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# **ITTO HANDBOOK**



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## 1. ITTO in Brief



## The Agreements

1. ITTO was established in 1986 under the International Tropical Timber Agreement (ITTA), 1983, but its origin can be traced back to at least 1976. The long series of negotiations that eventually led to the first ITTA began at the Fourth Session of the United Nations Conference on Trade and Development (UNCTAD) following the addition of tropical timber to the original list of commodities in the proposed UNCTAD Integrated Programme for Commodities. The ITTA, one of several commodity agreements that eventually materialized out of that programme, was adopted in 1983. But it took another two years for it to enter into force and a further 18 months before the location of the headquarters was agreed upon and an Executive Director appointed. Thus, ITTO began operating in early 1987.

2. Things changed considerably over the seven years that it took to conclude the ITTA, 1983 and the further four years it took to activate it. World concern over the fate of the tropical forests was intensifying and the international community was being asked to mobilize to avert disaster. Conservation had become at least as important a consideration in the negotiation as trade. So the ITTA that eventually entered into force was not a conventional commodity agreement; it was just as much an agreement for forest conservation and development as for trade.

3. It contained eight objectives, which fell into three broad groups. Under the first objective, ITTO was to "provide a framework for effective consultation and cooperation between its members on all aspects relevant to the global tropical timber economy". A second group of six objectives was concerned with the promotion, expansion, diversification and strengthening of trade in tropical timber and a more equitable distribution of the proceeds of that trade between producers and consumers. The eighth objective was aimed at encouraging reforestation and better forests and their genetic resources and the maintenance of the ecological balance in the regions concerned.

4. The ITTA, 1983 operated until 31 December 1996, when it was succeeded by the ITTA, 1994. This second agreement contained six new objectives and amendments to some of the original eight. The main effects were to strengthen the provisions for mutually supportive conservation and development and to entrench the year 2000 Objective within the agreement, by which, "through international collaboration and national policies and programmes, ITTO members will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed forests by the year 2000". It also broadened the scope of the agreement to provide a forum for discussions on "all relevant aspects of the world timber economy"; the previous agreement had limited consultation to the tropical timber economy.

5. The ITTA, 1994 will itself be succeeded by the ITTA, 2006, which was adopted in January 2006 and is expected to enter into force in February 2008 or thereafter. The creation in the ITTA, 2006 of the thematic programmes sub-account has the potential to increase the Organization's funding base considerably, because it is designed to make it easier for donors to direct contributions towards thematic areas rather than individual projects. In November 2008, the Council approved the following five thematic areas:

- Forest Law Enforcement, Governance and Trade
- Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests
- Community Forest Management and Enterprises
- Trade and Market Transparency
- Industry Development and Efficiency

6. The ITTA remains the only intergovernmental agreement negotiated under the auspices of the United Nations with a focus on tropical forests and timber.

## Membership

7. The Organization's membership has grown continually since the first agreement came into force, to the point where it now numbers 60. These 60 members represent about 80% of the world's tropical forests and 90% of the world's tropical timber trade.

8. There are two categories of membership: producer and consumer. Members are designated producers if they are situated within the tropics, have tropical forest resources and/or are net exporters of tropical timber in volume terms. Members may be designated consumers if they import tropical timber and do not qualify as producers. Most consumers are situated entirely outside the tropics, although a few, such as Australia and China, have territory within the tropics. Some producer countries – Brazil, India, Mexico and Myanmar – have territory outside the tropics, and several are net importers of tropical timber.

### **Council**

9. The Organization's highest authority, the International Tropical Timber Council, comprises all the members of the Organization. Each of the two membership groups (producer and consumer) is allocated an equal number of votes. The Council therefore takes a highly equitable, collaborative and inclusive approach to decision-making and policy dialogue between producer and consumer members.

10. The two categories of membership often convene separately during Council sessions in informal caucuses to discuss various issues; each nominates a spokesperson, who represents the views of the caucus in the Council.

11. Each calendar year, the Council elects a Chair and Vice-chair, one from among the producer members and the other from among consumer members. These offices alternate each year between the two categories of membership.

### **Committees**

12. The first agreement specified the establishment of three permanent committees to oversee the Organization's three areas of substantive work: the Committee on Forest Industry, the Committee on Economic Information and Market Intelligence (changed in the ITTA, 2006 to Economics, Statistics and Markets), and the Committee on Reforestation and Forest Management. A fourth committee, the Committee on Finance and Administration, was added in the ITTA, 1994 to consider matters related to the budget and management of the Organization.

### **Secretariat**

13. The Council and Committees are served by an Executive Director, who is responsible to the Council for the administration and operation of the agreement. The Executive Director is assisted by a Secretariat of 35 people, most of whom are based in Yokohama, Japan. There is also a regional officer for Africa based in Libreville, Gabon, and a regional officer for Latin America and the Caribbean located in Brasilia, Brazil.

### **Other Bodies**

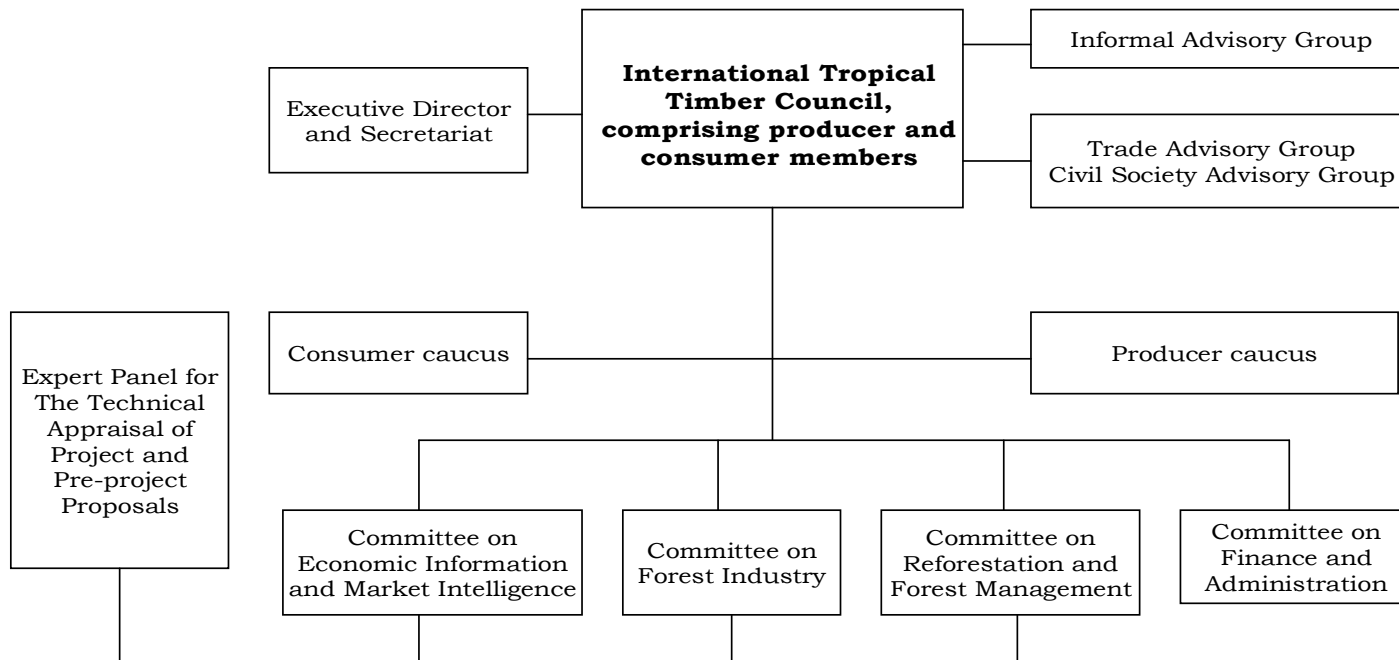
14. The Council and its committees are complemented by several associated bodies. The Informal Advisory Group was established by the Council in 2001; it comprises the Chair and Vice-chair of the Council, the four committee chairs, the spokespersons of the producer and consumer groups, a representative of Japan as the host country of ITTO headquarters, and the Executive Director. Its role is to receive, generate, synthesize and provide advice to Council, including on matters related to public relations and the Organization's cooperation with external agencies and organizations. A bureau is constituted at each Council session to assist the management of the session.

15. From time to time the Council sets up ad hoc panels of experts to review draft policy documents. These are usually composed of equal numbers of members from producer and consumer countries, complemented by representatives of the timber trade and civil society. There is also a formal Expert Panel for the Technical Appraisal of Project and Pre-project Proposals.



The Structure of the Organization

**Chart I  
Organization structure**



16. Two informal groups have been established by interested observers to advise the Council on issues relevant to their respective constituencies. The Trade Advisory Group (TAG) comprises representatives of timber traders, manufacturers and importers and exporters; it provides input to the Council's discussions and actions regarding the global timber trade. The aim of the Civil Society Advisory Group (CSAG), which comprises representatives of several non-governmental organizations (NGO), is to provide an opportunity for civil-society voices to be heard in the Council.

### **Action plan and work programme**

17. ITTO's work agenda is set by an action plan, which is drafted and agreed by the Council. In the past, action plans have spanned five years and the day-to-day operation of the Organization has been conducted on the basis of annual work programme. Recently, the work programme has become biennial and a new Action Plan was approved in November 2008 to cover the period 2008-2011.

### **Policy work**

18. ITTO has developed a great deal of international forest policy over its lifetime. Some of it has been published in the form of guidelines. These, taken as a set, are intended to provide a framework for national policies on SFM (Sustainable Management of Natural Tropical Forests). The Organization has also led the way in the development of criteria and indicators for SFM (C&I).

19. Number one in the guideline series, *Guidelines for the Sustainable Management of Natural Tropical Forests* (1990), was the first such document on forests agreed at an international level, and it set the stage for much of ITTO's policy work over the next decade or so. It laid down a total of 41 principles of SFM and, within each, a number of possible actions. The Organization has also led the way in the development of criteria and indicators for SFM (C&I). The 1992 publication *Criteria for the Measurement of Sustainable Natural Tropical Forest Management* was the world's first internationally agreed set of criteria on forest management. This was updated and expanded in 1998 as the ITTO *Criteria and Indicators for the Sustainable Management of Natural Tropical Forests*. The Organization then embarked on an initiative to provide training through national-level workshops and projects to governments and the private sector on the use of the C&I for monitoring, assessing and reporting on forest management, with the overall objective of promoting the wide scale implementation of SFM in tropical member countries. This process led to a further updating of the criteria, and the *Revised ITTO Criteria and Indicators for the Sustainable Management of Tropical Forests*, including a format for reporting, were published in 2005.

### **Objective 2000**

20. In 1991, the Council adopted what became known as the ITTO Year 2000 Objective, by which, "through international collaboration and national policies and programmes, ITTO members will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed forests by the year 2000". The objective was later incorporated in the ITTA, 1994. A qualitative assessment of progress towards the Year 2000 Objective by the Organization in 2000 found that significant progress had been made in reforming forest policy and legislation. Many countries, too, had developed new strategies or master plans for forestry, frequently based on the results of remote sensing, geographic information systems and new forest inventories. However, the assessment did not find strong evidence that the strategies were being implemented in the forest, pointing out that slow progress was at least partly due to a lack of financial resources for building the necessary institutional and forest-management capacity. After receiving this report, the Council reformulated the Year 2000 Objective as Objective 2000, reaffirming "its full commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources". At the same time, the Council authorized the Executive Director to send independent diagnostic missions to producer countries, on request, to identify those factors which were most severely limiting progress towards achieving Objective 2000 and SFM and to formulate action plans to overcome these constraints. As of December 2008, 22 countries had received such missions. ITTO continues to assist countries to meet Objective 2000 through both its policy and project work.

## Projects and Other Activities

21. One of the Organization's most important features is its capacity to finance action to support its policy work. It does this through pre-projects and projects (the former are designed to assist the preparation of full project proposals) submitted by member governments and approved by Council, and through other activities agreed upon by Council.

22. Projects, pre-projects and strategic policy initiatives are financed by voluntary contributions from members and other interested parties via what is called the Special Account. Donor countries may earmark the funds for specific projects or activities, or they may designate them as unearmarked, in which case the Council can allocate them as it sees fit.

23. The ITTA, 1994 established the Bali Partnership Fund to promote actions that improve the capacity of members to achieve Objective 2000. The Fund is constituted by the voluntary contributions of donors and 50% of the income earned on the resources contained in the Special Account.

24. Overall, the Organization has financed more than 900 projects, pre-projects and activities at a cost of just over US\$330 million, and trained over 6,000 people in aspects of sustainable forest management. They are all aimed at furthering the Organization's objectives in three areas of work: reforestation and forest management; economic information and market intelligence; and forest industry. The most significant donors have been the governments of Japan, Switzerland, the United States of America, The Netherlands and Norway.

## Features of ITTO

25. ITTO has several attributes that make it an effective instrument for promoting the conservation and sustainable management, use and trade of tropical forest resources. It provides a forum in which member governments are obliged by international covenant to: (i) exchange views on the status of sustainable management in timber producing forests; and (ii) furnish information on timber, its trade and activities aimed at achieving the sustainable management of timber producing forests. Increasing transparency in both forest management and the timber trade is vital if sustainability is to be achieved. The ITTA has proved a very flexible instrument for intergovernmental problem solving, allowing the Council considerable freedom in dictating the direction of the Organization in the light of changing circumstances.

26. The Organization's voting structure helps to produce a constructive atmosphere. Consumer members are mostly developed countries, while all producer member countries are categorized by the World Bank as 'developing'. Since each group holds 50% of the votes in Council, each has a strong sense of ownership of decisions; this increases the Organization's ability to deal with sometimes difficult issues such as certification and illegal logging/illegal trade, because it supports an environment in which developing and developed countries cooperate as equal partners. Another example is the unprecedented independent ITTO mission to Sarawak, Malaysia in 1989, which, among other things, led to sweeping reforms in Sarawak forestry. The consensus-building approach adopted in the Council has proved to be an effective way of obtaining the commitment of all parties to actually implement the decisions taken.

27. ITTO projects have assisted in improving the management of about 17 million hectares of forest across the tropics, almost all of them managed by public agencies or local communities, often with the assistance and participation of civil-society organizations. Some of them are managed for the production of timber and other forest products, some exclusively for conservation, and some for conservation and subsistence use — including more than 10 million hectares of transboundary conservation initiatives. ITTO projects have contributed directly to the certification of about 720,000 hectares of forest.

28. ITTO has also provided international leadership on a variety of issues. It produced the first internationally agreed set of criteria for SFM, continues to refine these, and provides financial assistance to countries to put them into effect. It also supports international policy initiatives on forest law enforcement, certification and trade in endangered species with its own policy development, and it finances country-level work to ensure that such initiatives are more than just talk and actually lead to positive changes on the ground.

29. ITTO doesn't work alone. Over the last 20 years it has developed productive and mutually supportive partnerships with many forestry and conservation agencies, NGOs, forest product companies, and local communities. To summarize, ITTO:

- provides equal voice to producers and consumers;
- is open to participation by trade and industry NGOs and civil-society organizations and thereby facilitates interaction between civil society and trade/industry;

- funds projects that are country-driven, leading to a strong sense of ownership within the country in which the project takes place and significant capacity-building;
- is lean and non-bureaucratic;
- explores aspects of trade that have been unresolved in other intergovernmental processes;
- can catalyse private-sector initiatives aimed at timber promotion and improved forest management practice;
- is transparent; and
- provides opportunities for civil society, trade and industry organizations to implement projects.

**Note:** For more information on ITTO, visit the website:

[www.itto.int/](http://www.itto.int/)

## **2. International Tropical Timber Agreement, 1983**



## PREAMBLE

*The Parties to this Agreement,*

*Recalling* the Declaration and the Programme of Action on the Establishment of a New International Economic Order adopted by the General Assembly,<sup>1</sup>

*Recalling* resolutions 93 (IV) and 124 (V) on the Integrated Programme for Commodities adopted by the United Nations Conference on Trade and Development at its fourth and fifth sessions,

*Recognizing* the importance of, and the need for proper and effective conservation and development of tropical timber forests with a view to ensuring their optimum utilization while maintaining the ecological balance of the regions concerned and of the biosphere,

*Recognizing* the importance of tropical timber to the economies of members, particularly to the exports of producing members and the supply requirements of consuming members,

*Desiring* to establish a framework of international co-operation between producing and consuming members in finding solutions to the problems facing the tropical timber economy,

*Have agreed* as follows:

## CHAPTER I. OBJECTIVES

*Article 1*  
OBJECTIVES

With a view to achieving the relevant objectives adopted by the United Nations Conference on Trade and Development in its resolutions 93 (IV) and 124 (V) on the Integrated Programme for Commodities, for the benefit of both producing and consuming members and bearing in mind the sovereignty of producing members over their natural resources, the objectives of the International Tropical Timber Agreement, 1983 (hereinafter referred to as "this Agreement") are:

- (a) To provide an effective framework for co-operation and consultation between tropical timber producing and consuming members with regard to all relevant aspects of the tropical timber economy;
- (b) To promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions in the tropical timber market, by taking into account, on the one hand, a long-term increase in consumption and continuity of supplies, and, on the other, prices which are remunerative to producers and equitable for consumers, and the improvement of market access;
- (c) To promote and support research and development with a view to improving forest management and wood utilization;
- (d) To improve market intelligence with a view to ensuring greater transparency in the international tropical timber market;
- (e) To encourage increased and further processing of tropical timber in producing member countries with a view to promoting their industrialization and thereby increasing their export earnings;
- (f) To encourage members to support and develop industrial tropical timber reforestation and forest management activities;
- (g) To improve marketing and distribution of tropical timber exports of producing members;
- (h) To encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned.

## CHAPTER II. DEFINITIONS

### *Article 2* DEFINITIONS

For the purposes of this Agreement:

(1) "Tropical timber" means non-coniferous tropical wood for industrial uses, which grows or is produced in the countries situated between the Tropic of Cancer and the Tropic of Capricorn. The term covers logs, sawnwood, veneer sheets and plywood. Plywood which includes in some measure conifers of tropical origin shall also be covered by this definition;

(2) "Further processing" means the transformation of logs into primary wood products, semi-finished and finished products made wholly or almost wholly of tropical timber;

(3) "Member" means a Government or an intergovernmental organization referred to in article 5 which has consented to be bound by this Agreement whether it is in force provisionally or definitively;

(4) "Producing member" means any country with tropical forest resources and/or a net exporter of tropical timber in volume terms which is listed in annex A and which becomes a party to this Agreement, or any country with tropical forest resources and/or a net exporter of tropical timber in volume terms which is not so listed and which becomes a party to this Agreement and which the Council, with the consent of that country, declares to be a producing member;

(5) "Consuming member" means any country listed in annex B which becomes a party to this Agreement, or any country not so listed which becomes a party to this Agreement and which the Council, with the consent of that country, declares to be a consuming member;

(6) "Organization" means the International Tropical Timber Organization established in accordance with article 3;

(7) "Council" means the International Tropical Timber Council established in accordance with article 6;

(8) "Special vote" means a vote requiring at least two thirds of the votes cast by producing members present and voting and at least 60 per cent of the votes cast by consuming members present and voting, counted separately, on condition that these votes are cast by at least half of the producing members present and voting and at least half of the consuming members present and voting;

(9) "Simple distributed majority vote" means a vote requiring more than half of the votes cast by producing members present and voting and more than half of the votes cast by consuming members present and voting, counted separately;

(10) "Financial year" means the period from 1 January to 31 December inclusive;

(11) "Freely usable currencies" means the deutsche mark, the French franc, the Japanese yen, the pound sterling, the United States dollar and any other currency which has been designated from time to time by a competent international monetary organization as being in fact widely used to make payments for international transactions and widely traded in the principal exchange markets.

## CHAPTER III. ORGANIZATION AND ADMINISTRATION

### *Article 3* ESTABLISHMENT, HEADQUARTERS AND STRUCTURE OF THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION

1. The International Tropical Timber Organization is hereby established to administer the provisions and supervise the operation of this Agreement.

2. The Organization shall function through the International Tropical Timber Council established under article 6, the committees and other subsidiary bodies referred to in article 24, and the Executive Director and staff.

3. The Council shall, at its first session, decide on the location of the headquarters of the Organization.

4. The headquarters of the Organization shall at all times be located in the territory of a member.



*Article 4***MEMBERSHIP IN THE ORGANIZATION**

There shall be two categories of membership in the Organization, namely:

- (a) Producing; and
- (b) Consuming.

