indonesian Selective Cutting and Planting System"
078/98S	Gbarway, Abednego Dortror	Liberia	National Diploma Program in forestry technology at the Federal College of Forestry, Department of Forestry Technology, Ibadan, Nigeria.
026/98S	Gonzalez, Carlos Eduardo	Colombia	Tropical Dendrology Course at Tropical Science Center, Costa Rica
076/98S	Harun, Ismail	Malaysia	ITTO Workshop on Permanent Sample Plots and Growth Models for Natural Forest Management at Forest Research Institute in Lae, Papua New Guinea.
168/98S	Masse, Bienvenu	Cameroon	Participation in the IUFRO Inter-Divisional Seoul Conference: Forest Ecosystem and Land Use in Mountain Areas in Seoul, Korea
136/98S	Militante, Ernesto P.	Philippines	Participation in "Asia-Pacific Mycological Conference on Biodiversity and Biotechnology" to be held in Hua Hin, Thailand.
153/98S	Nkomo, Etienne	Cameroon	Preparation of a practical document entitled "Guide de controle de l'exploitation forestiere au Cameroun (Guide for Logging Operations Control in Cameroon)"
124/98S	Novarina, Dian	Indonesia	Short training course on "Agroforestry: Trees for Sustainable Development" at the Wye College and Oxford Forestry Institute, UK.
065/98S	Pidani, Omar Aschari	Indonesia	Participation in the IUFRO Division 8 Conference on Environmental Forest Science at Kyoto University, Japan.
167/98S	Silva, José Natalino Macedo	Brazil	ITTO Workshop on Permanent Sample Plots and Growth Models for Natural Forest Management at Forest Research Institute in Lae, Papua New Guinea

096/98S	Spence, Leigh Ann	U.S.A.	Research on "Development of sustained timber production from tree plantations through genetic improvement of <i>Grevillea robusta</i> in Brazilian farming systems with the assistance of EMBRAPA and UFPR.
116/98S	Vilchez Baldeon, Hector	Peru	Master's Degree Program on Forest Management at the Universidad Nacional Agraria La Molina, Peru.

APPENDIX III

BUDGET FOR PD17/93 Rev.3 (M,F,I) – PROPOSED EXTENSION (III) July 98–June 99

	US\$
Total project expenditure (Phase II) to 20 April 98	2,056,300
Funds remaining at 20 April 98	561,254
Anticipated expenditure to end June 98	485,355
Anticipated surplus funds	75,899

Estimated Budget to extend PD 17/93 July 98 – June 99

<i>Editor</i> (incl. Separation, removal, recruitment & dependency costs)	162,000
– Travel	50,000
<i>Anutech</i> – 4 issues in three languages (4 x 47,000)	188,000
<i>Translators</i> – 4 issues x2 languages (8 x 5,600)	44,800
<i>National correspondents/ad hoc commissions for articles</i>	100,000
<i>Miscellaneous</i>	10,000
<i>Project evaluation</i>	20,000
<i>Contingency</i>	50,000
<i>Monitoring and evaluation of projects (ad hoc commissions)</i>	100,000
Sub-total	724,800
Less surplus funds	75,899
	648,901
Programme support @ 5.5%	35,690
TOTAL	684,591

Should insufficient funds be available to finance fully this recommended one-year extension, the activities of the newsletter will take precedence.

* * *

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THIRD SESSION
20-28 May 1998
Libreville, Gabon

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**BY THE THIRD SESSION OF THE COMMITTEE ON FINANCE AND
ADMINISTRATION**

(20-28 May 1998, Libreville, Gabon)

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
BY THE THIRD SESSION OF THE COMMITTEE ON FINANCE AND ADMINISTRATION
(20-28 May 1998, Libreville, Gabon)

Item 1: Opening by the Chairperson

1. The Session was opened by the Chairperson, Mr. Toshikatsu Aoyama (Japan). In his opening statement, the Chairperson drew the attention of delegates to the tasks and functions of the Committee on Finance and Administration (CFA) as specified in the International Tropical Timber Agreement (ITTA), 1994. He recalled that the new Financial Rules and Rules Relating to Projects of the ITTO were adopted by the Council at its last Session in December 1997. He emphasized that the new set of rules also contains the rules for the operation and control of the Bali Partnership Fund and that the Committee may wish to deliberate at this Session on the procedures to put the Fund into operation as early as possible.