*Article 5***MEMBERSHIP BY INTERGOVERNMENTAL ORGANIZATIONS**

1. Any reference in this Agreement to "Governments" shall be construed as including the European Economic Community and any other intergovernmental organization having responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. Accordingly, any reference in this Agreement to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession shall, in the case of such intergovernmental organizations, be construed as including a reference to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession, by such intergovernmental organizations.

2. In the case of voting on matters within their competence, such intergovernmental organizations shall vote with a number of votes equal to the total number of votes attributable to their member States in accordance with article 10. In such cases, the member States of such intergovernmental organizations shall not be entitled to exercise their individual voting rights.

**CHAPTER IV. INTERNATIONAL TROPICAL  
TIMBER COUNCIL**

*Article 6*

**COMPOSITION OF THE INTERNATIONAL  
TROPICAL TIMBER COUNCIL**

1. The highest authority of the Organization shall be the International Tropical Timber Council, which shall consist of all the members of the Organization.

2. Each member shall be represented in the Council by one representative and may designate alternates and advisers to attend sessions of the Council.

3. An alternate representative shall be empowered to act and vote on behalf of the representative during the latter's absence or in special circumstances.

*Article 7***POWERS AND FUNCTIONS OF THE COUNCIL**

1. The Council shall exercise all such powers and perform or arrange for the performance of all such functions as are necessary to carry out the provisions of this Agreement.

2. The Council shall, by special vote, adopt such rules and regulations as are necessary to carry out the provisions of this Agreement, including its own rules of procedure and the financial and staff regulations of the Organization. Such financial regulations shall, *inter alia*, govern the receipt and expenditure of funds under the Administrative and Special Accounts. The Council may, in its rules of procedure, provide for a procedure whereby it may, without meeting, decide specific questions.

3. The Council shall keep such records as are required for the performance of its functions under this Agreement.

*Article 8***CHAIRMAN AND VICE-CHAIRMAN OF THE COUNCIL**

1. The Council shall elect for each calendar year a Chairman and a Vice-Chairman, whose salaries shall not be paid by the Organization.

2. The Chairman and the Vice-Chairman shall be elected, one from among the representatives of producing members and the other from among the representatives of consuming members. These offices shall alternate each year between the two

categories of members, provided, however, that this shall not prohibit the re-election of either or both, under exceptional circumstances, by special vote of the Council.

3. In the temporary absence of the Chairman, the Vice-Chairman, shall act in his place. In the temporary absence of both the Chairman and the Vice-Chairman, or in the absence of one or both of them for the rest of the term for which they were elected, the Council may elect new officers from among the representatives of the producing members and/or from among the representatives of the consuming members, as the case may be, on a temporary basis or for the rest of the term for which the predecessor or predecessors were elected.

*Article 9*  
**SESSIONS OF THE COUNCIL**

1. As a general rule, the Council shall hold at least one regular session a year.
2. The Council shall meet in special session whenever it so decides or at the request of:
  - (a) The Executive Director, in agreement with the Chairman of the Council; or
  - (b) A majority of producing members or a majority of consuming members; or
  - (c) Members holding at least 500 votes.

3. Sessions of the Council shall be held at the headquarters of the Organization unless the Council, by special vote, decides otherwise. If on the invitation of any member the Council meets elsewhere than at the headquarters of the Organization, that member shall pay the additional cost of holding the meeting away from headquarters.

4. Notice of any sessions and the agenda for such sessions shall be communicated to members by the Executive Director at least six weeks in advance, except in cases of emergency, when notice shall be communicated at least seven days in advance.

*Article 10*  
**DISTRIBUTION OF VOTES**

1. The producing members shall together hold 1,000 votes and the consuming members shall together hold 1,000 votes.
2. The votes of the producing members shall be distributed as follows:
  - (a) Four hundred votes shall be distributed equally among the three producing regions of Africa, Asia-Pacific and Latin America. The votes thus allocated to each of these regions shall then be distributed equally among the producing members of that region;
  - (b) Three hundred votes shall be distributed among the producing members in accordance with their respective shares of the total tropical forest resources of all producing members; and
  - (c) Three hundred votes shall be distributed among the producing members in proportion to the average of the values of their respective net exports of tropical timber during the most recent three-year period for which definitive figures are available.

3. Notwithstanding the provisions of paragraph 2 of this article, the total votes allocated to the producing members from the African region, calculated in accordance with paragraph 2 of this article, shall be distributed equally among all producing members from the African region. If there are any remaining votes, each of these votes shall be allocated to a producing member from the African region: the first to the producing member which is allocated the highest number of votes calculated in accordance with paragraph 2 of this article, the second to the producing member which is allocated the second highest number of votes, and so on until all the remaining votes have been distributed.

4. For purposes of the calculation of the distribution of votes under paragraph 2 (b) of this article, "tropical forest resources" means productive closed broadleaved forests as defined by the Food and Agriculture Organization of the United Nations (FAO).

5. The votes of the consuming members shall be distributed as follows: each consuming member shall have 10 initial votes; the remaining votes shall be distributed among the consuming members in proportion to the average volume of their respective net imports of tropical timber during the three-year period commencing four calendar years prior to the distribution of votes.

6. The Council shall distribute the votes for each financial year at the beginning of its first session of that year in accordance with the provisions of this article. Such distribution shall remain in effect for the rest of that year, except as provided for in paragraph 7 of this article.

7. Whenever the membership of the Organization changes or when any member has its voting rights suspended or restored under any provision of this Agreement, the Council shall redistribute the votes within the affected category or categories of members in accordance with the provisions of this article. The Council shall, in that event, decide when such redistribution shall become effective.

8. There shall be no fractional votes.

#### *Article 11*

### VOTING PROCEDURE OF THE COUNCIL

1. Each member shall be entitled to cast the number of votes it holds and no member shall be entitled to divide its votes. A member may, however, cast differently from such votes any votes which it is authorized to cast under paragraph 2 of this article.

2. By written notification to the Chairman of the Council, any producing member may authorize, under its own responsibility, any other producing member, and any consuming member may authorize, under its own responsibility, any other consuming member, to represent its interests and to cast its votes at any meeting of the Council.

3. When abstaining, a member shall be deemed not to have cast its votes.

#### *Article 12*

### DECISIONS AND RECOMMENDATIONS OF THE COUNCIL

1. The Council shall endeavour to take all decisions and to make all recommendations by consensus. If consensus cannot be reached, the Council shall take all decisions and make all recommendations by a simple distributed majority vote, unless this Agreement provides for a special vote.

2. Where a member avails itself of the provisions of article 11, paragraph 2, and its votes are cast at a meeting of the Council, such member shall, for the purposes of paragraph 1 of this article, be considered as present and voting.

#### *Article 13*

### QUORUM FOR THE COUNCIL

1. The quorum for any meeting of the Council shall be the presence of a majority of producing members and a majority of consuming members, provided that such members hold at least two thirds of the total votes in their respective categories.

2. If there is no quorum in accordance with paragraph 1 of this article on the day fixed for the meeting and on the following day, the quorum on the subsequent days of the session shall be the presence of a majority of producing members and a majority of consuming members, provided that such members hold a majority of the total votes in their respective categories.

3. Representation in accordance with article 11, paragraph 2, shall be considered as presence.

#### *Article 14*

### CO-OPERATION AND CO-ORDINATION WITH OTHER ORGANIZATIONS

1. The Council shall make whatever arrangements are appropriate for consultation or co-operation with the United Nations and its organs, such as the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO), the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP) and the International Trade Centre UNCTAD/GATT (ITC), and with the Food and Agriculture Organization of the United Nations (FAO) and such other specialized agencies of the United Nations and Intergovernmental, governmental and non-governmental organizations as may be appropriate.

2. The Organization shall, to the maximum extent possible, utilize the facilities, services and expertise of existing intergovernmental, governmental or non-governmental organizations, in order to avoid duplication of efforts in achieving the objectives of this Agreement and to enhance the complementarity and the efficiency of their activities.

#### *Article 15*

### ADMISSION OF OBSERVERS

The Council may invite any non-member Government or any of the organizations referred to in articles 14, 20 and 27 concerned with tropical timber to attend as observers any of the meetings on the Council.

*Article 16*  
EXECUTIVE DIRECTOR AND STAFF

1. The Council shall, by special vote, appoint the Executive Director.
2. The terms and conditions of appointment of the Executive Director shall be determined by the Council.
3. The Executive Director shall be the chief administrative officer of the Organization and shall be responsible to the Council for the administration and operation of this Agreement in accordance with decisions of the Council.
4. The Executive Director shall appoint the staff in accordance with regulations to be established by the Council. At its first session, the Council shall, by special vote, decide the number of executive and professional staff the Executive Director may appoint. Any changes in the number of executive and professional staff shall be decided by the Council by special vote. The staff shall be responsible to the Executive Director.
5. Neither the Executive Director nor any member of the staff shall have any financial interest in the tropical timber industry or trade, or associated commercial activities.
6. In the performance of their duties, the Executive Director and staff shall not seek or receive instructions from any member or from any authority external to the Organization. They shall refrain from any action which might reflect on their positions as international officials ultimately responsible to the Council. Each member shall respect the exclusively international character of the responsibilities of the Executive Director and staff and shall not seek to influence them in the discharge of their responsibilities.

CHAPTER V. PRIVILEGES AND IMMUNITIES

*Article 17*  
PRIVILEGES AND IMMUNITIES

1. The Organization shall have legal personality. It shall in particular have the capacity to contract, to acquire and dispose of movable and immovable property, and to institute legal proceedings.
2. The Organization shall, as soon as possible after the entry into force of this Agreement, seek to conclude with the Government of the country in which the headquarters of the Organization is to be located (hereinafter referred to as the "host Government") an agreement (hereinafter referred to as the "Headquarters Agreement") relating to such status, privileges and immunities of the Organization, of its Executive Director, its staff and experts, and of representatives of members, as are necessary for the purpose of discharging their functions.
3. Pending the conclusion of the Headquarters Agreement referred to in paragraph 2 of this article, the Organization shall request the host Government to grant, within the limits of its national legislation, exemption from taxation on remuneration paid by the Organization to its employees, and on the assets, income and other property of the Organization.
4. The Organization may also conclude, with one or more countries, agreements to be approved by the Council relating to such capacity, privileges and immunities as may be necessary for the proper functioning of this Agreement.
5. If the headquarters of the Organization is moved to another country, the member in question shall, as soon as possible, conclude with the Organization a headquarters agreement to be approved by the Council.
6. The Headquarters Agreement shall be independent of this Agreement. It shall, however, terminate:
  - (a) By agreement between the host Government and the Organization;
  - (b) In the event of the headquarters of the Organization being moved from the country of the host Government;  
or
  - (c) In the event of the Organization ceasing to exist.

## CHAPTER VI. FINANCE

*Article 18*  
FINANCIAL ACCOUNTS

1. There shall be established two accounts:
  - (a) The Administrative Account; and
  - (b) The Special Account.
2. The Executive Director shall be responsible for the administration of these accounts and the Council shall make provision in its rules of procedure therefor.

*Article 19*  
ADMINISTRATIVE ACCOUNT

1. The expenses necessary for the administration of this Agreement shall be brought into the Administrative Account and shall be met by annual contributions paid by members in accordance with their respective constitutional or institutional procedures and assessed in accordance with paragraphs 3, 4 and 5 of this article.
2. The expenses of delegations to the Council, the committees and any other subsidiary bodies of the Council referred to in article 24 shall be met by the members concerned. In cases where a member requests special services from the Organization, the Council shall require that member to pay the costs of such services.
3. Before the end of each financial year, the Council shall approve the administrative budget of the Organization for the following financial year and shall assess the contribution of each member to that budget.
4. The contribution of each member to the administrative budget for each financial year shall be in the proportion which the number of its votes at the time the administrative budget for that financial year is approved bears to the total votes of all the members. In assessing contributions, the votes of each member shall be calculated without regard to the suspension of any member's voting rights or any redistribution of votes resulting therefrom.
5. The initial contribution of any member joining the Organization after the entry into force of this Agreement shall be assessed by the Council on the basis of the number of votes to be held by that member and the period remaining in the current financial year, but the assessment made upon other members from the current financial year shall not thereby be altered.
6. Contributions to the first administrative budget shall become due on a date to be decided by the Council at its first session. Contributions to subsequent administrative budgets shall become due on the first day of each financial year. Contributions of members in respect of the financial year in which they join the Organization shall be due on the date on which they become members.
7. If a member has not paid its full contribution to the administrative budget within four months after such contribution becomes due in accordance with paragraph 6 of this article, the Executive Director shall request that member to make payment as quickly as possible. If that member has still not paid its contribution within two months after such request, that member shall be requested to state the reasons for its inability to make payment. If at the expiry of seven months from the due date of contribution, that member has still not paid its contribution, its voting rights shall be suspended and an interest charge shall be levied on its late contribution at the central bank rate of the host country until such time as it has paid in full its contribution, unless the Council, by special vote, decides otherwise.
8. A member whose rights have been suspended under paragraph 7 of this article shall remain liable to pay its contribution.

*Article 20*  
SPECIAL ACCOUNT

1. There shall be established two sub-accounts under the Special Account:
  - (a) The Pre-Project Sub-Account; and
  - (b) The Project Sub-Account.
2. The possible sources of finance for the Special Account shall be:
  - (a) The Second Account of the Common Fund for Commodities, when it becomes operational;
  - (b) Regional and international financial institutions; and

(c) Voluntary contributions.

3. The resources of the Special Account shall be used only for approved projects or for pre-project activities.

4. All expenditures under the Pre-Project Sub-Account shall be reimbursed from the Project Sub-Account if projects are subsequently approved and funded. If within six months of the entry into force of this Agreement the Council does not receive any funds for the Pre-Project Sub-Account, it shall review the situation and take appropriate action.

5. All receipts pertaining to specific identifiable projects shall be brought into the Special Account. All expenditures incurred on such projects, including remuneration and travel expenses of consultants and experts, shall be charged to the Special Account.

6. The Council shall, by special vote, establish terms and conditions on which it would, when and where appropriate, sponsor projects for loan financing, where a member or members have voluntarily assumed full obligations and responsibilities for such loans. The Organization shall have no obligations for such loans.

7. The Council may nominate and sponsor any entity with the consent of that entity, including a member or members, to receive loans for the financing of approved projects and to undertake all the obligations involved, except that the Organization shall reserve to itself the right to monitor the use of resources and to follow up on the implementation of projects so financed. However, the Organization shall not be responsible for guarantees voluntarily provided by individual members or other entities.

8. No member shall be responsible by reason of its membership in the Organization for any liability arising from borrowing or lending by any other member or entity in connection with projects.

9. In the event that voluntary unearmarked funds are offered to the Organization, the Council may accept such funds. Such funds may be utilized for pre-project activities as well as for approved projects.

10. The Executive Director shall endeavour to seek, on such terms and conditions as the council may decide, adequate and assured finance for projects approved by the Council.

11. Contributions for specified approved projects shall be used only for the projects for which they were originally intended, unless otherwise decided by the Council in agreement with the contributor. After the completion of a project, the Organization shall return to each contributor for specific projects the balance of any funds remaining *pro rata* to each contributor's share in the total of the contributions originally made available for financing that project, unless otherwise agreed to by the contributor.

#### *Article 21*

### FORMS OF PAYMENT

1. Contributions to the Administrative Account shall be payable in freely usable currencies and shall be exempt from foreign-exchange restrictions.

2. Financial contributions to the Special Account shall be payable in freely usable currencies and shall be exempt from foreign-exchange restrictions.

3. The Council may also decide to accept other forms of contributions to the Special Account, including scientific and technical equipment or personnel, to meet the requirements of approved projects.

#### *Article 22*

### AUDIT AND PUBLICATION OF ACCOUNTS

1. The Council shall appoint independent auditors for the purpose of auditing the accounts of the Organization.

2. Independently audited statements of the Administrative Account and of the Special Account shall be made available to members as soon as possible after the close of each financial year, but not later than six months after that date, and be considered for approval by the Council at its next session, as appropriate. A summary of the audited accounts and balance sheet shall thereafter be published.

## CHAPTER VII. OPERATIONAL ACTIVITIES

*Article 23*  
PROJECTS

1. All project proposals shall be submitted to the Organization by members and shall be examined by the relevant committee.
2. In order to achieve the objectives set out in article 1, the Council shall examine all projects proposals in the fields of research and development, market intelligence, further and increased processing in developing producing member countries, and reforestation and forest management, together with the recommendation submitted by the relevant committee; such project proposals based on tropical timber as defined in article 2, paragraph 1, may encompass tropical timber products other than those listed in article 2, paragraph 1. This provision shall also apply, where relevant, to the functions of the committees as set forth in article 25.
3. On the basis of the criteria set out in paragraph 6 or paragraph 7 of this article, the Council shall, by special vote, approve projects for financing or sponsorship in accordance with article 20.
4. The Council shall, on a continuing basis, arrange for the implementation of, and with a view to ensuring their effectiveness follow up, approved projects.
5. Research and development projects should relate to at least one of the following five areas:
  - (a) Wood utilization, including the utilization of lesser-known and lesser-used species;
  - (b) Natural forest development;
  - (c) Reforestation development;
  - (d) Harvesting, logging infrastructure, training of technical personnel;
  - (e) Institutional framework, national planning.
6. Projects on research and development approved by the Council shall be consistent with each of the following criteria:
  - (a) They should be related to the production and utilization of industrial tropical timber;
  - (b) They should yield benefits to the tropical timber economy as a whole and be relevant to producing as well as consuming members;
  - (c) They should be related to the maintenance and expansion of the international tropical timber trade;
  - (d) They should offer reasonable prospects for positive economic returns in relation to costs; and
  - (e) They shall make maximum use of existing research institutions and, to the greatest extent possible, avoid duplication of efforts.
7. Projects in the fields of market intelligence, further and increased processing, and reforestation and forest management, should be consistent with criterion (b) and, as far as possible, consistent with criteria (a), (c), (d) and (e) as contained in paragraph 6 of this article.
8. The Council shall decide on the relative priorities of projects, taking into account the interests and characteristics of each of the producing regions. Initially, the Council shall give priority to research and development projects profiles as endorsed by the Sixth Preparatory Meeting on Tropical Timber under the Integrated Programme for Commodities and to such other projects as the Council may approve.
9. The Council may, by special vote, terminate its sponsorship of any project.

*Article 24*  
ESTABLISHMENT OF COMMITTEES

1. The following committees are hereby established as permanent committees of the Organization:
  - (a) Committee on Economic Information and Market Intelligence;
  - (b) Committee on Reforestation and Forest Management; and
  - (c) Committee on Forest Industry.
2. The Council may, by special vote, establish such other committees and subsidiary bodies as it deems appropriate and necessary.

3. The committees and subsidiary bodies referred to in paragraphs 1 and 2 of this article shall be responsible to, and work under the general direction of, the Council. Meetings of the committees and subsidiary bodies shall be convened by the Council.

4. Participation in each of the committees shall be open to all members. The rules of procedure of the committees shall be decided by the Council.

*Article 25*

**FUNCTIONS OF THE COMMITTEES**

1. The Committee on Economic Information and Market Intelligence shall:
  - (a) Keep under review the availability and quality of statistics and other information required by the Organization;
  - (b) Analyse the statistical data and specific indicators as identified in annex C for the monitoring of international tropical timber trade;
  - (c) Keep under continuous review the international tropical timber market, its current situation and short-term prospects on the basis of the data mentioned in subparagraph (b) above and other relevant information;
  - (d) Make recommendations to the Council on the need for, and nature of, appropriate studies on tropical timber, including long-term prospects of the international tropical timber market, and monitor and review any studies commissioned by the Council;
  - (e) Carry out any other tasks related to the economic, technical and statistical aspects of tropical timber assigned to it by the Council;
  - (f) Assist in the provision of technical co-operation to producing members to improve their relevant statistical services.
  
2. The Committee on Reforestation and Forest Management shall:
  - (a) Keep under regular review the support and assistance being provided at a national and international level for reforestation and forest management for the production of industrial tropical timber;
  - (b) Encourage the increase of technical assistance to national programmes for reforestation and forest management;
  - (c) Assess the requirements and identify all possible sources of financing for reforestation and forest management;
  - (d) Review regularly future needs of international trade in industrial tropical timber and, on this basis, identify and consider appropriate possible schemes and measures in the field of reforestation and forest management;
  - (e) Facilitate transfer of knowledge in the field of reforestation and forest management with the assistance of competent organizations;
  - (f) Co-ordinate and harmonize these activities for co-operation in the field of reforestation and forest management with the relevant activities pursued elsewhere, such as those under FAO, UNEP, the World Bank, regional banks and other competent organizations.
  
3. The committee on Forest Industry shall:
  - (a) Promote co-operation between producing and consuming members as partners in the development of processing activities in producing member countries, *inter alia*, in the following areas:
    - (i) Transfer of technology;
    - (ii) Training;
    - (iii) Standardization of nomenclature of tropical timber;
    - (iv) Harmonization of specifications of processed products;
    - (v) Encouragement of investment and joint ventures; and
    - (vi) Marketing;
  - (b) Promote exchange of information in order to facilitate structural changes involved in increased and further processing in the interests of both producing and consuming members;
  - (c) Monitor ongoing activities in this field, and identify and consider problems and possible solutions to them in co-operation with the competent organizations;
  - (d) Encourage the increase of technical assistance to national programmes for the processing of tropical timber.
  
4. Research and development shall be a common function of the committees established under article 24, paragraph 1.
5. In view of the close relationship between research and development, reforestation and forest management, increased and further processing, and market intelligence, each of the permanent committees, in addition to carrying out the functions assigned to it above, shall, with regard to project proposals referred to it, including those on research and development in its area of competence:



- (a) Consider and technically appraise and evaluate project proposals;
  - (b) In accordance with general guidelines established by the Council, decide on and implement pre-project activities necessary for making recommendations on project proposals to the Council;
  - (c) Identify possible sources of finance for projects referred to in article 20, paragraph 2;
  - (d) Follow up the implementation of projects and provide for the collection and dissemination of the results of projects as widely as possible for the benefit of all members;
  - (e) Make recommendations to the Council relating to projects;
  - (f) Carry out any other tasks related to projects assigned to it by the Council.
6. In carrying out these common functions, each committee shall take into account the need to strengthen the training of personnel in producing member countries; to consider and propose modalities for organizing or strengthening the research and development activities and capacities of members, particularly producing members; and to promote the transfer of research know-how and techniques among members, particularly among producing members.

## CHAPTER VIII. RELATIONSHIP WITH THE COMMON FUND FOR COMMODITIES

### *Article 26*

## RELATIONSHIP WITH THE COMMON FUND FOR COMMODITIES

When the Common Fund becomes operational, the Organization shall take full advantage of the facilities of the Second Account of the Common Fund according to the principles set out in the Agreement Establishing the Common Fund for Commodities.

## CHAPTER IX. STATISTICS, STUDIES AND INFORMATION

### *Article 27*

## STATISTICS, STUDIES AND INFORMATION

1. The Council shall establish close relationships with appropriate intergovernmental, governmental and non-governmental organizations, in order to help ensure the availability of recent and reliable data and information on all factors concerning tropical timber. The Organization, in co-operation with such organizations, shall compile, collate and, as necessary, publish such statistical information on production, supply, trade, stocks, consumption and market prices of tropical timber, and on related areas, as is necessary for the operation of this Agreement.

2. Members shall, to the fullest extent possible not inconsistent with their national legislation, furnish, within a reasonable time, statistics and information on tropical timber requested by the Council.

3. The Council shall arrange to have any necessary studies undertaken of the trends and of short-and long-term problems of the world tropical timber market.

4. The Council shall ensure that information furnished by members shall not be used in such a manner as to prejudice the confidentiality of the operations of persons or companies producing, processing or marketing tropical timber.

### *Article 28*

## ANNUAL REPORT AND REVIEW

1. The Council shall, within six months after the close of each calendar year, publish an annual report on its activities and such other information as it considers appropriate.

2. The Council shall annually review and assess the world tropical timber situation and exchange views on the outlook for, and other issues closely related to, the world tropical timber economy, including ecological and environmental aspects.

3. The review shall be carried out in the light of:

- (a) Information supplied by members in relation to national production, trade, supply, stocks, consumption and prices of tropical timber;
- (b) Statistical data and specific indicators provided by members on the areas listed in annex C; and

- (c) Such other relevant information as may be available to the Council either directly or through the appropriate organizations in the United Nations system and appropriate intergovernmental, governmental or non-governmental organizations.
4. The results of the review shall be included in the reports of the Council's deliberations.

## CHAPTER X. MISCELLANEOUS

### *Article 29*

#### COMPLAINTS AND DISPUTES

Any complaint that a member has failed to fulfil its obligations under this Agreement and any dispute concerning the interpretation or application of this Agreement shall be referred to the Council for decision. Decisions of the Council on these matters shall be final and binding.

### *Article 30*

#### GENERAL OBLIGATIONS OF MEMBERS

1. Members shall for the duration of this Agreement use their best endeavours and co-operate to promote the attainment of its objectives and to avoid any action contrary thereto.
2. Members undertake to accept as binding decisions of the Council under the provisions of this Agreement and shall seek to refrain from implementing measures which would have the effect of limiting or running counter to them.

### *Article 31*

#### RELIEF FROM OBLIGATIONS

1. Where it is necessary on account of exceptional circumstances or emergency or *force majeure* not expressly provided for in this Agreement, the Council may, by special vote, relieve a member of an obligation under this Agreement if it is satisfied by an explanation from that member regarding the reasons why the obligation cannot be met.
2. The Council, in granting relief to a member under paragraph 1 of this article, shall state explicitly the terms and conditions on which, and the period for which, the member is relieved of such obligation, and the reasons for which the relief is granted.

### *Article 32*

#### DIFFERENTIAL AND REMEDIAL MEASURES AND SPECIAL MEASURES

1. Developing importing members whose interests are adversely affected by measures taken under this Agreement may apply to the Council for appropriate differential and remedial measures. The Council shall consider taking appropriate measures in accordance with section III, paragraphs 3 and 4, of resolution 93 (IV) of the United Nations Conference on Trade and Development.
2. Members in the category of least developed countries as defined by the United Nations may apply to the Council for special measures in accordance with section III, paragraph 4, of resolution 93 (IV) and with paragraph 82 of the Substantial New Programme of Action for the 1980s for the Least Developed Countries.

## CHAPTER XI. FINAL PROVISIONS

### *Article 33*

#### DEPOSITARY

The Secretary-General of the United Nations is hereby designated as the depositary of this Agreement.

*Article 34*  
**SIGNATURE, RATIFICATION, ACCEPTANCE AND  
APPROVAL**

1. This Agreement shall be open for signature at United Nations Headquarters from 2 January 1984 until one month after the date of its entry into force by Governments invited to the United Nations Conference on Tropical Timber, 1983.
2. Any Government referred to in paragraph 1 of this article may:
  - (a) At the time of signing this Agreement, declare that by such signature it expresses its consent to be bound by this Agreement (definitive signature); or
  - (b) After signing this Agreement, ratify, accept or approve it by the deposit of an instrument to that effect with the depositary.

*Article 35*  
**ACCESSION**

1. This Agreement shall be open for accession by the Governments of all States upon conditions established by the Council, which shall include a time-limit for the deposit of instruments of accession. The Council may, however, grant extensions of time to Governments which are unable to accede by the time-limit set in the conditions of accession.
2. Accession shall be effected by the deposit of an instrument of accession with the depositary.

*Article 36*  
**NOTIFICATION OF PROVISIONAL APPLICATION**

A signatory Government which intends to ratify, accept or approve this Agreement, or a Government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument, may, at any time, notify the depositary that it will apply this Agreement provisionally either when it enters into force in accordance with article 37, or, if it is already in force, at a specified date.

*Article 37*  
**ENTRY INTO FORCE**

1. This Agreement shall enter into force definitively on 1 October 1984 or on any date thereafter, if 12 Governments of producing countries holding at least 55 per cent of the total votes as set out in annex A to this Agreement, and 16 Governments of consuming countries holding at least 70 per cent of the total votes as set out in annex B to this Agreement have signed this Agreement definitively or have ratified, accepted or approved it or acceded thereto pursuant to article 34, paragraph 2, or article 35.
2. If this Agreement has not entered into force definitively on 1 October 1984, it shall enter into force provisionally on that date or on any date within six months thereafter, if 10 Governments of producing countries holding at least 50 per cent of the total votes as set out in annex A to this Agreement, and 14 Governments of consuming countries holding at least 65 per cent of the total votes as set out in annex B to this Agreement, have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article 34, paragraph 2, or have notified the depositary under article 36 that they will apply this Agreement provisionally.
3. If the requirements for entry into force under paragraph 1 or paragraph 2 of this article have not been met on 1 April 1985, the Secretary-General of the United Nations shall invite those Governments which have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article 34, paragraph 2, or have notified the depositary that they will apply this Agreement provisionally, to meet at the earliest time practicable to decide whether to put this Agreement into force provisionally or definitively among themselves in whole or in part. Governments which decide to put this Agreement into force provisionally among themselves may meet from time to time to review the situation and decide whether this Agreement shall enter into force definitively among themselves.
4. For any Government which has not notified the depositary under article 36 that it will apply this Agreement provisionally and which deposits its instrument of ratification, acceptance, approval or accession after the entry into force of this Agreement, this Agreement shall enter into force on the date of such deposit.
5. The Secretary-General of the United Nations shall convene the first session of the Council as soon as possible after the entry into force of this Agreement.

*Article 38*  
AMENDMENTS

1. The Council may, by special vote, recommend an amendment of this Agreement to the members.
2. The Council shall fix a date by which members shall notify the depositary of their acceptance of the amendment.
3. An amendment shall enter into force 90 days after the depositary has received notifications of acceptance from members constituting at least two thirds of the producing members and accounting for at least 85 per cent of the votes of the producing members, and from members constituting at least two thirds of the consuming members and accounting for at least 85 per cent of the votes of the consuming members.
4. After the depositary informs the Council that the requirements for entry into force of the amendment have been met, and notwithstanding the provisions of paragraph 2 of this article relating to the date fixed by the Council, a member may still notify the depositary of its acceptance of the amendment, provided that such notification is made before the entry into force of the amendment.
5. Any member which has not notified its acceptance of an amendment by the date on which such amendment enters into force shall cease to be a party to this Agreement as from that date, unless such member has satisfied the Council that its acceptance could not be obtained in time owing to difficulties in completing its constitutional or institutional procedures, and the Council decides to extend for that member the period for acceptance of the amendment. Such member shall not be bound by the amendment before it has notified its acceptance thereof.
6. If the requirements for the entry into force of the amendment have not been met by the date fixed by the Council in accordance with paragraph 2 of this article, the amendment shall be considered withdrawn.

*Article 39*  
WITHDRAWAL

1. A member may withdraw from this Agreement at any time after the entry into force of this Agreement by giving written notice of withdrawal to the depositary. That member shall simultaneously inform the Council of the action it has taken.
2. Withdrawal shall become effective 90 days after the notice is received by the depositary.

*Article 40*  
EXCLUSION

If the Council decides that any member is in breach of its obligations under this Agreement and decides further that such breach significantly impairs the operation of this Agreement, it may, by special vote, exclude that member from this Agreement. The Council shall immediately so notify the depositary. Six months after the date of the Council's decision, that member shall cease to be a party to this Agreement.

*Article 41*  
SETTLEMENT OF ACCOUNTS WITH WITHDRAWING OR EXCLUDED MEMBERS OR MEMBERS UNABLE TO ACCEPT AN AMENDMENT

1. The Council shall determine any settlement of accounts with a member which ceases to be a party to this Agreement owing to:
  - (a) Non-acceptance of an amendment to this Agreement under article 38;
  - (b) Withdrawal from this Agreement under article 39; or
  - (c) Exclusion from this Agreement under article 40.
2. The Council shall retain any contribution paid to the Administrative Account by a member which ceases to be a party to this Agreement.
3. A member which has ceased to be a party to this Agreement shall not be entitled to any share of the proceeds of liquidation or the other assets of the Organization. Nor shall such member be liable for payment of any part of the deficit, if any, of the Organization upon termination of this Agreement.

*Article 42*

**DURATION, EXTENSION AND TERMINATION**

1. This Agreement shall remain in force for a period of five years after its entry into force unless the Council, by special vote, decides to extend, renegotiate or terminate it in accordance with the provisions of this article.
2. The Council may, by special vote, decide to extend this Agreement for not more than two periods of two years each.
3. If, before the expiry of the five-year period referred to in paragraph 1 of this article, or before the expiry of an extension period referred to in paragraph 2 of this article, as the case may be, a new agreement to replace this Agreement has been negotiated but has not yet entered into force either definitively or provisionally, the Council may, by special vote, extend this Agreement until the provisional or definitive entry into force of the new agreement.
4. If a new agreement is negotiated and enters into force during any period of extension of this Agreement under paragraph 2 or paragraph 3 of this article, this Agreement, as extended, shall terminate upon the entry into force of the new agreement.
5. The Council may at any time, by special vote, decide to terminate this Agreement with effect from such date as it may determine.
6. Notwithstanding the termination of this Agreement, the Council shall continue in being for a period not exceeding 18 months to carry out the liquidation of the Organization, including the settlement of accounts, and, subject to relevant decisions to be taken by special vote, shall have during that period such powers and functions as may be necessary for these purposes.
7. The Council shall notify the depositary of any decision taken under this article.

*Article 43*

**RESERVATIONS**

Reservations may not be made with respect to any of the provisions of this Agreement.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have affixed their signatures under this Agreement on the dates indicated.

DONE at Geneva on the eighteenth day of November, one thousand nine hundred and eighty-three, the text of this Agreement in the Arabic, English, French, Russian and Spanish languages being equally authentic. The authentic Chinese text of this Agreement shall be established by the depositary and submitted for adoption to all signatories and States and intergovernmental organizations which have acceded to this Agreement.

## ANNEXES

## ANNEX A

**List of producing countries with tropical forest resources and/or net exporters of tropical timber in volume terms, and allocation of votes for the purposes of article 37**

Bolivia.....	21
Brazil.....	130
Burma .....	31
Central African Republic .....	20
Colombia .....	23
Congo.....	20
Costa Rica.....	9
Dominican Republic.....	9
Ecuador.....	14
El Salvador .....	8
Gabon.....	21
Ghana.....	20
Guatemala.....	10
Haiti .....	8
Honduras.....	9
India .....	32
Indonesia.....	139
Ivory Coast .....	21
Liberia.....	20
Madagascar.....	20
Malaysia.....	126
Mexico .....	13
Nigeria .....	20
Panama.....	9
Papua New Guinea.....	24
Peru .....	25
Philippines .....	43
Sudan .....	20
Suriname.....	14
Thailand .....	19
Trinidad and Tobago .....	8
United Republic of Cameroon .....	20
United Republic of Tanzania .....	20
Venezuela .....	15
Viet Nam.....	18
Zaire.....	21

TOTAL 1,000

## ANNEX B

**List of consuming countries and allocation of votes for the purposes of article 37**

Argentina.....	14
Australia .....	20
Austria.....	12
Bulgaria .....	10
Canada.....	16
Chile .....	10
Egypt .....	11
European Economic Community .....	(277)
Belguim/Luxembourg.....	21
Denmark.....	13
France.....	56
Germany, Federal Republic of .....	44
Greece .....	14
Ireland .....	12
Italy.....	41
Netherlands .....	35
United Kingdom of Great Britain and Northern Ireland.....	41
Finland.....	10
Iraq .....	10
Israel .....	12
Japan.....	330
Jordan .....	10
Malta .....	10
New Zealand .....	10
Norway.....	11
Republic of Korea .....	56
Romania .....	10
Spain.....	24
Sweden.....	11
Switzerland.....	11
Turkey .....	10
Union of Soviet Socialist Republics.....	14
United States of America.....	79
Yugoslavia .....	12

TOTAL 1,000

## ANNEX C

**Statistical data and specific indicators needed as identified for the monitoring of international tropical timber trade\***

	<i>From producing members</i>	<i>From consuming members</i>
A. <i>Basic monthly data for regular monitoring of major tropical timber trade flows</i>	Export volumes (values): by products, species, destination and other available relevant details  Average f.o.b. prices: for specific products and species representative of major trade flows	Import volumes (values): by products, species, origin and other available relevant details  Average c.i.f. prices: for specific products and species representative of major trade flows
B. <i>Specific supplementary data and indicators from which short-term supply-demand for tropical wood can be derived</i>	Periodic evaluation of stocks at point of embarkation and, if possible, at intermediate stages  Forest industry production (capacity) and industrial wood input/ output  Removals of industrial timber from forests  Freight rates  Export quotas-trade incentives  Climatic obstacles-natural catastrophes	Periodic evaluation of stocks at point of debarkation and, if possible, at intermediate stages  Share of tropical timber in total timber trade  Exports and re-exports of wood products  Building activity, housing starts, mortgage rates  Furniture production
C. <i>Other relevant specific information</i>	Changes in tariffs and non-tariff obstacles	End-use surveys in major sectors using tropical timber  Changes in veneer surface fashion  Changes in tariffs and non-tariff obstacles  Trends in substitution among wood and with other products
D. <i>General economic indicators and information directly or indirectly affecting the international (tropical) timber trade</i>	Publicly available and relevant national and international economic and financial indicators, e.g. gross national product, exchange rates, interest rates, inflation rates, terms of trade. National and international policies and measures affecting international tropical timber trade.	

\* Annexed pursuant to the consensus reached in the Executive Committee of the Conference on 29 March 1983.





### **3. International Tropical Timber Agreement, 1994**



# INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994

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## Preamble

The Parties to this Agreement,

Recalling the Declaration and the Programme of Action on the Establishment of a New International Economic Order; the Integrated Programme for Commodities; the New Partnership for Development: the Cartagena Commitment and the relevant objectives contained in the Spirit of Cartagena,

Recalling the International Tropical Timber Agreement, 1983, and recognizing the work of the International Tropical Timber Organization and its achievements since its inception, including a strategy for achieving international trade in tropical timber from sustainably managed sources,

Recalling further the Rio Declaration on Environment and Development, the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests, and the relevant Chapters of Agenda 21 as adopted by the United Nations Conference on Environment and Development in June 1992, in Rio de Janeiro; the United Nations Framework Convention on Climate Change; and the Convention on Biological Diversity,

Recognizing the importance of timber to the economies of countries with timber producing forests,

Further recognizing the need to promote and apply comparable and appropriate guidelines and criteria for the management, conservation and sustainable development of all types of timber producing forests,

Taking into account the linkages of tropical timber trade and the international timber market and the need for taking a global perspective in order to improve transparency in the international timber market,

Noting the commitment of all members, made in Bali, Indonesia, in May 1990, to achieve exports of tropical timber products from sustainably managed sources by the year 2000 and recognizing Principle 10 of the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests which states that new and additional financial resources should be provided to developing countries to enable them to sustainably manage, conserve and develop their forests, including through afforestation, reforestation and combatting deforestation and forest and land degradation,

Noting also the statement of commitment to maintain, or achieve by the year 2000, the sustainable management of their respective forests made by consuming members who are parties to the International Tropical Timber Agreement, 1983 at the fourth session of the United Nations Conference for the Negotiation of a successor agreement to the International Tropical Timber Agreement, 1983 in Geneva on the 21 January 1994,

Desiring to strengthen the framework of international cooperation and policy development between members in finding solutions to the problems facing the tropical timber economy,

Have agreed as follows:

## **CHAPTER I. OBJECTIVES**

### Article 1

#### Objectives

Recognizing the sovereignty of members over their natural resources, as defined in Principle 1 (a) of the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests, the objectives of the International Tropical Timber Agreement, 1994 (hereinafter referred to as "this Agreement") are:

- (a) To provide an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy;
- (b) To provide a forum for consultation to promote non-discriminatory timber trade practices;
- (c) To contribute to the process of sustainable development;
- (d) To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000;
- (e) 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, on the one hand, a long term increase in consumption and continuity of supplies, and, on the other, prices which reflect the costs of sustainable forest management and which are remunerative and equitable for members, and the improvement of market access;

- (f) To promote and support research and development with a view to improving forest management and efficiency of wood utilization as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests;
- (g) To develop and contribute towards mechanisms for the provision of new and additional financial resources and expertise needed to enhance the capacity of producing members to attain the objectives of this Agreement;
- (h) To improve market intelligence with a view to ensuring greater transparency in the international timber market, including the gathering, compilation, and dissemination of trade related data, including data related to species being traded;
- (i) To promote increased and further processing of tropical timber from sustainable sources in producing member countries with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings;
- (j) To encourage members to support and develop industrial tropical timber reforestation and forest management activities as well as rehabilitation of degraded forest land, with due regard for the interests of local communities dependent on forest resources;
- (k) To improve marketing and distribution of tropical timber exports from sustainably managed sources;
- (l) To encourage members to develop national policies aimed at sustainable utilization and conservation of timber producing forests and their genetic resources and at maintaining the ecological balance in the regions concerned, in the context of tropical timber trade;
- (m) To promote the access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed; and
- (n) To encourage information-sharing on the international timber market.