Item 2: Adoption of Agenda and Organization of Work

2. The Committee adopted its agenda as presented in document CFA(III)/1. The Chairperson suggested that due to the possible lengthy discussion on the Bali Partnership Fund, the Committee may wish to discuss other Agenda items first and deliberate on the operationalization of the Bali Partnership Fund during the latter part of this Session.

Item 3: Review of Contributions to the Administrative Budgets

3. The Executive Director introduced document CFA(III)/2 which provided details of Members' contributions to the Administrative Budgets for the financial year 1998 and also on arrears in contributions from Members to previous years' budgets (1986-1997). The Executive Director advised that payments have been received for 1998 from Producer Members totaling \$472,702.82 and from Consumer Members totaling \$826,846.00. He also informed the Committee that assessment for a new Member, Venezuela, in the amount of \$40,417.00 had also been proposed for 1998. The Executive Director also advised that the Secretariat had received information from a number of Members that payments of their contributions for 1998 have been or are being processed. He also informed the Committee that due to the current economic crisis, Indonesia wishes to pay its assessment in instalments and that the first payment of \$59,985.00 had already been received. The Executive Director also noted with appreciation the unprecedented generosity of the Government of Brazil in respect of their payment in full for the 1997 budget, even though Brazil ratified the ITTA, 1994, only on 28 November 1997 and hence not obliged to contribute the assessed amount for the whole year. The Representative of the European Union informed the Committee that a former Member, Italy, had recently completed procedures for ratification of the ITTA, 1994, through the national procedures and is expected to become a full Member of the Organization again as well as to make its full payment to the Administrative Budget. Some Members advised the Committee that payments of their contributions were delayed in 1998 due to changes of the authorities responsible for the payment and other developments in their countries. Nevertheless, they assured the Committee that their payments will be made in the very near future.

4. The Executive Director also presented in the same document the arrears in contributions from Members to previous year's budgets (1986-1997) as well as the interest charges levied on late payment of contributions in the ITTA, 1983. Cameroon informed the Committee that payment of \$202,078.00 had already been made to clear the major part of its arrears in contributions. Togo also advised that its arrears in contributions should be \$366,743.00 instead of \$418,718.00 as stated in the document. The Secretariat will recheck its records and make the necessary amendments.

5. The Executive Director also informed the Council that arrears in contributions of \$24,720.00 and interest charges of \$24,280.85 are also due from two former Members of the Organization, namely Trinidad and Tobago and the Russian Federation.

6. The Committee expressed concern on the amounts of arrears in contributions by Members and requested the Secretariat to inform on measures taken to clear such arrears. The Secretariat advised that continuous efforts have been and are being made to collect arrears in contributions from Members including sending reminders and follow-ups as required under the Agreement. Moreover, during visits to

countries with arrears in contributions, senior members of the Secretariat often deliver invoices and urge Members to meet their obligations to the Organization.

7. On the suggestions made by Switzerland and Australia, the Committee also plan to decide on measures to be taken to accelerate payments by Members with arrears in contributions to the Administrative Budgets.

Item 4: Current Status of the Administrative Account

8. The Executive Director introduced document CFA(III)/3 which indicated the current status of the Administrative Budget for 1998 including actual expenditures for the first four months and estimated expenditures for the remaining period of the financial year. The Executive Director advised the Committee that out of the approved allocation of \$3,854,916.00 for 1998, it is expected to expend \$3,565,481.00 and therefore a saving of \$289,435.00 is anticipated. It is also anticipated that with payments to be made before the end of 1998, a surplus of \$124,212.00 may be expected in the Administrative Budget in 1998.