## CHAPTER II. DEFINITIONS

### Article 2

#### Definitions

For the purposes of this Agreement:

- (1) "Tropical timber" means non-coniferous tropical wood for industrial uses, which grows or is produced in the countries situated between the Tropic of Cancer and the Tropic of Capricorn. The term covers logs, sawnwood, veneer sheets and plywood. Plywood which includes in some measure conifers of tropical origin shall also be covered by this definition;
- (2) "Further processing" means the transformation of logs into primary wood products, semi-finished and finished products made wholly or almost wholly of tropical timber;
- (3) "Member" means a Government or an intergovernmental organization referred to in article 5 which has consented to be bound by this Agreement whether it is in force provisionally or definitively;
- (4) "Producing member" means any country with tropical forest resources and/or a net exporter of tropical timber in volume terms which is listed in annex A and which becomes a party to this Agreement, or any country with tropical forest resources and/or a net exporter of tropical timber in volume terms which is not so listed and which becomes a party to this Agreement and which the Council, with the consent of that country, declares to be a producing member;
- (5) "Consuming member" means any country listed in annex B which becomes a party to this Agreement, or any country not so listed which becomes a party to this Agreement and which the Council, with the consent of that country, declares to be a consuming member;
- (6) "Organization" means the International Tropical Timber Organization established in accordance with article 3;

(7) "Council" means the International Tropical Timber Council established in accordance with article 6;

(8) "Special vote" means a vote requiring a least two thirds of the votes cast by producing members present and voting and at least 60 per cent of the votes cast by consuming members present and voting, counted separately, on condition that these votes are cast by at least half of the producing members present and voting and at least half of the consuming members present and voting;

(9) "Simple distributed majority vote" means a vote requiring more than half of the votes cast by producing members present and voting and more than half of the votes cast by consuming members present and voting, counted separately;

(10) "Financial year" means the period from 1 January to 31 December inclusive;

(11) "Freely usable currencies" means the deutsche mark , the French franc, the Japanese yen, the pound sterling, the United States dollar and any other currency which has been designated from time to time by a competent international monetary organization as being in fact widely used to make payments for international transactions and widely traded in the principal exchange markets.

### **CHAPTER III. ORGANIZATION AND ADMINISTRATION**

#### Article 3

#### Headquarters and structure of the International Tropical Timber Organization

1. The International Tropical Timber Organization established by the International Tropical Timber Agreement, 1983 shall continue in being for the purposes of administering the provisions and supervising the operation of this Agreement.

2. The Organization shall function through the Council established under article 6, the committees and other subsidiary bodies referred to in article 26 and the Executive Director and staff.

3. The headquarters of the Organization shall be in Yokohama, unless the Council, by special vote, decides otherwise.

4. The headquarters of the Organization shall at all times be located in the territory of a member.

#### Article 4

##### Membership in the Organization

There shall be two categories of membership in the Organization, namely:

- (a) Producing; and
- (b) Consuming.

#### Article 5

##### Membership by intergovernmental organizations

1. Any reference in this Agreement to "Governments" shall be construed as including the European Community and any other intergovernmental organization having responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. Accordingly, any reference in this Agreement to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession shall, in the case of such intergovernmental organizations, be construed as including a reference to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession, by such intergovernmental organizations.

2. In the case of voting on matters within their competence, such intergovernmental organizations shall vote with a number of votes equal to the total number of votes attributable to their member States in accordance with article 10. In such cases, the member States of such intergovernmental organizations shall not be entitled to exercise their individual voting rights.

## CHAPTER IV. INTERNATIONAL TROPICAL TIMBER COUNCIL

### Article 6

#### Composition of the International Tropical Timber Council

1. The highest authority of the Organization shall be the International Tropical Timber Council, which shall consist of all the members of the Organization.
2. Each member shall be represented in the Council by one representative and may designate alternates and advisers to attend sessions of the Council.
3. An alternate representative shall be empowered to act and vote on behalf of the representative during the latter's absence or in special circumstances.

### Article 7

#### Powers and functions of the Council

1. The Council shall exercise all such powers and perform or arrange for the performance of all such functions as are necessary to carry out the provisions of this Agreement.
2. The Council shall, by special vote, adopt such rules and regulations as are necessary to carry out the provisions of this Agreement and as are consistent therewith, including its own rules of procedure and the financial rules and staff regulations of the Organization. Such financial rules regulations shall, *inter alia*, govern the receipt and expenditure of funds under the Administrative Account, the Special Account and the Bali Partnership Fund. The Council may, in its rules of procedure, provide for a procedure whereby it may, without meeting, decide specific questions.
3. The Council shall keep such records as are required for the performance of its functions under this Agreement.

Article 8

Chairman and Vice-Chairman of the Council

1. The Council shall elect for each calendar year a Chairman and a Vice-Chairman, whose salaries shall not be paid by the Organization.

2. The Chairman and the Vice-Chairman shall be elected, one from among the representatives of producing members and the other from among the representatives of consuming members. These offices shall alternate each year between the two categories of members, provided, however, that this shall not prohibit the re-election of either or both, under exceptional circumstances, by special vote of the Council.

3. In the temporary absence of the Chairman, the Vice-Chairman shall act in his place. In the temporary absence of both the Chairman and the Vice-Chairman, or in the absence of one or both of them for the rest of the term for which they were elected, the Council may elect new officers from among the representatives of the producing members and/or from among the representatives of the consuming members, as the case may be, on a temporary basis or for the rest of the term for which the predecessor or predecessors were elected.

Article 9

Sessions of the Council

1. As a general rule, the Council shall hold at least one regular session a year.
2. The Council shall meet in special session whenever it so decides or at the request of:
  - (a) The Executive Director, in agreement with the Chairman of the Council; or
  - (b) A majority of producing members or a majority of consuming members; or
  - (c) Members holding at least 500 votes.
3. Sessions of the Council shall be held at the headquarters of the Organization unless the Council, by special vote, decides otherwise. If on the invitation of any member the

Council meets elsewhere than at the headquarters of the Organization, that member shall pay the additional cost of holding the meeting away from headquarters.

4. Notice of any sessions and the agenda for such sessions shall be communicated to members by the Executive Director at least six weeks in advance, except in cases of emergency, when notice shall be communicated at least seven days in advance.

#### Article 10

##### Distribution of votes

1. The producing members shall together hold 1,000 votes and the consuming members shall together hold 1,000 votes.

2. The votes of the producing members shall be distributed as follows:

(a) Four hundred votes shall be distributed equally among the three producing regions of Africa, Asia-Pacific and Latin America. The votes thus allocated to each of these regions shall then be distributed equally among the producing members of that region;

(b) Three hundred votes shall be distributed among the producing members in accordance with their respective shares of the total tropical forest resources of all producing members; and

(c) Three hundred votes shall be distributed among the producing members in proportion to the average of the values of their respective net exports of tropical timber during the most recent three-year period for which definitive figures are available.

3. Notwithstanding the provisions of paragraph 2 of this article, the total votes allocated to the producing members from the African region, calculated in accordance with paragraph 2 of this article, shall be distributed equally among all producing members from the African region. If there are any remaining votes, each of these votes shall be allocated to a producing member from the African region: the first to the producing member which is allocated the highest number of votes calculated in accordance with paragraph 2 of this article, the second

to the producing member which is allocated the second highest number of votes, and so on until all the remaining votes have been distributed.

4. For purposes of the calculation of the distribution of votes under paragraph 2 (b) of this article, "tropical forest resources" means productive closed broadleaved forests as defined by the Food and Agriculture Organization (FAO).

5. The votes of the consuming members shall be distributed as follows: each consuming member shall have 10 initial votes: the remaining votes shall be distributed among the consuming members in proportion to the average volume of their respective net imports of tropical timber during the three-year period commencing four calendar years prior to the distribution of votes.

6. The Council shall distribute the votes for each financial year at the beginning of its first session of that year in accordance with the provisions of this article. Such distribution shall remain in effect for the rest of that year, except as provided for in paragraph 7 of this article.

7. Whenever the membership of the Organization changes or when any member has its voting rights suspended or restored under any provision of this Agreement, the Council shall redistribute the votes within the affected category or categories of members in accordance with the provisions of this article. The Council shall, in that event, decide when such redistribution shall become effective.

8. There shall be no fractional votes.

## Article 11

### Voting procedure of the Council

1. Each member shall be entitled to cast the number of votes it holds and no member shall be entitled to divide its votes. A member may, however, cast differently from such votes any votes which it is authorized to cast under paragraph 2 of this article.

2. By written notification to the Chairman of the Council, any producing member may authorize, under its own responsibility, any other producing member, and any consuming

member may authorize, under its own responsibility, any other consuming member, to represent its interests and to cast its votes at any meeting of the Council.

3. When abstaining, a member shall be deemed not to have cast its votes.

## Article 12

### Decisions and recommendations of the Council

1. The Council shall endeavour to take all decisions and to make all recommendations by consensus. If consensus cannot be reached, the Council shall take all decisions and make all recommendations by a simple distributed majority vote, unless this Agreement provides for a special vote.

2. Where a member avails itself of the provisions of article 11, paragraph 2, and its votes are cast at a meeting of the Council, such member shall, for the purposes of paragraph 1 of this article, be considered as present and voting.

## Article 13

### Quorum for the Council

1. The quorum for any meeting of the Council shall be the presence of a majority of members of each category referred to in article 4, provided that such members hold at least two thirds of the total votes in their respective categories.

2. If there is no quorum in accordance with paragraph 1 of this article on the day fixed for the meeting and on the following day, the quorum on the subsequent days of the session shall be the presence of a majority of members of each category referred to in article 4, provided that such members hold a majority of the total votes in their respective categories.

3. Representation in accordance with article 11, paragraph 2, shall be considered as presence.



Article 14

Cooperation and co-ordination with other organizations

1. The Council shall make arrangements as appropriate for consultations and cooperation with the United Nations and its organs, including the United Nations Conference on Trade and Development (UNCTAD) and the Commission on Sustainable Development (CSD), intergovernmental organizations, including the General Agreement on Tariffs and Trade (GATT) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and non-governmental organizations.

2. The Organization shall, to the maximum extent possible, utilize the facilities, services and expertise of existing intergovernmental, governmental or non-governmental organizations, in order to avoid duplication of efforts in achieving the objectives of this Agreement and to enhance the complementarity and the efficiency of their activities.

Article 15

Admission of observers

The Council may invite any non-member Government or any of the organizations referred to in article 14, article 20 and article 29, interested in the activities of the Organization to attend as observers any of the meetings of the Council.

Article 16

Executive Director and staff

1. The Council shall, by special vote, appoint the Executive Director.
2. The terms and conditions of appointment of the Executive Director shall be determined by the Council.
3. The Executive Director shall be the chief administrative officer of the Organization and shall be responsible to the Council for the administration and operation of this Agreement in accordance with decisions of the Council.

4. The Executive Director shall appoint the staff in accordance with regulations to be established by the Council. The Council shall, by special vote, decide the number of executive and professional staff the Executive Director may appoint. Any changes in the number of executive and professional staff shall be decided by the Council by special vote. The staff shall be responsible to the Executive Director.

5. Neither the Executive Director nor any member of the staff shall have any financial interest in the timber industry or trade, or associated commercial activities.

6. In the performance of their duties, the Executive Director and staff shall not seek or receive instructions from any member or from any authority external to the Organization. They shall refrain from any action which might reflect adversely on their positions as international officials ultimately responsible to the Council. Each member shall respect the exclusively international character of the responsibilities of the Executive Director and staff and shall not seek to influence them in the discharge of their responsibilities.

## **CHAPTER V. PRIVILEGES AND IMMUNITIES**

### Article 17

#### Privileges and immunities

1. The Organization shall have legal personality. It shall in particular have the capacity to contract, to acquire and dispose of movable and immovable property, and to institute legal proceedings.

2. The status, privileges and immunities of the Organization, of its Executive Director, its staff and experts, and of representatives of members while in the territory of Japan shall continue to be governed by the Headquarters Agreement between the Government of Japan and the International Tropical Timber Organization signed at Tokyo on 27 February 1988, with such amendments as may be necessary for the proper functioning of this Agreement.

3. The Organization may conclude, with one or more countries, agreements to be approved by the Council relating to such capacity, privileges and immunities as may be necessary for the proper functioning of this Agreement.

4. If the headquarters of the Organization is moved to another country, the member in question shall, as soon as possible, conclude with the Organization a headquarters agreement to be approved by the Council. Pending the conclusion of such an Agreement, the Organization shall request the new host Government to grant, within the limits of its national legislation, exemption from taxation on remuneration paid by the Organization to its employees, and on the assets, income and other property of the Organization.

5. The Headquarters Agreement shall be independent of this Agreement. It shall, however, terminate:

- (a) By agreement between the host Government and the Organization;
- (b) In the event of the headquarters of the Organization being moved from the country of the host Government; or
- (c) In the event of the Organization ceasing to exist.

## **CHAPTER VI. FINANCE**

### Article 18

#### Financial accounts

1. There shall be established:
  - (a) The Administrative Account;
  - (b) The Special Account;
  - (c) The Bali Partnership Fund; and
  - (d) Such other accounts as the Council shall deem appropriate and necessary.
  
2. The Executive Director shall be responsible for the administration of these accounts and the Council shall make provision therefor in the financial rules of the Organization.

Article 19

Administrative Account

1. The expenses necessary for the administration of this Agreement shall be brought into the Administrative Account and shall be met by annual contributions paid by members in accordance with their respective constitutional or institutional procedures and assessed in accordance with paragraphs 3, 4 and 5 of this article.

2. The expenses of delegations to the Council, the committees and any other subsidiary bodies of the Council referred to in article 26 shall be met by the members concerned. In cases where a member requests special services from the Organization, the Council shall require that member to pay the costs of such services.

3. Before the end of each financial year, the Council shall approve the administrative budget of the Organization for the following financial year and shall assess the contribution of each member to that budget.

4. The contribution of each member to the administrative budget for each financial year shall be in the proportion which the number of its votes at the time the administrative budget for that financial year is approved bears to the total votes of all the members. In assessing contributions, the votes of each member shall be calculated without regard to the suspension of any member's voting rights or any redistribution of votes resulting therefrom.

5. The initial contribution of any member joining the Organization after the entry into force of this Agreement shall be assessed by the Council on the basis of the number of votes to be held by that member and the period remaining in the current financial year, but the assessment made upon other members from the current financial year shall not thereby be altered.

6. Contributions to administrative budgets shall become due on the first day of each financial year. Contributions of members in respect of the financial year in which they join the Organization shall be due on the date on which they become members.

7. If a member has not paid its full contribution to the administrative budget within four months after such contribution becomes due in accordance with paragraph 6 of this article, the Executive Director shall request that member to make payment as quickly as possible. If that member has still not paid its contribution within two months after such request, that member shall be requested to state the reasons for its inability to make payment. If at the expiry of seven months from the due date of contribution, that member has still not paid its contribution, its voting rights shall be suspended until such time as it has paid in full its contribution, unless the Council, by special vote, decides otherwise. If, on the contrary, a member has paid its full contribution to the administrative budget within four months after such contribution becomes due in accordance with paragraph 6 of this article, the member's contribution shall receive a discount as may be established by the Council in the financial rules of the Organization.

8. A member whose rights have been suspended under paragraph 7 of this article shall remain liable to pay its contribution.

#### Article 20

##### Special Account

1. There shall be established two sub-accounts under the Special Account:
  - (a) The Pre-Project Sub-Account; and
  - (b) The Project Sub-Account.
  
2. The possible sources of finance for the Special Account may be:
  - (a) The Common Fund for Commodities;
  - (b) Regional and international financial institutions; and
  - (c) Voluntary contributions.
  
3. The resources of the Special Account shall be used only for approved pre-projects or projects.
  
4. All expenditures under the Pre-Project Sub-Account shall be reimbursed from the Project Sub-Account if projects are subsequently approved and funded. If within six months of the entry into force of this Agreement the Council does not receive any funds for the Pre-Project Sub-Account, it shall review the situation and take appropriate action.

5. All receipts pertaining to specific identifiable pre-projects or projects under the Special Account shall be brought into that Account. All expenditures incurred on such pre-projects or projects, including remuneration and travel expenses of consultants and experts, shall be charged to the same Account.

6. The Council shall, by special vote, establish terms and conditions on which it would, when and where appropriate, sponsor projects for loan financing, where a member or members have voluntarily assumed full obligations and responsibilities for such loans. The Organization shall have no obligations for such loans.

7. The Council may nominate and sponsor any entity with the consent of that entity, including a member or members, to receive loans for the financing of approved projects and to undertake all the obligations involved, except that the Organization shall reserve to itself the right to monitor the use of resources and to follow up on the implementation of projects so financed. However, the Organization shall not be responsible for guarantees voluntarily provided by individual members or other entities.

8. No member shall be responsible by reason of its membership in the Organization for any liability arising from borrowing or lending by any other member or entity in connection with projects.

9. In the event that voluntary unearmarked funds are offered to the Organization, the Council may accept such funds. Such funds may be utilized for approved pre-projects and projects.

10. The Executive Director shall endeavour to seek, on such terms and conditions as the Council may decide, adequate and assured finance for pre-projects and projects approved by the Council.

11. Contributions for specified approved projects shall be used only for the projects for which they were originally intended, unless otherwise decided by the Council in agreement with the contributor. After the completion of a project, the Organization shall return to each contributor for specific projects the balance of any funds remaining *pro rata* to each

contributor's share in the total of the contributions originally made available for financing that project, unless otherwise agreed to by the contributor.

## Article 21

### The Bali Partnership Fund

1. A Fund for sustainable management of tropical timber producing forests is hereby established to assist producing members to make the investments necessary to achieve the objective of article 1 (d) of this Agreement.
2. The Fund shall be constituted by:
  - (a) Contributions from donor members;
  - (b) Fifty per cent of income earned as a result of activities related to the Special Account;
  - (c) Resources from other private and public sources which the Organization may accept consistent with its financial rules.
3. Resources of the Fund shall be allocated by the Council only for pre-projects and projects for the purpose set out in paragraph 1 of this article and approved in accordance with article 25.
4. In allocating resources of the Fund, 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.

5. The Council shall examine annually the adequacy of the resources available to the Fund and endeavour to obtain additional resources needed by producing members to achieve the purpose of the Fund. The ability of members to implement the strategy referred to in paragraph 4 (a) of this article will be influenced by the availability of resources.

6. The Council shall establish policies and financial rules for the operation of the Fund, including rules covering the settlement of accounts on termination or expiry of this Agreement.

#### Article 22

##### Forms of payment

1. Contributions to the Administrative Account shall be payable in freely usable currencies and shall be exempt from foreign-exchange restrictions.

2. Financial contributions to the Special Account and the Bali Partnership Fund shall be payable in freely usable currencies and shall be exempt from foreign-exchange restrictions.

3. The Council may also decide to accept other forms of contributions to the Special Account or the Bali Partnership Fund, including scientific and technical equipment or personnel, to meet the requirements of approved projects.

#### Article 23

##### Audit and publication of accounts

1. The Council shall appoint independent auditors for the purpose of auditing the accounts of the Organization.

2. Independently audited statements of the Administrative Account, of the Special Account, and of the Bali Partnership Fund shall be made available to members as soon as possible after the close of each financial year, but not later than six months after that date, and be considered for approval by the Council at its next session, as appropriate. A summary of the audited accounts and balance sheet shall thereafter be published.



## CHAPTER VII. OPERATIONAL ACTIVITIES

### Article 24

#### Policy work of the Organization

In order to achieve the objectives set out in article 1, the Organization shall 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 policy work and project activities.

### Article 25

#### Project activities of the Organization

1. Bearing in mind the needs of developing countries, members may submit pre-project and project proposals to the Council in the fields of research and development, market intelligence, further and increased wood processing in producing member countries, and reforestation and forest management. Pre-projects and projects should contribute to the achievement of one or more of the objectives of this Agreement.

2. The Council, in approving pre-projects and projects, shall take into account:
- (a) their relevance to the objectives of this Agreement;
  - (b) their environmental and social effects;
  - (c) the desirability of maintaining an appropriate geographical balance;
  - (d) the interests and characteristics of each of the developing producing regions;
  - (e) the desirability of equitable distribution of resources among the fields referred to in paragraph 1 of this article;
  - (f) Their cost-effectiveness; and
  - (g) the need to avoid duplication of efforts.

3. The Council shall establish a schedule and procedure for submitting, appraising, and prioritizing pre-projects and projects seeking funding from the Organization, as well as for their implementation, monitoring and evaluation. The Council shall decide on the approval of pre-projects and projects for financing or sponsorship in accordance with article 20 or article 21.

4. The Executive Director may suspend disbursement of the Organization's funds to a pre-project or project if they are being used contrary to the project document or in cases of fraud, waste, neglect or mismanagement. The Executive Director will provide to the Council at its next session a report for its consideration. The Council shall take appropriate action.

5. The Council may, by special vote, terminate its sponsorship of any pre-project or project.

#### Article 26

##### Establishment of Committees

1. The following are hereby established as Committees of the Organization:

- (a) Committee on Economic Information and Market Intelligence;
- (b) Committee on Reforestation and Forest Management;
- (c) Committee on Forest Industry; and
- (d) Committee on Finance and Administration.

2. The Council may, by special vote, establish such other committees and subsidiary bodies as it deems appropriate and necessary.

3. Participation in each of the committees shall be open to all members. The rules of procedure of the committees shall be decided by the Council.

4. The committees and subsidiary bodies referred to in paragraphs 1 and 2 of this article shall be responsible to, and work under the general direction of, the Council. Meetings of the committees and subsidiary bodies shall be convened by the Council.

#### Article 27

##### Functions of the Committees

1. The Committee on Economic Information and Market Intelligence shall:

- (a) Keep under review the availability and quality of statistics and other information required by the Organization;

- (b) Analyze the statistical data and specific indicators as decided by the Council for the monitoring of international timber trade;
- (c) Keep under continuous review the international timber market, its current situation and short-term prospects on the basis of the data mentioned in sub-paragraph (b) above and other relevant information, including information related to undocumented trade;
- (d) Make recommendations to the Council on the need for, and nature of, appropriate studies on tropical timber, including prices, market elasticity, market substitutability, marketing of new products, and long-term prospects of the international tropical timber market, and monitor and review any studies commissioned by the Council;
- (e) Carry out any other tasks related to the economic, technical and statistical aspects of timber assigned to it by the Council;
- (f) Assist in the provision of technical cooperation to developing member countries to improve their relevant statistical services.

2. The Committee on Reforestation and Forest Management shall:

- (a) Promote cooperation between members as partners in development of forest activities in member countries, inter alia, in the following areas:
  - (i) Reforestation;
  - (ii) Rehabilitation;
  - (iii) Forest management;
- (b) Encourage the increase of technical assistance and transfer of technology in the fields of reforestation and forest management to developing countries;
- (c) Follow up on-going activities in this field, and identify and consider problems and possible solutions to them in cooperation with the competent organizations;

- (d) Review regularly the future needs of international trade in industrial tropical timber and, on this basis, identify and consider appropriate possible schemes and measures in the field of reforestation, rehabilitation and forest management;
- (e) Facilitate the transfer of knowledge in the field of reforestation and forest management with the assistance of competent organizations;
- (f) Co-ordinate and harmonize these activities for cooperation in the field of reforestation and forest management with relevant activities pursued elsewhere, such as those under the auspices of the Food and Agricultural Organization (FAO), the United Nations Environmental Programme (UNEP), the World Bank, the United Nations Development Programme (UNDP), regional development banks and other competent organizations.

3. The Committee on Forest Industry shall:

- (a) Promote cooperation between member countries as partners in the development of processing activities in producing member countries, *inter alia*, in the following areas:
  - (i) Product development through transfer of technology;
  - (ii) Human resources development and training;
  - (iii) Standardization of nomenclature of tropical timber;
  - (iv) Harmonization of specifications of processed products;
  - (v) Encouragement of investment and joint ventures; and
  - (vi) Marketing including the promotion of lesser known and lesser used species;
- (b) Promote the exchange of information in order to facilitate structural changes involved in increased and further processing in the interests of all member countries, in particular developing member countries;
- (c) Follow up on-going activities in this field, and identify and consider problems and possible solutions to them in cooperation with the competent organizations;

(d) Encourage the increase of technical cooperation for the processing of tropical timber for the benefit of producing member countries.

4. In order to promote the policy and project work of the Organization in a balanced manner the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management and the Committee on Forest Industry shall each:

(a) Be responsible for ensuring the effective appraisal, monitoring and evaluation of pre-projects and projects;

(b) Make recommendations to the Council relating to pre-projects and projects;

(c) Follow up the implementation of pre-projects and projects and provide for the collection and dissemination of their results as widely as possible for the benefit of all members;

(d) Develop and advance policy ideas to the Council;

(e) Review regularly the results of project and policy work and make recommendations to the Council on the future of the Organization's programme;

(f) Review regularly the strategies, criteria and priority areas for programme development and project work contained in the Organization's Action Plan and recommend revisions to the Council;

(g) Take account of the need to strengthen capacity building and human resource development in member countries;

(h) Carry out any other task related to the objectives of this Agreement assigned to them by the Council.

5. Research and development shall be a common function of the Committees referred to in paragraphs 1, 2, and 3 of this article.

6. The Committee on Finance and Administration shall:
  - (a) Examine and make recommendations to the Council regarding the approval of the Organization's administrative budget proposals and the management operations of the Organization;
  - (b) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry on its work;
  - (c) Examine and make recommendations to the Council on the budgetary implications of the Organization's annual work programme, and the actions that might be taken to secure the resources needed to implement it;
  - (d) Recommend to the Council the choice of independent auditors and review the independent audited statements;
  - (e) Recommend to the Council any modifications it may judge necessary to the Rules of Procedure or the Financial Rules;
  - (f) Review the Organization's revenues and the extent to which they constrain the work of the Secretariat;

**CHAPTER VIII. RELATIONSHIP WITH THE COMMON FUND  
FOR COMMODITIES**

Article 28

Relationship with the Common Fund for Commodities

The Organization shall take full advantage of the facilities of the Common Fund for Commodities.

## **CHAPTER IX. STATISTICS, STUDIES AND INFORMATION**

### Article 29

#### Statistics, studies and information

1. The Council shall establish close relationships with relevant intergovernmental, governmental and non-governmental organizations, in order to help ensure the availability of recent reliable data and information on the trade in tropical timber, as well as relevant information on non-tropical timber and on the management of timber producing forests. As deemed necessary for the operation of this Agreement, the Organization, in cooperation with such organizations, shall compile, collate and, where relevant, publish statistical information on production, supply, trade, stocks, consumption and market prices of timber, the extent of timber resources and the management of timber producing forests.

2. Members shall, to the fullest extent possible not inconsistent with their national legislation, furnish, within a reasonable time, statistics and information on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests as well as other relevant information as requested by the Council. The Council shall decide on the type of information to be provided under this paragraph and on the format in which it is to be presented.

3. The Council shall arrange to have any relevant studies undertaken of the trends and of short and long-term problems of the international timber markets and of the progress towards the achievement of sustainable management of timber producing forests.

### Article 30

#### Annual report and review

1. The Council shall, within six months after the close of each calendar year, publish an annual report on its activities and such other information as it considers appropriate.

2. The Council shall annually review and assess:

(a) The international timber situation;

(b) Other factors, issues and developments considered relevant to achieve the objectives of this Agreement.

3. The review shall be carried out in the light of:

(a) Information supplied by members in relation to national production, trade, supply, stocks, consumption and prices of timber;

(b) Other statistical data and specific indicators provided by members as requested by the Council; and

(c) Information supplied by members on their progress towards the sustainable management of their timber producing forests;

(d) Such other relevant information as may be available to the Council either directly or through the organizations in the United Nations system and intergovernmental, governmental or non-governmental organizations.

4. The Council shall promote the exchange of views among member countries regarding:

(a) The status of sustainable management of timber producing forests and related matters in member countries;

(b) Resource flows and requirements in relation to objectives, criteria and guidelines set by the Organization.

5. Upon request, the Council shall endeavour to enhance the technical capacity of member countries, in particular developing member countries, to obtain the data necessary for adequate information-sharing, including the provision of resources for training and facilities to members.

6. The results of the review shall be included in the reports of the Council's deliberations.



## CHAPTER X. MISCELLANEOUS

### Article 31

#### Complaints and disputes

Any complaint that a member has failed to fulfil its obligations under this Agreement and any dispute concerning the interpretation or application of this Agreement shall be referred to the Council for decision. Decisions of the Council on these matters shall be final and binding.

### Article 32

#### General obligations of members

1. Members shall, for the duration of this Agreement, use their best endeavours and cooperate to promote the attainment of its objectives and to avoid any action contrary thereto.
2. Members undertake to accept and carry out the decisions of the Council under the provisions of this Agreement and shall refrain from implementing measures which would have the effect of limiting or running counter to them.

### Article 33

#### Relief from obligations

1. Where it is necessary on account of exceptional circumstances or emergency or *force majeure* not expressly provided for in this Agreement, the Council may, by special vote, relieve a member of an obligation under this Agreement if it is satisfied by an explanation from that member regarding the reasons why the obligation cannot be met.
2. The Council, in granting relief to a member under paragraph 1 of this article, shall state explicitly the terms and conditions on which, and the period for which, the member is relieved of such obligation, and the reasons for which the relief is granted.

Article 34

Differential and remedial measures and special measures

1. Developing importing members whose interests are adversely affected by measures taken under this Agreement may apply to the Council for appropriate differential and remedial measures. The Council shall consider taking appropriate measures in accordance with section III, paragraphs 3 and 4, of resolution 93 (IV) of the United Nations Conference on Trade and Development.

2. Members in the category of least developed countries as defined by the United Nations may apply to the Council for special measures in accordance with section III, paragraph 4, of resolution 93 (IV) and with paragraphs 56 and 57 of the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s.

Article 35

Review

The Council shall review the scope of this Agreement four years after its entry into force.

Article 36

Non-discrimination

Nothing in this Agreement authorizes the use of measures to restrict or ban international trade in, and in particular as they concern imports of and utilization of, timber and timber products.

**CHAPTER XI. FINAL PROVISIONS**

Article 37

Depositary

The Secretary-General of the United Nations is hereby designated as the depositary of this Agreement.

Article 38

Signature, ratification, acceptance and approval

1. This Agreement shall be open for signature, at United Nations Headquarters from 1 April 1994 until one month after the date of its entry into force, by Governments invited to the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1983.

2. Any Government referred to in paragraph 1 of this article may:

(a) At the time of signing this Agreement, declare that by such signature it expresses its consent to be bound by this Agreement (definitive signature); or

(b) After signing this Agreement, ratify, accept or approve it by the deposit of an instrument to that effect with the depositary.

Article 39

Accession

1. This Agreement shall be open for accession by the Governments of all states upon conditions established by the Council, which shall include a time-limit for the deposit of instruments of accession. The Council may, however, grant extensions of time to Governments which are unable to accede by the time-limit set in the conditions of accession.

2. Accession shall be effected by the deposit of an instrument of accession with the depositary.

Article 40

Notification of provisional application

A signatory Government which intends to ratify, accept or approve this Agreement, or a Government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument, may, at any time, notify the depositary that it

will apply this Agreement provisionally either when it enters into force in accordance with article 41, or, if it is already in force, at a specified date.

#### Article 41

##### Entry into force

1. This Agreement shall enter into force definitively on 1 February 1995 or on any date thereafter, if 12 Governments of producing countries holding at least 55 per cent of the total votes as set out in annex A to this Agreement, and 16 Governments of consuming countries holding at least 70 per cent of the total votes as set out in annex B to this Agreement have signed this Agreement definitively or have ratified, accepted or approved it or acceded thereto pursuant to article 38, paragraph 2, or article 39.

2. If this Agreement has not entered into force definitively on 1 February 1995, it shall enter into force provisionally on that date or on any date within six months thereafter, if, 10 Governments of producing countries holding at least 50 per cent of the total votes as set out in annex A to this Agreement, and 14 Governments of consuming countries holding at least 65 per cent of the total votes as set out in annex B to this Agreement, have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article 38, paragraph 2, or have notified the depositary under article 40 that they will apply this Agreement provisionally.

3. If the requirements for entry into force under paragraph 1 or paragraph 2 of this article have not been met on 1 September 1995, the Secretary-General of the United Nations shall invite those Governments which have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article 38, paragraph 2, or have notified the depositary that they will apply this Agreement provisionally, to meet at the earliest time practicable to decide whether to put this Agreement into force provisionally or definitively among themselves in whole or in part. Governments which decide to put this Agreement into force provisionally among themselves may meet from time to time to review the situation and decide whether this Agreement shall enter into force definitively among themselves.

4. For any Government which has not notified the depositary under article 40 that it will apply this Agreement provisionally and which deposits its instrument of ratification,

acceptance, approval or accession after the entry into force of this Agreement, this Agreement shall enter into force on the date of such deposit.

5. The Executive Director of the Organization shall convene the Council as soon as possible after the entry into force of this Agreement.

#### Article 42

##### Amendments

1. The Council may, by special vote, recommend an amendment of this Agreement to members.

2. The Council shall fix a date by which members shall notify the depositary of their acceptance of the amendment.

3. An amendment shall enter into force 90 days after the depositary has received notifications of acceptance from members constituting at least two thirds of the producing members and accounting for at least 75 per cent of the votes of the producing members, and from members constituting at least two thirds of the consuming members and accounting for at least 75 per cent of the votes of the consuming members.

4. After the depositary informs the Council that the requirements for entry into force of the amendment have been met, and notwithstanding the provisions of paragraph 2 of this article relating to the date fixed by the Council, a member may still notify the depositary of its acceptance of the amendment, provided that such notification is made before the entry into force of the amendment.

5. Any member which has not notified its acceptance of an amendment by the date on which such amendment enters into force shall cease to be a party to this Agreement as from that date, unless such member has satisfied the Council that its acceptance could not be obtained in time owing to difficulties in completing its constitutional or institutional procedures, and the Council decides to extend for that member the period for acceptance of the amendment. Such member shall not be bound by the amendment before it has notified its acceptance thereof.

6. If the requirements for the entry into force of the amendment have not been met by the date fixed by the Council in accordance with paragraph 2 of this article, the amendment shall be considered withdrawn.

#### Article 43

##### Withdrawal

1. A member may withdraw from this Agreement at any time after the entry into force of this Agreement by giving written notice of withdrawal to the depositary. That member shall simultaneously inform the Council of the action it has taken.

2. Withdrawal shall become effective 90 days after the notice is received by the depositary.

3. Financial obligations to the Organization incurred by a member under this Agreement shall not be terminated by its withdrawal.

#### Article 44

##### Exclusion

If the Council decides that any member is in breach of its obligations under this Agreement and decides further that such breach significantly impairs the operation of this Agreement, it may, by special vote, exclude that member from this Agreement. The Council shall immediately so notify the depositary. Six months after the date of the Council's decision, that member shall cease to be a party to this Agreement.

#### Article 45

##### Settlement of accounts with withdrawing or excluded members

##### or members unable to accept an amendment

1. The Council shall determine any settlement of accounts with a member which ceases to be a party to this Agreement owing to:

(a) Non-acceptance of an amendment to this Agreement under article 42;

- (b) Withdrawal from this Agreement under article 43; or
- (c) Exclusion from this Agreement under article 44.

2. The Council shall retain any contribution paid to the Administrative Account, to the Special Account, or to the Bali Partnership Fund by a member which ceases to be a party to this Agreement.

3. A member which has ceased to be a party to this Agreement shall not be entitled to any share of the proceeds of liquidation or the other assets of the Organization. Nor shall such member be liable for payment of any part of the deficit, if any, of the Organization upon termination of this Agreement.

#### Article 46

##### Duration, extension and termination

1. This Agreement shall remain in force for a period of four years after its entry into force unless the Council, by special vote, decides to extend, renegotiate or terminate it in accordance with the provisions of this article.

2. The Council may, by special vote, decide to extend this Agreement for two periods of three years each.

3. If, before the expiry of the four-year period referred to in paragraph 1 of this article, or before the expiry of an extension period referred to in paragraph 2 of this article, as the case may be, a new agreement to replace this Agreement has been negotiated but has not yet entered into force either definitively or provisionally, the Council may, by special vote, extend this Agreement until the provisional or definitive entry into force of the new agreement.

4. If a new agreement is negotiated and enters into force during any period of extension of this Agreement under paragraph 2 or paragraph 3 of this article, this Agreement, as extended, shall terminate upon the entry into force of the new agreement.

5. The Council may at any time, by special vote, decide to terminate this Agreement with effect from such date as it may determine.

6. Notwithstanding the termination of this Agreement, the Council shall continue in being for a period not exceeding 18 months to carry out the liquidation of the Organization, including the settlement of accounts, and, subject to relevant decisions to be taken by special vote, shall have during that period such powers and functions as may be necessary for these purposes.

7. The Council shall notify the depositary of any decision taken under this article.

#### Article 47

#### Reservations

Reservations may not be made with respect to any of the provisions of this Agreement.

#### Article 48

#### Supplementary and transitional provisions

1. This Agreement shall be the successor to the International Tropical Timber Agreement, 1983.

2. All acts by or on behalf of the Organization or any of its organs under the International Tropical Timber Agreement, 1983, which are in effect on the date of entry into force of this Agreement and the terms of which do not provide for expiry on that date shall remain in effect unless changed under the provisions of this Agreement.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have affixed their signatures under this Agreement on the dates indicated.

DONE at Geneva, on the twenty-six day of January, one thousand nine hundred and ninety-four, the text of this Agreement in the Arabic, Chinese, English, French, Russian and Spanish languages being equally authentic.



## ANNEX A

**List of producing countries with tropical forest resources  
and/or net exporters of tropical timber in volume terms,  
and allocation of votes for the purposes of article 41**

Bolivia .....	21
Brazil .....	133
Cameroon .....	
23	
Colombia .....	24
Congo .....	23
Costa Rica .....	9
Côte d'Ivoire .....	23
Dominican Republic .....	9
Ecuador .....	14
El Salvador .....	9
Equatorial Guinea .....	23
Gabon .....	23
Ghana .....	23
Guyana .....	
14	
Honduras .....	9
India .....	34
Indonesia .....	170
Liberia .....	23
Malaysia .....	139
Mexico .....	14
Myanmar .....	33
Panama .....	10
Papua New Guinea .....	28
Paraguay .....	11
Peru .....	25
Philippines .....	25
Tanzania, United Republic of .....	23
Thailand .....	20
Togo .....	23
Trinidad & Tobago .....	9
Venezuela .....	10
Zaire .....	23
Total	1000

## ANNEX B

**List of consuming countries and allocation of votes  
for the purposes of article 41**

Afghanistan	.....	10
Algeria	.....	13
Australia	.....	18
Austria	.....	11
Bahrain	.....	11
Bulgaria	.....	10
Canada	.....	12
Chile	.....	10
China	36	
Egypt	14	
European Community	.....(302)	
Belgium/Luxembourg	.....	26
Denmark	.....	11
France	.....	44
Germany	.....	35
Greece	.....	13
Ireland	.....	13
Italy	35	
Netherlands	40	
Portugal	.....	18
Spain	.....	25
United Kingdom	.....	42
Finland	.....	10
Japan	320	
Nepal	10	
New Zealand	.....	10
Norway	.....	10
Republic of Korea	.....	97
Russian Federation	.....	13
Slovakia	.....	11
Sweden	.....	10
Switzerland	.....	11
United States of America	.....	51
	Total	1000

#### **4. International Tropical Timber Agreement, 2006**



**UNITED  
NATIONS**

**TD**



United Nations  
Conference  
on Trade and  
Development

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GENERAL

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United Nations Conference for the  
Negotiation of a Successor Agreement to the  
International Tropical Timber Agreement, 1994  
Fourth part  
Geneva, 16- 27 January 2006  
Agenda item 7

**INTERNATIONAL TROPICAL TIMBER AGREEMENT, 2006**

## PREAMBLE

The Parties to this Agreement,

(a) Recalling the Declaration and the Programme of Action on the Establishment of a New International Economic Order; the Integrated Programme for Commodities; the New Partnership for Development; and the Spirit of São Paulo and São Paulo Consensus, as adopted by UNCTAD XI;

(b) Also recalling the International Tropical Timber Agreement, 1983, and the International Tropical Timber Agreement, 1994, and recognizing the work of the International Tropical Timber Organization and its achievements since its inception, including a strategy for achieving international trade in tropical timber from sustainably managed sources;

(c) Further recalling the Johannesburg Declaration and Plan of Implementation as adopted by the World Summit on Sustainable Development in September 2002, the United Nations Forum on Forests established in October 2000 and the associated creation of the Collaborative Partnership on Forests, of which the International Tropical Timber Organization is a member, as well as the Rio Declaration on Environment and Development, the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests, and the relevant Chapters of Agenda 21 as adopted by the United Nations Conference on Environment and Development in June 1992, the United Nations Framework Convention on Climate Change, the United Nations Convention on Biological Diversity and the United Nations Convention to Combat Desertification;

(d) Recognizing that States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental policies and have the responsibility to ensure that activities within their jurisdiction and control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction, as set forth in principle 1(a) of the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests;

(e) Recognizing the importance of timber and related trade to the economies of timber producer countries;

(f) Also recognizing the importance of the multiple economic, environmental and social benefits provided by forests, including timber and non-timber forest products and environmental services, in the context of sustainable forest management, at local, national and global levels and the contribution of sustainable forest management to sustainable development and poverty alleviation and the achievement of internationally agreed development goals, including those contained in the Millennium Declaration;

(g) Further recognizing the need to promote and apply comparable criteria and indicators for sustainable forest management as important tools for all members to assess, monitor and promote progress toward sustainable management of their forests;

(h) Taking into account the linkages of the tropical timber trade and the international timber market and wider global economy and the need to take a global perspective in order to improve transparency in the international timber trade;

(i) Reaffirming their commitment to moving as rapidly as possible toward achieving exports of tropical timber and timber products from sustainably managed sources (*ITTO Objective 2000*) and recalling the establishment of the Bali Partnership Fund;

(j) Recalling the commitment made by consumer members in January 1994 to maintain or achieve the sustainable management of their forests;

(k) Noting the role of good governance, clear land tenure arrangements and cross-sectoral coordination in achieving sustainable forest management and legally sourced timber exports;

(l) Recognizing the importance of collaboration among members, international organizations, the private sector and civil society, including indigenous and local communities, and other stakeholders in promoting sustainable forest management;

(m) Also recognizing the importance of such collaboration for improving forest law enforcement and promoting trade from legally harvested timber;

(n) Noting that enhancing the capacity of forest-dependent indigenous and local communities, including those who are forest owners and managers, can contribute to achieving the objectives of this Agreement;

(o) Also noting the need to improve the standard of living and working conditions within the forest sector, taking into account relevant internationally recognized principles on these matters, and relevant International Labour Organization Conventions and instruments;

(p) Noting that timber is an energy-efficient, renewable and environmentally friendly raw material compared with competing products;

(q) Recognizing the need for increased investment in sustainable forest management, including through reinvesting revenues generated from forests, including from timber-related trade;

(r) Also recognizing the benefits of market prices that reflect the costs of sustainable forest management;

(s) Further recognizing the need for enhanced and predictable financial resources from a broad donor community to help achieve the objectives of this Agreement;

(t) Noting the special needs of least developed tropical timber producer countries.