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

9. The Secretariat presented to the Committee document CFA(III)/4 which includes a comprehensive listing of voluntary contributions to and expenditures on Pre-Projects, Projects and approved Activities. The document was prepared in the same format as presented at previous Sessions of the Committee and serves as an information document for Members. Switzerland advised that some of its pledges to Projects do not appear in the document and will contact the Secretariat on its voluntary contributions. Members were also requested to inform the Secretariat of any amendments necessary to keep a complete and accurate record of the Special Account.

10. In reviewing the resources of the Bali Partnership Fund, Japan affirms to the Committee that its previous pledge to the Fund in the amount of US\$11.5 million remains committed and although some of the funds remitted to the Organization were earmarked for Projects in the Special Account, additional funds will be made available for earmarking in the Bali Partnership Fund to maintain the original amount of its pledge, when the Fund becomes fully operational. Japan further reiterated its commitment to continue to support the Fund and appealed for other donors to do so.

11. The Executive Director, in leading the deliberations on the operations of the Bali Partnership Fund, drew the attention of the Committee to the spirit of setting up the Fund when the current Agreement (ITTA, 1994) was negotiated as well as the objectives of the Fund. A copy of the Executive Director's comments is shown in the Annex to this report.

12. A number of Members commended the Executive Director for his clarifications on the objectives and methodologies in the operation of the Fund. Both the United States and The Netherlands expressed intention to initially contribute \$100,000.00 each to the Fund. Switzerland agreed with the suggestion made by the Executive Director that priority for funding by the Bali Partnership Fund may be given to projects which have global or regional impact. Members agreed to continue discussions on the management of the Fund and criteria for funding at the next Session of the Committee in November 1998 in Yokohama so that the Fund can be fully operational as soon as possible. The Committee requested the Secretariat to prepare the necessary document for circulation to Members to facilitate discussion on this subject matter at the next Session.

Item 6: Auditor's Report for the Financial Year 1997

13. The Secretariat presented document CFA(III)/5 which contains the Report of the Independent Public Accounts on the Accounts of the Organization for the Financial Year 1997. The Committee took note of the report and recommended that the Council accept this report.

Item 7: Resources for Programme Support

14. The Secretariat presented document CFA(III)/7, prepared by the Secretariat in accordance with the request of the Committee at its Second Session to assist it in the review of the resources of the Programme Support Fund in the Special Account.

15. The Committee took note that the resources allocated for document translation costs in the Programme Support of 0.5% were inadequate and recommended to the Council to authorize the transfer of funds from the general Programme Support to offset the deficit in translation costs and to increase the percentage to be allocated for document translation costs to 1% with immediate effect.

16. The Committee also decided to continue the review of the resources of the Programme Support Fund in the Special Account at its Fourth Session.

Item 8: Review of the Resources and Uses of the Working Capital Account

17. As requested by the Committee at its Second Session, the Secretariat prepared and presented at this Session of the Committee document CFA(III)/7 which included a statement showing the movement of funds in the Working Capital Account (WCA) of the Organization during 1991-1997 and noted that the balance of the WCA as at 31 December 1997 remained at \$1,931,090.00. The Committee also noted with satisfaction that, with payments of arrears and interest charges received from Members in the first four and one-half months of 1998, the resources of the WCA as at 15 May 1998 further increased to \$2,237,340.73.

Item 9: Other Business

18. The Committee noted that no other particular matters needed to be discussed at the present Session.

Item 10: Dates and Venues of the Sixth and Seventh Sessions

19. The Committee noted that the dates and venues of its Sixth and Seventh Sessions would be fixed in conformity with the dates and venue decided by the Council for its Twenty-seventh and Twenty-eighth Sessions.