Have agreed as follows;

## CHAPTER I. OBJECTIVES

### Article 1

#### OBJECTIVES

The objectives of the International Tropical Timber Agreement, 2006 (hereinafter referred to as "this Agreement") are to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing forests by:

(a) Providing an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy;

(b) Providing a forum for consultation to promote non-discriminatory timber trade practices;

(c) Contributing to sustainable development and to poverty alleviation;

(d) Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources;

(e) Promoting improved understanding of the structural conditions in international markets, including long-term trends in consumption and production, factors affecting market access, consumer preferences and prices, and conditions leading to prices which reflect the costs of sustainable forest management;

(f) Promoting and supporting research and development with a view to improving forest management and efficiency of wood utilization and the competitiveness of wood products relative to other materials, as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests;

(g) Developing and contributing towards mechanisms for the provision of new and additional financial resources with a view to promoting the adequacy and predictability of funding and expertise needed to enhance the capacity of producer members to attain the objectives of this Agreement;

(h) Improving market intelligence and encouraging information sharing on the international timber market with a view to ensuring greater transparency and better information on markets and market trends, including the gathering, compilation and dissemination of trade related data, including data related to species being traded;

(i) Promoting increased and further processing of tropical timber from sustainable sources in producer member countries, with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings;

(j) Encouraging members to support and develop tropical timber reforestation, as well as rehabilitation and restoration of degraded forest land, with due regard for the interests of local communities dependent on forest resources;



(k) Improving marketing and distribution of tropical timber and timber product exports from sustainably managed and legally harvested sources and which are legally traded, including promoting consumer awareness;

(l) Strengthening the capacity of members for the collection, processing and dissemination of statistics on their trade in timber and information on the sustainable management of their tropical forests;

(m) Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance, in the context of the tropical timber trade;

(n) Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber;

(o) Encouraging information sharing for a better understanding of voluntary mechanisms such as, *inter alia*, certification, to promote sustainable management of tropical forests, and assisting members with their efforts in this area;

(p) Promoting access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed;

(q) Promoting better understanding of the contribution of non-timber forest products and environmental services to the sustainable management of tropical forests with the aim of enhancing the capacity of members to develop strategies to strengthen such contributions in the context of sustainable forest management, and cooperating with relevant institutions and processes to this end;

(r) Encouraging members to recognize the role of forest-dependent indigenous and local communities in achieving sustainable forest management and develop strategies to enhance the capacity of these communities to sustainably manage tropical timber producing forests; and

(s) Identifying and addressing relevant new and emerging issues.

## **CHAPTER II. DEFINITIONS**

### **Article 2**

#### **DEFINITIONS**

For the purposes of this Agreement:

1. "Tropical timber" means tropical wood for industrial uses, which grows or is produced in the countries situated between the Tropic of Cancer and the Tropic of Capricorn. The term covers logs, sawnwood, veneer sheets and plywood;

2. "Sustainable forest management" will be understood according to the Organization's relevant policy documents and technical guidelines;

/ ...

3. "Member" means a Government, the European Community or any intergovernmental organization referred to in article 5, which has consented to be bound by this Agreement whether it is in force provisionally or definitively;
4. "Producer member" means any member situated between the Tropic of Cancer and the Tropic of Capricorn with tropical forest resources and/or a net exporter of tropical timber in volume terms which is listed in annex A and which becomes a party to this Agreement, or any member with tropical forest resources and/or a net exporter of tropical timber in volume terms which is not so listed and which becomes a party to this Agreement and which the Council, with the consent of that member, declares to be a producer member;
5. "Consumer member" means any member which is an importer of tropical timber listed in annex B which becomes a party to this Agreement, or any member which is an importer of tropical timber not so listed which becomes a party to this Agreement and which the Council, with the consent of that member, declares to be a consumer member;
6. "Organization" means the International Tropical Timber Organization established in accordance with article 3;
7. "Council" means the International Tropical Timber Council established in accordance with article 6;
8. "Special vote" means a vote requiring at least two thirds of the votes cast by producer members present and voting and at least 60 per cent of the votes cast by consumer members present and voting, counted separately, on condition that these votes are cast by at least half of the producer members present and voting and at least half of the consumer members present and voting.
9. "Simple distributed majority vote" means a vote requiring more than half of the votes cast by producer members present and voting and more than half of the votes cast by consumer members present and voting, counted separately;
10. "Financial biennium" means the period from 1 January of one year to 31 December of the following year.
11. "Freely convertible currencies" means the euro, the Japanese yen, the pound sterling, the Swiss franc, the United States dollar, and any other currency which has been designated from time to time by a competent international monetary organization as being in fact widely used to make payments for international transactions and widely traded in the principal exchange markets.
12. For purposes of the calculation of the distribution of votes under article 10, paragraph 2(b), "tropical forest resources" means natural closed forests and forest plantations located between the Tropic of Cancer and the Tropic of Capricorn.

### **CHAPTER III. ORGANIZATION AND ADMINISTRATION**

#### **Article 3**

#### **HEADQUARTERS AND STRUCTURE OF THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION**

1. The International Tropical Timber Organization established by the International Tropical Timber Agreement, 1983 shall continue in being for the purposes of administering the provisions and supervising the operation of this Agreement.
2. The Organization shall function through the Council established under article 6, the committees and other subsidiary bodies referred to in article 26 and the Executive Director and staff.
3. The headquarters of the Organization shall at all times be located in the territory of a member.
4. The headquarters of the Organization shall be in Yokohama, unless the Council, by special vote in accordance with article 12, decides otherwise.
5. Regional offices of the Organization may be established if the Council so decides by special vote in accordance with article 12.

#### **Article 4**

#### **MEMBERSHIP IN THE ORGANIZATION**

There shall be two categories of membership in the Organization, namely:

- (a) Producer; and
- (b) Consumer.

#### **Article 5**

#### **MEMBERSHIP BY INTERGOVERNMENTAL ORGANIZATIONS**

1. Any reference in this Agreement to "Governments" shall be construed as including the European Community and other intergovernmental organizations having comparable responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. Accordingly, any reference in this Agreement to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession shall, in the case of such organizations, be construed as including a reference to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession, by such organizations.
2. In the case of voting on matters within their competence, the European Community and other intergovernmental organizations referred to in paragraph 1 shall vote with a number of

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votes equal to the total number of votes attributable to their member States which are parties to the Agreement in accordance with article 10. In such cases, the member States of such organizations shall not be entitled to exercise their individual voting rights.

## **CHAPTER IV. INTERNATIONAL TROPICAL TIMBER COUNCIL**

### **Article 6**

#### **COMPOSITION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

1. The highest authority of the Organization shall be the International Tropical Timber Council, which shall consist of all the members of the Organization.
2. Each member shall be represented in the Council by one representative and may designate alternates and advisers to attend sessions of the Council.
3. An alternate shall be empowered to act and vote on behalf of the representative during the latter's absence or in special circumstances.

### **Article 7**

#### **POWERS AND FUNCTIONS OF THE COUNCIL**

The Council shall exercise all such powers and perform or arrange for the performance of all such functions as are necessary to carry out the provisions of this Agreement. In particular, it shall:

- (a) By special vote in accordance with article 12, adopt such rules and regulations as are necessary to carry out the provisions of this Agreement and as are consistent therewith, including its own rules of procedure and the financial rules and staff regulations of the Organization. Such financial rules and regulations shall, *inter alia*, govern the receipt and expenditure of funds under the accounts established in article 18. The Council may, in its rules of procedure, provide for a procedure whereby it may, without meeting, decide specific questions;
- (b) Take such decisions as are necessary to ensure the effective and efficient functioning and operation of the Organization; and
- (c) Keep such records as are required for the performance of its functions under this Agreement.

### **Article 8**

#### **CHAIRMAN AND VICE-CHAIRMAN OF THE COUNCIL**

1. The Council shall elect for each calendar year a Chairman and a Vice-Chairman, whose salaries shall not be paid by the Organization.
2. The Chairman and the Vice-Chairman shall be elected, one from among the representatives of producer members and the other from among the representatives of consumer members.
3. These offices shall alternate each year between the two categories of members, provided, however, that this shall not prohibit the re-election of either or both, under exceptional circumstances.
4. In the temporary absence of the Chairman, the Vice-Chairman shall assume the functions of the Chairman. In the temporary absence of both the Chairman and the Vice-Chairman, or in the absence of one or both of them for the rest of the term for which they were elected, the Council may elect new officers from among the representatives of the producer members and/or from among the representatives of the consumer members, as the case may be, on a temporary basis or for the rest of the term for which the predecessor or predecessors were elected.

## **Article 9**

### **SESSIONS OF THE COUNCIL**

1. As a general rule, the Council shall hold at least one regular session a year.
2. The Council shall meet in special session whenever it so decides or at the request of any member or the Executive Director, in agreement with the Chairman and Vice-Chairman of the Council, and:
  - (a) A majority of producer members or a majority of consumer members; or
  - (b) A majority of members.
3. Sessions of the Council shall be held at the headquarters of the Organization unless the Council, by special vote in accordance with article 12, decides otherwise. In this regard, the Council shall seek to convene alternate sessions of the Council outside headquarters, preferably in a producer country.
4. In considering the frequency and location of its sessions, the Council shall seek to ensure the availability of sufficient funds.
5. Notice of any sessions and the agenda for such sessions shall be communicated to members by the Executive Director at least six weeks in advance, except in cases of emergency, when notice shall be communicated at least seven days in advance.

## **Article 10**

### **DISTRIBUTION OF VOTES**

1. The producer members shall together hold 1,000 votes and the consumer members shall together hold 1,000 votes.

2. The votes of the producer members shall be distributed as follows:
  - (a) Four hundred votes shall be distributed equally among the three producing regions of Africa, Asia-Pacific and Latin America and the Caribbean. The votes thus allocated to each of these regions shall then be distributed equally among the producer members of that region;
  - (b) Three hundred votes shall be distributed among the producer members in accordance with their respective shares of the total tropical forest resources of all producer members; and
  - (c) Three hundred votes shall be distributed among the producer members in proportion to the average of the values of their respective net exports of tropical timber during the most recent three-year period for which definitive figures are available.
3. Notwithstanding the provisions of paragraph 2 of this article, the total votes allocated to the producer members from the African region, calculated in accordance with paragraph 2 of this article, shall be distributed equally among all producer members from the African region. If there are any remaining votes, each of these votes shall be allocated to a producer member from the African region: the first to the producer member which is allocated the highest number of votes calculated in accordance with paragraph 2 of this article, the second to the producer member which is allocated the second highest number of votes, and so on until all the remaining votes have been distributed.
4. Subject to paragraph 5 of this article, the votes of the consumer members shall be distributed as follows: each consumer member shall have 10 initial votes; the remaining votes shall be distributed among the consumer members in proportion to the average volume of their respective net imports of tropical timber during the five-year period commencing six calendar years prior to the distribution of votes.
5. The votes distributed to a consumer member for a given biennium shall not exceed 5 per cent over and above the votes distributed to that member for the previous biennium. Excess votes shall be redistributed among the consumer members in proportion to the average volume of their respective net imports of tropical timber during the five-year period commencing six calendar years prior to the distribution of votes.
6. The Council may, by special vote in accordance with article 12, adjust the minimum percentage required for a special vote by consumer members if it deems it necessary.
7. The Council shall distribute the votes for each financial biennium at the beginning of its first session of that biennium in accordance with the provisions of this article. Such distribution shall remain in effect for the rest of that biennium, except as provided for in paragraph 8 of this article.
8. Whenever the membership of the Organization changes or when any member has its voting rights suspended or restored under any provision of this Agreement, the Council shall redistribute the votes within the affected category or categories of members in accordance with the provisions of this article. The Council shall, in that event, decide when such redistribution shall become effective.

9. There shall be no fractional votes.

### **Article 11**

#### **VOTING PROCEDURE OF THE COUNCIL**

1. Each member shall be entitled to cast the number of votes it holds, and no member shall be entitled to divide its votes. A member may, however, cast differently from such votes any votes that it is authorized to cast under paragraph 2 of this article.
2. By written notification to the Chairman of the Council, any producer member may authorize, under its own responsibility, any other producer member, and any consumer member may authorize, under its own responsibility, any other consumer member, to represent its interests and to cast its votes at any meeting of the Council.
3. When abstaining, a member shall be deemed not to have cast its votes.

### **Article 12**

#### **DECISIONS AND RECOMMENDATIONS OF THE COUNCIL**

1. The Council shall endeavour to take all decisions and to make all recommendations by consensus.
2. If consensus cannot be reached, the Council shall take all decisions and make all recommendations by a simple distributed majority vote, unless this Agreement provides for a special vote.
3. Where a member avails itself of the provisions of article 11, paragraph 2, and its votes are cast at a meeting of the Council, such member shall, for the purposes of paragraph 1 of this article, be considered as present and voting.

### **Article 13**

#### **QUORUM FOR THE COUNCIL**

1. The quorum for any meeting of the Council shall be the presence of a majority of members of each category referred to in article 4, provided that such members hold at least two thirds of the total votes in their respective categories.
2. If there is no quorum in accordance with paragraph 1 of this article on the day fixed for the meeting and on the following day, the quorum on the subsequent days of the session shall be the presence of a majority of members of each category referred to in article 4, provided that such members hold a majority of the total votes in their respective categories.
3. Representation in accordance with article 11, paragraph 2, shall be considered as presence.

## **Article 14**

### **EXECUTIVE DIRECTOR AND STAFF**

1. The Council shall, by special vote in accordance with article 12, appoint the Executive Director.
2. The terms and conditions of appointment of the Executive Director shall be determined by the Council.
3. The Executive Director shall be the chief administrative officer of the Organization and shall be responsible to the Council for the administration and operation of this Agreement in accordance with decisions of the Council.
4. The Executive Director shall appoint staff in accordance with regulations to be established by the Council. The staff shall be responsible to the Executive Director.
5. Neither the Executive Director nor any member of the staff shall have any financial interest in the timber industry or trade, or associated commercial activities.
6. In the performance of their duties, the Executive Director and staff shall not seek or receive instructions from any member or from any authority external to the Organization. They shall refrain from any action which might reflect adversely on their positions as international officials ultimately responsible to the Council. Each member shall respect the exclusively international character of the responsibilities of the Executive Director and staff and shall not seek to influence them in the discharge of their responsibilities.

## **Article 15**

### **COOPERATION AND COORDINATION WITH OTHER ORGANIZATIONS**

1. In pursuing the objectives of the Agreement, the Council shall make arrangements as appropriate for consultations and cooperation with the United Nations and its organs and specialized agencies, including the United Nations Conference on Trade and Development (UNCTAD) and other relevant international and regional organizations and institutions, as well as the private sector, non-governmental organizations and civil society.
2. The Organization shall, to the maximum extent possible, utilize the facilities, services and expertise of intergovernmental, governmental or non-governmental organizations, civil society and the private sector in order to avoid duplication of efforts in achieving the objectives of this Agreement and to enhance the complementarity and the efficiency of their activities.
3. The Organization shall take full advantage of the facilities of the Common Fund for Commodities.



## **Article 16**

### **ADMISSION OF OBSERVERS**

The Council may invite any member or observer State of the United Nations which is not party to this Agreement, or any organization referred to in article 15 interested in the activities of the Organization, to attend as observers the sessions of the Council.

## **CHAPTER V. PRIVILEGES AND IMMUNITIES**

### **Article 17**

#### **PRIVILEGES AND IMMUNITIES**

1. The Organization shall have legal personality. It shall in particular have the capacity to contract, to acquire and dispose of movable and immovable property, and to institute legal proceedings.
2. The status, privileges and immunities of the Organization, of its Executive Director, its staff and experts, and of representatives of members while in the territory of Japan shall continue to be governed by the Headquarters Agreement between the Government of Japan and the International Tropical Timber Organization signed at Tokyo on 27 February 1988, with such amendments as may be necessary for the proper functioning of this Agreement.
3. The Organization may conclude, with one or more countries, agreements to be approved by the Council relating to such capacity, privileges and immunities as may be necessary for the proper functioning of this Agreement.
4. If the headquarters of the Organization is moved to another country, the member in question shall, as soon as possible, conclude with the Organization a headquarters agreement to be approved by the Council. Pending the conclusion of such an Agreement, the Organization shall request the new host Government to grant, within the limits of its national legislation, exemption from taxation on remuneration paid by the Organization to its employees, and on the assets, income and other property of the Organization.
5. The Headquarters Agreement shall be independent of this Agreement. It shall, however, terminate:
  - (a) By agreement between the host Government and the Organization;
  - (b) In the event of the headquarters of the Organization being moved from the country of the host Government; or
  - (c) In the event of the Organization ceasing to exist.

## **CHAPTER VI. FINANCE**

### **Article 18**

#### **FINANCIAL ACCOUNTS**

1. There shall be established:
  - (a) The Administrative Account, which is an assessed contribution account;
  - (b) The Special Account and The Bali Partnership Fund, which are voluntary contribution accounts; and
  - (c) Other accounts that the Council might consider appropriate and necessary.
2. The Council shall establish, in accordance with article 7, financial rules that provide transparent management and administration of the accounts, including rules covering the settlement of accounts on termination or expiry of this Agreement.
3. The Executive Director shall be responsible for, and report to the Council on the administration of the financial accounts.

### **Article 19**

#### **ADMINISTRATIVE ACCOUNT**

1. The expenses necessary for the administration of this Agreement shall be brought into the Administrative Account and shall be met by annual contributions paid by members in accordance with their respective constitutional or institutional procedures and assessed in accordance with paragraphs 4, 5 and 6 of this article.
2. The Administrative Account shall include:
  - (a) Basic administrative costs such as salaries and benefits, installation costs, and official travel; and
  - (b) Core operational costs such as those related to communication and outreach, expert meetings convened by the Council and preparation and publication of studies and assessments pursuant to articles 24, 27 and 28 of this Agreement.
3. The expenses of delegations to the Council, the committees and any other subsidiary bodies of the Council referred to in article 26 shall be met by the members concerned. In cases where a member requests special services from the Organization, the Council shall require that member to pay the costs of such services.
4. Before the end of each financial biennium, the Council shall approve the budget for the Administrative Account of the Organization for the following biennium and shall assess the contribution of each member to that budget.

5. Contributions to the Administrative Account for each financial biennium shall be assessed as follows:

- (a) The costs referred to in paragraph 2(a) of this article shall be shared equally among producer and consumer members and assessed in the proportion the number of each member's votes bears to the total votes of the member's group;
- (b) The costs referred to in paragraph 2(b) of this article shall be shared among members in the proportions of 20 per cent for producers and 80 per cent for consumers and assessed in the proportion the number of each member's votes bears to the total votes of the member's group;
- (c) The costs referred to in paragraph 2(b) of this article shall not exceed one third of the costs referred to in paragraph 2(a) of this article. The Council may, by consensus, decide to vary this limit for a specific financial biennium;
- (d) The Council may review how the Administrative Account and the voluntary accounts contribute to the efficient and effective operation of the Organization in the context of the evaluation referred to in article 33; and
- (e) In assessing contributions, the votes of each member shall be calculated without regard to the suspension of any member's voting rights or any redistribution of votes resulting therefrom.

6. The initial contribution of any member joining the Organization after the entry into force of this Agreement shall be assessed by the Council on the basis of the number of votes to be held by that member and the period remaining in the current financial biennium, but the assessment made upon other members from the current financial biennium shall not thereby be altered.

7. Contributions to the Administrative Account shall become due on the first day of each financial year. Contributions of members in respect of the financial biennium in which they join the Organization shall be due on the date on which they become members.

8. If a member has not paid its full contribution to the Administrative Account within four months after such contribution becomes due in accordance with paragraph 7 of this article, the Executive Director shall request that member to make payment as quickly as possible. If that member has still not paid its contribution within two months after such request, that member shall be requested to state the reasons for its inability to make payment. If at the expiry of seven months from the due date of contribution, that member has still not paid its contribution, its voting rights shall be suspended until such time as it has paid in full its contribution, unless the Council, by special vote in accordance with article 12, decides otherwise. If a member has not paid its contribution in full for two consecutive years, taking into account the provisions contained in article 30, that member shall become ineligible to submit project or pre-project proposals for funding consideration under article 25, paragraph 1.

9. If a member has paid its full contribution to the Administrative Account within four months after such contribution becomes due in accordance with paragraph 7 of this article, that member's contribution shall receive a discount as may be established by the Council in the financial rules of the Organization.

10. A member whose rights have been suspended under paragraph 8 of this article shall remain liable to pay its contribution.

## **Article 20**

### **SPECIAL ACCOUNT**

1. The Special Account shall comprise two sub-accounts:
  - (a) The Thematic Programmes Sub-Account; and
  - (b) The Project Sub-Account.
2. The possible sources of finance for the Special Account shall be:
  - (a) The Common Fund for Commodities;
  - (b) Regional and international financial institutions;
  - (c) Voluntary contributions from members; and
  - (d) Other sources.
3. The Council shall establish criteria and procedures for the transparent operation of the Special Account. Such procedures shall take into account the need for balanced representation among members, including contributing members, in the operation of the Thematic Programmes Sub-Account and the Project Sub-Account.
4. The purpose of the Thematic Programmes Sub-Account shall be to facilitate unearmarked contributions for the financing of approved pre-projects, projects and activities consistent with Thematic Programmes established by the Council on the basis of the policy and project priorities identified in accordance with articles 24 and 25.
5. The donors may allocate their contributions to specific Thematic Programmes or may request the Executive Director to make proposals for allocating their contributions.
6. The Executive Director shall report regularly to the Council on the allocation and expenditure of funds within the Thematic Programmes Sub-Account and on the implementation, monitoring and evaluation of pre-projects, projects and activities and the financial needs for the successful implementation of the Thematic Programmes.
7. The purpose of the Project Sub-Account shall be to facilitate earmarked contributions for the financing of pre-projects, projects and activities approved in accordance with articles 24 and 25.
8. Earmarked contributions to the Project Sub-Account shall be used only for the pre-projects, projects and activities for which they were designated, unless otherwise decided by the donor in consultation with the Executive Director. After the completion or termination of a pre-project, project or activity, the use of any remaining funds shall be decided by the donor.

9. To ensure the necessary predictability of funds for the Special Account, taking into consideration the voluntary nature of contributions, members shall strive to replenish it to attain an adequate resource level to fully carry out the pre-projects, projects and activities approved by Council.

10. All receipts pertaining to specific pre-projects, projects and activities under the Project Sub-Account or the Thematic Programmes Sub-Account shall be brought into the respective Sub-Account. All expenditures incurred on such pre-projects, projects or activities, including remuneration and travel expenses of consultants and experts, shall be charged to the same Sub-Account.

11. No member shall be responsible by reason of its membership in the Organization for any liability arising from any actions by any other member or entity in connection with pre-projects, projects or activities.

12. The Executive Director shall provide assistance in the development of proposals for pre-projects, projects and activities in accordance with articles 24 and 25 and endeavour to seek, on such terms and conditions as the Council may decide, adequate and assured finance for approved pre-projects, projects and activities.

## **Article 21**

### **THE BALI PARTNERSHIP FUND**

1. A Fund for sustainable management of tropical timber producing forests is hereby established to assist producer members to make the investments necessary to achieve the objective of article 1 (d) of this Agreement.

2. The Fund shall be constituted by:

- (a) Contributions from donor members;
- (b) Fifty per cent of income earned as a result of activities related to the Special Account;
- (c) Resources from other private and public sources which the Organization may accept consistent with its financial rules; and
- (d) Other sources approved by the Council.

3. Resources of the Fund shall be allocated by the Council only for pre-projects and projects for the purpose set out in paragraph 1 of this article and that have been approved in accordance with articles 24 and 25.

4. In allocating resources of the Fund, the Council shall establish criteria and priorities for use of the Fund, taking into account:

- (a) The needs of members for assistance in achieving exports of tropical timber and timber products from sustainably managed sources;

- (b) The needs of members to establish and manage significant conservation programmes in timber producing forests; and
  - (c) The needs of members to implement sustainable forest management programmes.
5. The Executive Director shall provide assistance in the development of project proposals in accordance with article 25 and endeavour to seek, on such terms and conditions as the Council may decide, adequate and assured finance for projects approved by the Council.
6. Members shall strive to replenish the Bali Partnership Fund to an adequate level to further the objectives of the Fund.
7. The Council shall examine at regular intervals the adequacy of the resources available to the Fund and endeavour to obtain additional resources needed by producer members to achieve the purpose of the Fund.

## **Article 22**

### **FORMS OF PAYMENT**

1. Financial contributions to accounts established under article 18 shall be payable in freely convertible currencies and shall be exempt from foreign-exchange restrictions.
2. The Council may also decide to accept other forms of contributions to the accounts established under article 18, other than the administrative account, including scientific and technical equipment or personnel, to meet the requirements of approved projects.

## **Article 23**

### **AUDIT AND PUBLICATION OF ACCOUNTS**

1. The Council shall appoint independent auditors for the purpose of auditing the accounts of the Organization.
2. Independently audited statements of the accounts established under article 18 shall be made available to members as soon as possible after the close of each financial year, but not later than six months after that date, and be considered for approval by the Council at its next session, as appropriate. A summary of the audited accounts and balance sheet shall thereafter be published.

## **CHAPTER VII. OPERATIONAL ACTIVITIES**

### **Article 24**

#### **POLICY WORK OF THE ORGANIZATION**

1. In order to achieve the objectives set out in article 1, the Organization shall undertake policy work and project activities in an integrated manner.
2. The policy work of the Organization should contribute to achieving the objectives of this Agreement for ITTO members broadly.
3. The Council shall establish on a regular basis an action plan to guide policy activities and identify priorities and the thematic programmes referred to in article 20, paragraph 4, of this Agreement. Priorities identified in the action plan shall be reflected in the work programmes approved by the Council. Policy activities may include the development and preparation of guidelines, manuals, studies, reports, basic communication and outreach tools, and similar work identified in the Organization's action plan.

### **Article 25**

#### **PROJECT ACTIVITIES OF THE ORGANIZATION**

1. Members and the Executive Director may submit pre-project and project proposals which contribute to the achievement of the objectives of this Agreement and one or more of the priority areas for work or thematic programmes identified in the action plan approved by the Council pursuant to article 24.
2. The Council shall establish criteria for approving projects and pre-projects, taking into account *inter alia* their relevance to the objectives of this Agreement and to priority areas for work or thematic programmes, their environmental and social effects, their relationship to national forest programmes and strategies, their cost effectiveness, technical and regional needs, the need to avoid duplication of efforts, and the need to incorporate lessons learned.
3. The Council shall establish a schedule and procedure for submitting, appraising, approving and prioritizing pre-projects and projects seeking funding from the Organization, as well as for their implementation, monitoring and evaluation.
4. The Executive Director may suspend disbursement of the Organization's funds to a pre-project or project if they are being used contrary to the project document or in cases of fraud, waste, neglect or mismanagement. The Executive Director will provide to the Council at its next session a report for its consideration. The Council shall take appropriate action.
5. The Council may establish, according to agreed criteria, limits on the number of projects and pre-projects that a member or the Executive Director may submit in a given project cycle. The Council may also take appropriate measures, including suspension or termination of its sponsorship of any pre-project or project, following the report of the Executive Director.

## **Article 26**

### **COMMITTEES AND SUBSIDIARY BODIES**

1. The following are hereby established as Committees of the Organization, which shall be open to all members:
  - (a) Committee on Forest Industry;
  - (b) Committee on Economics, Statistics and Markets;
  - (c) Committee on Reforestation and Forest Management; and
  - (d) Committee on Finance and Administration.
2. The Council may, by special vote in accordance with article 12, establish or dissolve committees and subsidiary bodies as appropriate.
3. The Council shall determine the functioning and scope of work of the committees and other subsidiary bodies. The Committees and other subsidiary bodies shall be responsible to and work under the authority of the Council.

## **CHAPTER VIII. STATISTICS, STUDIES AND INFORMATION**

### **Article 27**

#### **STATISTICS, STUDIES AND INFORMATION**

1. The Council shall authorize the Executive Director to establish and maintain close relationships with relevant intergovernmental, governmental and non-governmental organizations in order to help ensure the availability of recent and reliable data and information, including on production and trade in tropical timber, trends and data discrepancies, as well as relevant information on non-tropical timber and on the management of timber producing forests. As deemed necessary for the operation of this Agreement, the Organization, in cooperation with such organizations, shall compile, collate, analyse and publish such information.
2. The Organization shall contribute to efforts to standardize and harmonize international reporting on forest-related matters, avoiding overlapping and duplication in data collection from different organizations.
3. Members shall, to the fullest extent possible not inconsistent with their national legislation, furnish, within the time specified by the Executive Director, statistics and information on timber, its trade and activities aimed at achieving sustainable management of timber producing forests, as well as other relevant information as requested by the Council. The Council shall decide on the type of information to be provided under this paragraph and on the format in which it is to be presented.
4. Upon request or where necessary, the Council shall endeavour to enhance the technical capacity of member countries, in particular developing member countries, to meet the statistics and reporting requirements under this Agreement.



5. If a member has not furnished, for two consecutive years, the statistics and information required under paragraph 3 and has not sought the assistance of the Executive Director, the Executive Director shall initially request an explanation from that member within a specified time. In the event that no satisfactory explanation is forthcoming, the Council shall take such action as it deems appropriate.

6. The Council shall arrange to have any relevant studies undertaken of the trends and of short and long-term problems of the international timber markets and of the progress towards the achievement of sustainable management of timber producing forests.

## **Article 28**

### **ANNUAL REPORT AND BIENNIAL REVIEW**

1. The Council shall publish an annual report on its activities and such other information as it considers appropriate.

2. The Council shall biennially review and assess:

- (a) The international timber situation; and
- (b) Other factors, issues and developments considered relevant to achieving the objectives of this Agreement.

3. The review shall be carried out in the light of:

- (a) Information supplied by members in relation to national production, trade, supply, stocks, consumption and prices of timber;
- (b) Other statistical data and specific indicators provided by members as requested by the Council;
- (c) Information supplied by members on their progress towards the sustainable management of their timber-producing forests;
- (d) Such other relevant information as may be available to the Council either directly or through the organizations in the United Nations system and intergovernmental, governmental or non-governmental organizations; and
- (e) Information supplied by members on their progress towards the establishment of control and information mechanisms regarding illegal harvesting and illegal trade in tropical timber and non-timber forest products.

4. The Council shall promote the exchange of views among member countries regarding:

- (a) The status of sustainable management of timber-producing forests and related matters in member countries; and
- (b) Resource flows and requirements in relation to objectives, criteria and guidelines set by the Organization.

5. Upon request, the Council shall endeavour to enhance the technical capacity of member countries, in particular developing member countries, to obtain the data necessary for adequate information-sharing, including the provision of resources for training and facilities to members.
6. The results of the review shall be included in the corresponding Council session reports.

## **CHAPTER IX. MISCELLANEOUS**

### **Article 29**

#### **GENERAL OBLIGATIONS OF MEMBERS**

1. Members shall, for the duration of this Agreement, use their best endeavours and cooperate to promote the attainment of its objectives and avoid any action contrary thereto.
2. Members undertake to accept and carry out the decisions of the Council under the provisions of this Agreement and shall refrain from implementing measures that would have the effect of limiting or running counter to them.

### **Article 30**

#### **RELIEF FROM OBLIGATIONS**

1. Where it is necessary on account of exceptional circumstances or emergency or force majeure not expressly provided for in this Agreement, the Council may, by special vote in accordance with article 12, relieve a member of an obligation under this Agreement if it is satisfied by an explanation from that member regarding the reasons why the obligation cannot be met.
2. The Council, in granting relief to a member under paragraph 1 of this article, shall state explicitly the terms and conditions on which, and the period for which, the member is relieved of such obligation, and the reasons for which the relief is granted.

### **Article 31**

#### **COMPLAINTS AND DISPUTES**

Any member may bring to the Council any complaint that a member has failed to fulfill its obligations under this Agreement and any dispute concerning the interpretation or application of this Agreement. Decisions by the Council on these matters shall be taken by consensus, notwithstanding any other provision of this Agreement, and be final and binding.

### **Article 32**

#### **DIFFERENTIAL AND REMEDIAL MEASURES AND SPECIAL MEASURES**

1. Consumer members that are developing countries whose interests are adversely affected by measures taken under this Agreement may apply to the Council for appropriate differential

/ . . .

and remedial measures. The Council shall consider taking appropriate measures in accordance with section III, paragraphs 3 and 4, of resolution 93 (IV) of the United Nations Conference on Trade and Development.

2. Members in the category of least developed countries as defined by the United Nations may apply to the Council for special measures in accordance with section III, paragraph 4, of resolution 93 (IV) and with paragraphs 56 and 57 of the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s.

### **Article 33**

#### **REVIEW**

The Council may evaluate the implementation of this Agreement, including the objectives and financial mechanisms, five years after its entry into force.

### **Article 34**

#### **NON-DISCRIMINATION**

Nothing in this Agreement authorizes the use of measures to restrict or ban international trade in, and in particular as they concern imports of, and utilization of, timber and timber products.

## **CHAPTER X. FINAL PROVISIONS**

### **Article 35**

#### **DEPOSITARY**

The Secretary-General of the United Nations is hereby designated as the depositary of this Agreement.

### **Article 36**

#### **SIGNATURE, RATIFICATION, ACCEPTANCE AND APPROVAL**

1. This Agreement shall be open for signature, at United Nations Headquarters from 3 April 2006 until one month after the date of its entry into force, by Governments invited to the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994.

2. Any Government referred to in paragraph 1 of this article may:

- (a) At the time of signing this Agreement, declare that by such signature it expresses its consent to be bound by this Agreement (definitive signature); or
- (b) After signing this Agreement, ratify, accept or approve it by the deposit of an instrument to that effect with the depositary.

3. Upon signature and ratification, acceptance or approval, or accession, or provisional application, the European Community or any intergovernmental organization referred to in article 5, paragraph 1, shall deposit a declaration issued by the appropriate authority of such organization specifying the nature and extent of its competence over matters governed by this Agreement, and shall inform the depositary of any subsequent substantial change in such competence. Where such organization declares exclusive competence over all matters governed by this Agreement, the member States of such organization shall not take the actions under article 36, paragraph 2, article 37 and article 38, or shall take the action under article 41 or withdraw notification of provisional application under article 38.

### **Article 37**

#### **ACCESSION**

1. This Agreement shall be open for accession by Governments upon conditions established by the Council, which shall include a time-limit for the deposit of instruments of accession. These conditions shall be transmitted by the Council to the Depositary. The Council may, however, grant extensions of time to Governments which are unable to accede by the time-limit set in the conditions of accession.

2. Accession shall be effected by the deposit of an instrument of accession with the depositary.

### **Article 38**

#### **NOTIFICATION OF PROVISIONAL APPLICATION**

A signatory Government which intends to ratify, accept or approve this Agreement, or a Government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument may, at any time, notify the depositary that it will apply this Agreement provisionally in accordance with its laws and regulations, either when it enters into force in accordance with article 39 or, if it is already in force, at a specified date.

### **Article 39**

#### **ENTRY INTO FORCE**

1. This Agreement shall enter into force definitively on 1 February 2008 or on any date thereafter, if 12 Governments of producers holding at least 60 per cent of the total votes as set out in Annex A to this Agreement and 10 Governments of consumers as listed in annex B and accounting for 60 per cent of the global import volume of tropical timber in the reference year 2005 have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article 36, paragraph 2, or article 37.

2. If this Agreement has not entered into force definitively on 1 February 2008, it shall enter into force provisionally on that date or on any date within six months thereafter if 10 Governments of producers holding at least 50 per cent of the total votes as set out in Annex A to this Agreement and seven Governments of consumers as listed in annex B and accounting for 50 per cent of the global import volume of tropical timber in the reference year 2005 have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article

36, paragraph 2, or have notified the depositary under article 38 that they will apply this Agreement provisionally.

3. If the requirements for entry into force under paragraph 1 or paragraph 2 of this article have not been met on 1 September 2008, the Secretary-General of the United Nations shall invite those Governments which have signed this Agreement definitively or have ratified, accepted or approved it pursuant to article 36, paragraph 2, or have notified the depositary that they will apply this Agreement provisionally, to meet at the earliest time practicable to decide whether to put this Agreement into force provisionally or definitively among themselves in whole or in part. Governments which decide to put this Agreement into force provisionally among themselves may meet from time to time to review the situation and decide whether this Agreement shall enter into force definitively among themselves.

4. For any Government which has not notified the depositary under article 38 that it will apply this Agreement provisionally and which deposits its instrument of ratification, acceptance, approval or accession after the entry into force of this Agreement, this Agreement shall enter into force on the date of such deposit.

5. The Executive Director of the Organization shall convene the Council as soon as possible after the entry into force of this Agreement.

#### **Article 40**

#### **AMENDMENTS**

1. The Council may, by special vote in accordance with article 12, recommend an amendment of this Agreement to members.

2. The Council shall fix a date by which members shall notify the depositary of their acceptance of the amendment.

3. An amendment shall enter into force 90 days after the depositary has received notifications of acceptance from members constituting at least two thirds of the producer members and accounting for at least 75 per cent of the votes of the producer members, and from members constituting at least two thirds of the consumer members and accounting for at least 75 per cent of the votes of the consumer members.

4. After the depositary informs the Council that the requirements for entry into force of the amendment have been met, and notwithstanding the provisions of paragraph 2 of this article relating to the date fixed by the Council, a member may still notify the depositary of its acceptance of the amendment, provided that such notification is made before the entry into force of the amendment.

5. Any member which has not notified its acceptance of an amendment by the date on which such amendment enters into force shall cease to be a party to this Agreement as from that date, unless such member has satisfied the Council that its acceptance could not be obtained in time owing to difficulties in completing its constitutional or institutional procedures and the Council decides to extend for that member the period for acceptance of the amendment. Such member shall not be bound by the amendment before it has notified its acceptance thereof.

6. If the requirements for the entry into force of the amendment have not been met by the date fixed by the Council in accordance with paragraph 2 of this article, the amendment shall be considered withdrawn.

#### **Article 41**

#### **WITHDRAWAL**

1. A member may withdraw from this Agreement at any time after the entry into force of the Agreement by giving written notice of withdrawal to the depositary. That member shall simultaneously inform the Council of the action it has taken.
2. Withdrawal shall become effective 90 days after the notice is received by the depositary.
3. Financial obligations to the Organization incurred by a member under this Agreement shall not be terminated by its withdrawal.

#### **Article 42**

#### **EXCLUSION**

If the Council decides that any member is in breach of its obligations under this Agreement and decides further that such breach significantly impairs the operation of this Agreement, it may, by special vote in accordance with article 12, exclude that member from this Agreement. The Council shall immediately so notify the depositary. Six months after the date of the Council's decision, that member shall cease to be a party to this Agreement.