Item 11: Recommendations to the International Tropical Timber Council

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

- (1) To adopt the Report of the Independent Public Accounts on the Accounts of the Organization for the Financial Year 1997 as contained in document CFA(III)/5;
- (2) To authorize the transfer of an amount of \$210,713.79 from the General Programme Support to the component of Translation Costs in the Programme Support to eliminate the deficit incurred in that account as at the end of the financial year 1997; and
- (3) To authorize the increase in the charges to be deducted in all budgets Projects, Pre-Projects and Activities, to defray the costs of translating project and pre-project proposals from the current percentage of 0.5%, as authorized by Decision 4(XV), to 1% beginning with proposed Projects, Pre-Projects and Activities submitted for appraisal by the Twenty-fifth Session of the Council.

Item 12: Report of the Session

21. The Committee adopted this Report and requested the Chairperson to present the Report to the Twenty-fourth Session of the Council for its consideration and adoption.

ANNEX

**Statement by the Executive Director on 25 May 1998,
During Meeting of the Committee on Finance and Administration
Regarding the Bali Partnership Fund**

INTRODUCTION

1. The Bali Partnership Fund (BPF) is established under Article 18 of the ITTA, 1994. Article 21 clarifies the utilization of the resources of the BPF linking it with objective (d) of the Agreement, i.e. the resources of the BPF will be used "to enhance the capacity of members to implement a strategy for achieving exports of timber and timber products from sustainably managed sources by the year 2000" – in short to achieve the ITTO Year 2000 Objective.

CRITERIA

2. Article 21, paragraph 6 of the Agreement, also specifies that Council will establish policies and financial rules for the operation of the BPF. Accordingly, Council adopted a set of new Financial Rules and Rules Relating to Projects as contained in Document CFA(II)/5 Rev.2 dated 5 December 1997. Chapter 5 of this Document deals with the BPF. The Rules specify some of the criteria for projects that are eligible to be considered for funding from the resources of the BPF. It is further provided in paragraph 2 of Rule 19 that Council shall annually review the criteria used. As it now stands there are three sets of criteria to identify projects that may benefit from the resources of the BPF. They are:

2.1 Firstly, the provisions of Article 21, paragraph 4 of the ITTA, 1994 which stipulate that in allocating resources of the BPF, the Council shall 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.

2.2 Secondly, the criteria contained in Annex B of ITTC Decision 8(XX) as follows.

- 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.

2.3 Thirdly, as indicated in paragraph 2 of Rule 19 of the Financial Rules, recognizing "the importance of assisting member countries to implement the ITTO Criteria and Indicators for sustainable management of natural tropical forests."

3. Based on the above three sets of criteria, there are adequate guidelines in order to determine whether projects submitted by members qualify for consideration for financing from the BPF. What is the process that may be used for making such a classification to facilitate consideration by Council on this matter? One option would be to expand the terms of reference of the Expert Panel for the technical appraisal of project proposals to identify such projects for the consideration of the relevant Committees which in turn will make recommendations to Council. There may be other mechanisms and options.

RESOURCES

4. On the resources of the BPF, the Agreement and Rules stipulate four sources including:

- (a) Voluntary contributions from donor members;
- (b) Voluntary contributions from public and private sources which the Organization may accept;
- (c) 50 per cent of the interest earned from the ITTO Special Account; and
- (d) Interest earned from the BPF itself.

5. It is quite clear that the first two sources may either be earmarked or unearmarked depending on the wishes of the donor. Items 4(c) and (d) above, on the other hand, by its nature, constitute unearmarked funds to be allocated by Council. There are therefore two components of the BPF; earmarked and unearmarked funds. To facilitate management, it would be necessary to open two separate accounts to handle each component of the BPF.

6. Another important issue is the establishment of criteria which may be used to prioritize projects for funding from the unearmarked component of the BPF. This is necessary because it is most likely that there will be more projects than availability of funds. One possible approach is to limit funding of two priority groups of projects from the unearmarked component of the BPF as follows:

- First priority are projects and activities of an emergency or urgent nature, e.g. assistance regarding forest fire management, combating outbreak of pests and diseases, special studies etc.
- Second priority is projects of global benefit.

ISSUES TO BE CONSIDERED

7. Summarizing the status of the BPF and the issues that the Committee has to address at this stage in order to operationalize the Fund, the following are relevant:

7.1 With the entry into force of the ITTA, 1994, on 1 January 1997, the BPF may be established in pursuit of objective (d) of the Agreement or ITTO's Year 2000 Objective.

7.2 The criteria for identifying projects eligible for funding from the BPF include:

- (i) Firstly, the provisions of Article 21, paragraph 4 of the ITTA, 1994 which stipulate that in allocating resources of the BPF, the Council shall 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.
- (ii) Secondly, the criteria contained in Annex B of ITTC Decision 8(XX) as follows.

- 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.

- (ii) Thirdly, as indicated in paragraph 2 of Rule 19 of the Financial Rules recognizing "the importance of assisting member countries to implement the ITTO Criteria and Indicators for sustainable management of natural tropical forests."

7.3 Council shall annually review the above criteria in accordance with its interpretation of objective (d) of the Agreement as necessary.

7.4 The committee needs to recommend to Council the process and mechanism to apply the criteria indicated in 7.2 above, to facilitate consideration by Council to determine which projects submitted by members are eligible for funding from the resources of the BPF. One option is to expand the terms of reference of the Expert Panel for Project Appraisal to include this function. The Panel's proposals may then be considered by the relevant technical committee (Committee on Economic Information and Market Intelligence, Committee on Reforestation and Forest Management, Committee on Forest Industry) which in turn will make recommendations for the consideration of Council.

7.5 The resources of the BPF include:

- (a) Voluntary contributions from donor members;
- (b) Voluntary contributions from public and private sources which the Organization may accept;
- (c) 50 per cent of the interest earned from the ITTO Special account; and
- (d) Interest earned from the BPF itself.

Resources derived from 7.5(a) and (b) above may be earmarked or unearmarked depending on the wishes of the donor, whilst items 7.5(c) and (d) are unearmarked. It is important therefore that when members make pledges, they should indicate their intentions clearly whether it is for the ITTO Special Account or the BPF. If it is for the BPF, it should be indicated whether it is earmarked or unearmarked.

7.6 To facilitate the separate management of the earmarked and unearmarked resources of the BPF, two sub-accounts may be opened to receive contributions indicated in 7.5(a) and (b) in one sub-account and funds derived from 7.5(c) and (d) in the other sub-account.

7.7 It is suggested that at this stage, only projects and activities to address emergencies that affect or have implications on the sustainability of tropical forests (i.e. ITTO's Year 2000 Objective) and

projects with global benefits, as decided by Council, will be financed from the unearmarked sub-account of the BPF.

8. The foregoing provide some elements to stimulate discussions on some issues to operationalize the BPF for the consideration of the Committee on Finance and Administration.

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ANNEX VI

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

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TWENTY-FOURTH SESSION
20-28 May 1998
Libreville, Gabon

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)
AT ITS SECOND MEETING**

**Second Meeting of the Informal Advisory Group (IAG)
Libreville, Gabon, 19 May 1998**

Report of the Chairperson

1. The IAG met for the second time for a full day on Tuesday 19 May. Participants included the Chair and Vice Chair of the Council, the two caucus spokespersons, three committee chairs, among them a host government representative, and the Executive Director.
2. The IAG reviewed items outlined on the draft agenda annexed to this report, as well as other items raised by members in the course of the meeting. Based on its discussions, the IAG provides the following advice for consideration and appropriate action by the Council at its Twenty-Fourth Session.
3. Pursuant to Decision 3(XXII) and with a view to reducing costs associated with documentation, the IAG recommends that the Council consider at this session:
 - a. requesting the Executive Director to review all previous Council decisions and prepare a report for consideration by the Council at its 25th Session that identifies which decisions have expired, which have been overtaken by subsequent decisions which have been implemented, and which are pending implementing;
 - b. approving on a trial basis with the involvement of interested countries the use of electronic mail and the ITTO home page to transmit project and other documents; and
 - c. requesting the Executive Director to explore and report to the Council at its 25th Session on other ways of reducing the costs of document preparation, translation and distribution.
4. The IAG recommends that the Council take additional action at this session with a view to developing a consensus on the following pending items:
 - a. a text for the ITTO Action Plan and Mission Statement;
 - b. a set of revised ITTO criteria and indicators for sustainable management;
 - c. establishing IPR guidelines for the Organization; and
 - d. matters related to Article 16 of the ITT 1994; appointment of an Executive Director.
5. The IAG recommends that the Council give urgent attention to operationalizing the Bali Partnership Fund, including:
 - a. developing rules to manage and administer the Fund pursuant to Article 21 of the ITTA 1994; and
 - b. identifying criteria to decide project eligibility and/or priority for funding.
6. The IAG draws the Council's attention to the fact that the tenure of the Informal Working group on Project and Pre-Project Monitoring and Evaluation has expired and recommends that the Council consider scheduling an informal joint producer-consumer session to exchange views on the effectiveness of the Working Group and whether it should be continued.
7. The IAG also draws the Council's attention to the crucial importance of maintaining transparency and a democratic approach within the Council, including with respect to informal processes that are used to develop draft decisions for Council consideration. Recognizing the role of small informal bi-partisan groups in advancing the Council's work, as well as the needs of small delegations, the IAG urges that such groups be scheduled so as to minimize conflict with committee sessions, preferably in the evenings, that they be open-ended, and that they not supplant the role of the Council as the principle forum for discussion and decision-making.
8. In view of the relevance of the ITTO Fellowship Program to the Committees on Reforestation and Forest Management and on Economic Information and Market Transparency, as well as the Committee on Forest Industry, the IAG recommends that the Council consider requesting the Chairman of the Fellowship Selection Panel be make his report directly to the Council.
9. Regarding strategic priorities and policy options for the Organization, the IAG identified the following issues for further consideration by the Council:

- a. the potential need to enhance the work of the Organization in the area of fire prevention and management as it relates to the production of internationally traded tropical timber;
 - b. the contribution of the Organization in implementing the proposals for action of the Intergovernmental Panel on Forests relevant to ITTO's mandate; and
 - c. new and innovative ways to generate contributions to the Bali Partnership Fund.
10. The IAG further recommends that the Council give greater consideration to identifying strategic priorities and issues for the Organization in the medium and long-term;
11. In order to enable the Council to consider the above recommendations and take any appropriate action, the IAG urges that the foregoing recommendations be taken up by the two caucuses at the earliest opportunity.
12. The IAG agreed to reconvene later during this Council Session to take stock and discuss potential items for future Council consideration.
13. The IAG Thanks the Executive Director and the secretariat for their support and requests the Executive Director to include the IAG report as an annex to the Report of the Council at its Twenty-Fourth Session.

Informal Advisory Group (IAG) – Second Session

Tuesday, 19 May 1998, Libreville

Draft Agenda

1. Brief background on IAG
 - Decision 3(XXII)
 - Report of Chairman on First IAG Session, 30 November 1997
 - IAG recommendations left pending from first session (para 11)
 - Request ED to screen ITTC decisions to date to assist IAG evaluation
 - Request ED to propose ways to reduce costs of project documentation
2. Pending issues for current Council action/decision, e.g.:
 - ITTO Action Plan
 - Criteria and indicators
 - IPR guidelines
 - Streamlining committees – IWG on Project Evaluation
 - Appointment of ED (Art. 16)
 - Items in (1) above
3. Other issues for possible Council discussion/action, e.g.:
 - Operationalizing Bali Partnership Fund
 - Process/timing of CFA review of staffing priorities/needs (public relations and education)
 - Proliferation of informal groups (e.g. IAG, IWG on Projects, small groups)
 - Fellowship Selection Panel reporting to Forest Industry Committee
 - Time limit on interventions/reports (by delegates, consultants, panels, secretariat)
 - ITTO support to IFF/ITFF
4. Future ITTO priorities/strategic issues: Open for ideas
 - e.g. fire
5. Above items that might benefit from informal joint producer/consumer sessions
 - e.g. IWG on Project Evaluation
6. IAG Chairman's report to Council
7. Next IAG meeting

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