#### **Article 43**

#### **SETTLEMENT OF ACCOUNTS WITH WITHDRAWING OR EXCLUDED MEMBERS OR MEMBERS UNABLE TO ACCEPT AN AMENDMENT**

1. The Council shall determine any settlement of accounts with a member that ceases to be a party to this Agreement owing to:
  - (a) Non-acceptance of an amendment to this Agreement under article 40;
  - (b) Withdrawal from this Agreement under article 41; or
  - (c) Exclusion from this Agreement under article 42.
2. The Council shall retain any assessments or contributions paid to the financial accounts established under article 18 by a member that ceases to be a party to this Agreement.
3. A member that has ceased to be a party to this Agreement shall not be entitled to any share of the proceeds of liquidation or the other assets of the Organization. Nor shall such member be liable for payment of any part of the deficit, if any, of the Organization upon termination of this Agreement.

#### **Article 44**

##### **DURATION, EXTENSION AND TERMINATION**

1. This Agreement shall remain in force for a period of 10 years after its entry into force unless the Council, by special vote in accordance with article 12, decides to extend, renegotiate or terminate it in accordance with the provisions of this article.
2. The Council may, by special vote in accordance with article 12, decide to extend this Agreement for two periods, an initial period of five years and an additional one of three years.
3. If, before the expiry of the 10-year period referred to in paragraph 1 of this article, or before the expiry of an extension period referred to in paragraph 2 of this article, as the case may be, the new Agreement to replace this Agreement has been negotiated but has not yet entered into force either definitively or provisionally, the Council may, by special vote in accordance with article 12, extend this Agreement until the provisional or definitive entry into force of the new Agreement.
4. If the new Agreement is negotiated and enters into force during any period of extension of this Agreement under paragraph 2 or paragraph 3 of this article, this Agreement, as extended, shall terminate upon the entry into force of the new Agreement.
5. The Council may at any time, by special vote in accordance with article 12, decide to terminate this Agreement with effect from such date as it may determine.
6. Notwithstanding the termination of this Agreement, the Council shall continue in being for a period not exceeding 18 months to carry out the liquidation of the Organization, including the settlement of accounts, and, subject to relevant decisions to be taken by special vote in accordance with article 12, shall have during that period such powers and functions as may be necessary for these purposes.
7. The Council shall notify the depositary of any decision taken under this article.

#### **Article 45**

##### **RESERVATIONS**

Reservations may not be made with respect to any of the provisions of this Agreement.

#### **Article 46**

##### **SUPPLEMENTARY AND TRANSITIONAL PROVISIONS**

1. This Agreement shall be the successor to the International Tropical Timber Agreement, 1994.
2. All acts by or on behalf of the Organization or any of its organs under the International Tropical Timber Agreement, 1983, and/or the International Tropical Timber Agreement, 1994, which are in effect on the date of entry into force of this Agreement and the terms of which do not provide for expiry on that date shall remain in effect unless changed under the provisions of this Agreement.

DONE at Geneva on 27 January 2006, the texts of this Agreement in the Arabic, Chinese, English, French, Russian and Spanish languages being equally authentic.



## ANNEX A

**List of Governments attending the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 that are potential producer members as defined in article 2 (Definitions) and indicative allocation of votes as per article 10 (Distribution of Votes)**

Members	Total votes
<b>AFRICA</b>	<b>249</b>
Angola	18
Benin	17
Cameroon*	18
Central African Republic*	18
Cote d'Ivoire*	18
Democratic Republic of the Congo*	18
Gabon*	18
Ghana*	18
Liberia*	18
Madagascar	18
Nigeria*	18
Republic of Congo*	18
Rwanda	17
Togo*	17
<b>ASIA-PACIFIC</b>	<b>389</b>
Cambodia*	15
Fiji*	14
India*	22
Indonesia*	131
Malaysia*	105
Myanmar*	33
Papua New Guinea*	25
Philippines*	14
Thailand*	16
Vanuatu*	14
<b>LATIN AMERICA AND THE CARIBBEAN</b>	<b>362</b>
Barbados	7
Bolivia*	19
Brazil*	157
Colombia*	19
Costa Rica	7
Dominican Republic	7
Ecuador*	11
Guatemala*	8
Guyana*	12
Haiti	7
Honduras*	8
Mexico*	15
Nicaragua	8
Panama*	8
Paraguay	10
Peru*	24
Suriname*	10
Trinidad & Tobago*	7
Venezuela*	18
<b>TOTAL:</b>	<b>1000</b>

\* Member of the International Tropical Timber Agreement, 1994

## ANNEX B

### **List of Governments attending the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 that are potential consumer members as defined in article 2 (Definitions)**

Albania  
Algeria  
Australia\*  
Canada\*  
China\*  
Egypt\*  
European Community\*  
    Austria\*  
    Belgium\*  
    Czech Republic  
    Estonia  
    Finland\*  
    France\*  
    Germany\*  
    Greece\*  
    Ireland\*  
    Italy\*  
    Lithuania  
    Luxembourg\*  
    Netherlands\*  
    Poland  
    Portugal\*  
    Slovakia  
    Spain\*  
    Sweden\*  
    United Kingdom of Great Britain and  
        Northern Ireland\*  
Iran (Islamic Republic of)  
Iraq  
Japan\*  
Lesotho  
Libyan Arab Jamahiriya  
Morocco  
Nepal\*  
New Zealand\*  
Norway\*  
Republic of Korea\*  
Switzerland\*  
United States of America\*

\* Member of the International Tropical Timber Agreement, 1994

## **5. STAFF REGULATIONS AND RULES**

**Second edition**

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**INTERNATIONAL TROPICAL TIMBER ORGANIZATION**

**November 2008**

Adopted by the Forty-fourth Session of the International Tropical Timber Council through Decision 3(XLIV) of 8 November 2008



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**STAFF REGULATIONS AND RULES OF THE  
INTERNATIONAL TROPICAL TIMBER ORGANIZATION**

**SCOPE AND PURPOSE**

The Staff Regulations embody the fundamental conditions of service and the basic rights, duties and obligations of the staff of the International Tropical Timber Organization. They represent the broad principles of personnel policy for the staffing and administration of the Organization as approved by the Council. The Executive Director, as the Chief Administrative Officer, shall provide and enforce such Staff Rules consistent with these principles as he considers necessary.

The Staff Regulations do not apply to temporary engaged experts, consultants and auxiliary personnel.

## 1. DUTIES AND RESPONSIBILITIES

### Regulation 1.1

Staff members are international civil servants. Their responsibilities are not national but exclusively international. By accepting appointment, they pledge themselves to discharge their functions and to regulate their conduct with the interest of the Organization only in view.

### Regulation 1.2

In the performance of their duties staff members shall neither seek nor accept instructions from any government or from any other authority external to the Organization.

### Regulation 1.3

Staff members shall exercise the utmost discretion in regard to all matters of official business. They shall not communicate to any person any information known to them by reason of their official position which has not been made public, except in the course of their duties or by authorization of the Executive Director. Nor shall they at any time use such information to private advantage. These obligations do not cease upon separation from the Organization.

### Regulation 1.4

Staff members are subject to the authority of the Executive Director and to assignment by him to any of the activities or offices of the Organization. They are responsible to him in the exercise of their functions. The whole time of staff members shall be at the disposal of the Executive Director. The Executive Director shall establish a normal working week.

### Regulation 1.5

Staff members shall conduct themselves at all times in a manner befitting their status as international civil servants. They shall not engage in any activity that is incompatible with the proper discharge of their duties with the Organization. They shall avoid any action, and in particular any kind of public pronouncement, which may adversely reflect on their status, or on the integrity, independence and impartiality which are required by that status.

### Regulation 1.6

The status, privileges and immunities attached to the Organization by virtue of its Headquarters Agreement with the Government of Japan are conferred to enable the Organization fully and efficiently to discharge its responsibilities and fulfill its purpose and functions. These privileges and immunities furnish no excuse to the staff who enjoy them for non-performance of their private obligations or failure to observe laws and police regulations. In any case where questions of privileges and immunities arise, the staff member shall immediately report to the Executive Director, who alone shall decide whether they shall be waived.

The Council shall decide whether the privileges and immunities shall be waived in the case of the Executive Director.

### Regulation 1.7

Staff members shall give neither advice nor assistance to any government or person or authority in relation to tropical timber or other commodities except as is necessary for the proper discharge of their duties.

### Regulation 1.8

Staff members shall not have any financial interest in the tropical timber industry trade, transportation, publicity or associated commercial activities, including dealings related to tropical timber or other commodities. While employed by the Organization, the staff member shall not acquire or hold any such interest. Staff members shall not engage in any occupation or activity, including



political activities, or hold any office or position which is incompatible with the proper discharge of their duties with the Organization, or which might prove a source of embarrassment to the Organization.

#### Regulation 1.9

No staff member shall accept any honour, decoration, favour, gift or remuneration from any source external to the Organization, in connection with his/her duties in the Organization, without first obtaining the approval of the Executive Director. Approval shall be granted only in exceptional cases and where such acceptance is not incompatible with the terms of Regulation 1.4 of the Staff Regulations and with the individual's status as an international civil servant.

#### Regulation 1.10

Staff members may exercise the right to vote but shall not engage in any political activity which is inconsistent with, or might reflect upon, the independence and impartiality required by their status as international civil servants or which prove a source of embarrassment to the Organization.

#### Regulation 1.11

Upon appointment, each staff member shall subscribe in writing to the following affirmation "I solemnly affirm that, to the best of my ability, I will carry out my responsibilities in a manner that will further the purpose of the International Tropical Timber Organization; that I will refrain from communicating confidential information to persons outside the Organization; that I will not use to private advantage information known to me by reason of my official position; and that I will not seek or receive instructions from any member or from any other authority external to the Organization in regard to the performance of my duties."

#### Rule 101

##### Hours of Work

(a) Normal working hours shall be from 9.30 am to 5.45 pm Monday through Friday, with an interval of one hour for lunch. Such times, or the work week, may be altered by the Executive Director as the needs of the service may require, provided that the total number of normal working hours a week is not thereby changed.

(b) The scheduled work week assigned to a staff member may be subject to alteration if the exigencies of the service so require.

(c) A staff member may be required to work beyond the normal working hours if the exigencies of the service so require.

#### Rule 102

##### Official Holidays

Official holidays shall be those observed in Japan, 25 December, Eid-al-Fitr and Eid-al-Adha.

#### Rule 103

##### Outside Activities and Interests

(a) Staff members shall not engage in any continuous or recurring outside occupation or employment without the prior approval of the Executive Director.

(b) No staff member may be actively associated with the management of, or hold a financial interest in, any business concern if it were possible for the staff member to benefit from such association or financial interest by reason of his or her official position with the Organization.

(c) A staff member who has occasion to deal in his or her official capacity with any matter involving a business concern in which he or she holds a financial interest shall disclose the measure of that interest to the Executive Director.

(d) The mere holding of shares in a company shall not constitute a financial interest within the meaning of this rule unless such holding constitutes a substantial control.

(e) Staff members shall not, except in the normal course of official duties or with the prior approval of the Executive Director, perform any one of the following acts, if such an act relates to the purpose, activities, or interests of the Organization

- (i) Issue statements to the press, radio or other agencies of public information;
- (ii) Accept speaking engagements;
- (iii) Take part in film, theatre, radio or television productions;
- (iv) Submit articles, books or other material for publication.

#### Rule 104

##### Membership in Political Parties and Political Activities

Membership in a political party is permitted provided that such membership does not entail action, or obligation to action, contrary to Staff Regulation 1.10.

## 2. CLASSIFICATION OF STAFF, SALARIES AND RELATED ALLOWANCES

### Regulation 2.1

In conformity with the requirements of the Organization, as approved by the Council, the Executive Director shall make appropriate provision for the classification of posts and staff according to the nature of the duties and responsibilities. Classification will be in accordance with the United Nations categories of:

- (a) Professional and higher categories.
- (b) General Service category.

### Regulation 2.2

In conformity with the requirements of the Organization, the salaries of staff members shall be fixed by the Executive Director in accordance with the prevailing classification system and salary scales of the United Nations.

### Regulation 2.3

All salaries and allowances for staff in the professional and higher categories shall be quoted and paid in US dollars. Salaries of members of the staff in the general service category shall be quoted and paid in Yen. Staff shall receive net salaries as calculated by deducting UN rates of staff assessment from UN notional gross salaries.

### Regulation 2.4

Subject to satisfactory service, salary increments within the levels set out in the prevailing salary scales of the United Nations shall be awarded annually, except that any increment above step IV of the Principal Officer level, as well as those at the high steps at each level as indicated in the salary scales of the U.N., shall be preceded by two years at the previous step.

### Regulation 2.5

The Executive Director shall determine, within the framework of the approved programmes of work and budget, the rates of salary to be paid to personnel specifically engaged for Council sessions, conferences and other short-term services, to consultants and to technical assistance experts.

### Regulation 2.6

The Executive Director may grant a non-resident allowance to staff members in the general service category who have been recruited from outside Japan. This is envisaged only in exceptional circumstances when staff cannot be recruited locally.

### Regulation 2.7

In order to maintain standards of living, members of the staff in professional and higher categories shall receive cost-of-living payments in conformity with the prevailing post adjustment schedules of the United Nations.

### Regulation 2.8

Staff members in professional and higher categories shall be entitled to receive dependency allowances in conformity with the prevailing dependency allowances schedule and related provisions of the United Nations. Such allowances are payable in respect of:

- (i) Each dependent child of a single, married, widowed or divorced staff member;

- (ii) Where there is no dependent spouse, a single annual allowance for a dependent parent, a dependent brother or a dependent sister.

#### Regulation 2.9

Claims for dependency allowances shall be submitted annually in writing and supported by evidence satisfactory to the Executive Director. Staff members shall be responsible for reporting immediately to the Executive Director any change which affects the payment of the allowances during the year.

#### Regulation 2.10

A staff member who is internationally recruited and who is outside his/her home country shall be entitled to an education grant for his/her children and a staff member with disabled children shall be entitled to a special education grant for such children. These grants shall be in accordance with the prevailing United Nations schedule for such grants.

#### Regulation 2.11

Where a staff member is subject to national income taxation in respect of the salaries and emoluments paid to him/her by the Organization, the Executive Director is authorized on receiving proof of payment of such national taxation, to refund the amount of taxes paid and payable in respect of the ITTO income only. In making such refunds, the Executive Director will draw only on funds made available by the member concerned for the specific purpose. The Executive Director is authorized to conclude arrangements with members to obtain such funds; such arrangements will be reported to the Council. In the absence of other arrangements, the amount of these funds will normally be equal to the member's share under the UN staff assessment- formula.

#### Rule 201

##### Definition of Dependency

(a) A dependent spouse shall be a spouse whose annual occupational earnings, if any, during the calendar year considered do not exceed the lowest entry salary level of the United Nations general service salary scale in effect in Japan.

(b) For purposes of the Staff Regulations and the Staff Rules a "child" shall be the unmarried child of a staff member, under the age of 18 years, or if the child is in full-time attendance at a school or university, or similar educational institution, under the age of 21 years. If the child is totally and permanently disabled, the requirements as to school attendance and age shall be waived.

(c) For the purpose of the dependency allowance a child shall be recognized as dependent when the staff member provides continuing support and submits a claim certifying this; provided that, where divorce has occurred and the child does not reside with the staff member, or if the child is married, dependency allowance will be payable only where the staff member submits satisfactory documentary evidence that he has assumed responsibility for the main and continuing support of the child.

(d) A dependent parent, dependent brother or dependent sister shall be a parent, unmarried brother or unmarried sister of whose financial support the staff member provides one half or more, and in any case at least twice the amount of the dependency allowance; provided that the brother or sister is under the age of 18 years, or, if in full-time attendance at a school or university, or similar educational institution, under the age of 21 years. If the brother or sister is totally and permanently disabled the requirements as to school attendance and age shall be waived.

#### Rule 202

##### Salary Increments

(a) Annual salary increments shall be effective from the first day following the date on which the service requirements are completed.

(b) A salary increment may be deferred within an incremental period, or withheld, if service or conduct is unsatisfactory. The staff member involved shall be so informed by the Executive Director.

(c) Satisfactory service for the purpose of awarding a salary increment shall be defined as satisfactory performance and conduct of staff members in their assignments as evaluated by their supervisors.

#### Rule 203

##### Salary Policy in Promotions

Staff Members receiving promotions shall be paid in accordance with the following provisions:

- (i) During the first year following promotion a staff member in continuous service shall receive in salary the amount of two full steps in the level to which the staff member has been promoted more than he or she would have received without promotion except where promotion to the lowest step of the level yields a greater amount. The step rate and date of salary increment in the higher salary level shall be adjusted to achieve this end.
- (ii) When, on promotion, a staff member becomes ineligible for payment of non-resident allowance and/or language allowance which he or she has formerly been receiving, the amount the staff member has been receiving for these allowances shall be added to his or her salary before promotion to establish the step rate and date of next salary increment under (i) above.

#### Rule 204

##### Overtime and Compensatory Time Off

(a) Compensatory time off or additional payment under conditions established by the Executive Director shall be given to staff members in the general service category who are required to work:

- (i) in excess of eight hours in a day;
- (ii) on Saturday or Sunday when these days are not part of the scheduled work week;  
or
- (iii) on official holidays

(b) Compensation for overtime work shall be computed to the nearest half-hour. Less than half an hour on any day during the scheduled work week shall not be considered.

(c) Overtime compensation shall be made at the rate of one-and-a-half times the staff member's hourly basic salary for overtime performed during the scheduled work week or on Saturdays and at the rate of twice the staff member's hourly basic salary on Sunday or on an official holiday.

#### Rule 205

##### Allowance for Non-Residents

(a) Staff members in the general service category, who have been recruited from outside Japan may receive a non-resident allowance in accordance with prevailing United Nations rules and scales provided that in no case shall the allowance be paid to a staff member who has Japanese nationality.

(b) The non-resident allowance shall be taken into account in determining Provident Fund, medical, and group insurance contributions; overtime compensation; and payments and indemnities on separation.

(c) Non-resident allowance will not normally be paid to a staff member who, at the time of appointment

- (i) is living in Japan;
- (ii) is the spouse of any person covered by (i).

(d) Entitlement to a non-resident allowance will cease in the case of a staff member who:

- (i) changes his/her residential status in such a way that he/she may, in the opinion of the Executive Director, be deemed to be a permanent resident of Japan.
- (ii) marries a spouse who himself/herself would be regarded as resident (if appointed), unless he/she would be regarded as a dependent spouse under the Rules;
- (iii) marries an ITTO staff member in the Professional or higher categories (or an official in comparable "international status" outside, for example in a diplomatic mission);
- (iv) marries another ITTO staff member with non-resident allowance. In this case, the allowance will be continued for the staff member who is regarded as the "head of the family".

#### Rule 206

##### Language Allowance

(a) A staff member in the general service category shall be paid a language allowance in accordance with prevailing United Nations' rules and rates if he/she passes a test, prescribed for this purpose, in any language of the Organization other than the language or the languages in which he/she is required to be proficient by the terms of his/her appointment. No staff member shall be paid a language allowance for more than two official languages of the Organization. Further tests at intervals of not less than five years will be required in order to demonstrate their continued proficiency.

(b) The language allowance shall be taken into account in determining the contributions to the Provident Fund.

#### Rule 207

##### Deductions and Contributions

(a) There shall be deducted, each pay period, from the total payments to each staff member:

- (i) staff assessment, at the rates and subject to the conditions prescribed in Staff Regulation 2.3;
- (ii) contributions to the Provident Fund, based on the staff member's pensionable remuneration as defined by the United Nations.

(b) Deductions from salaries, wages and other emoluments may also be made for the following purposes:

- (i) for contributions, other than to the Provident Fund, for which provision is made under these Rules;
- (ii) for indebtedness to the Organization;

- (iii) for indebtedness to third parties when any deduction for this purpose is authorized by the Executive Director and agreed to by the staff member.

Rule 208

Education Grant

(a) For the purpose of this rule:

- (i) "child" means an unmarried child of a staff member who is dependent upon the staff member for continuing support. "Disabled child" means a child who is unable, by reasons of physical or mental disability, to attend a normal educational institution and therefore requires special teaching or training to prepare him or her for full integration into society or, while attending a normal educational institution, requires special teaching or training to assist him or her in overcoming the disability.
- (ii) "home country" means the country of home leave of the staff member under the Rule 403. If both parents are eligible staff members, "home country" means the country of home leave of either parent.
- (iii) "duty station" means the country, or area within commuting distance notwithstanding national boundaries, where the staff member is serving.

(b) A staff member, who is regarded as an international recruit, and whose duty station is outside his/her home country, shall be entitled to an education grant in respect of each dependent child in full-time attendance at a school, university or similar educational institution. The grant shall not, however, be payable in respect of:

- (i) attendance at kindergarten or nursery school at the preparatory level;
  - (ii) attendance at a free school or one charging only nominal fees or a university in the country or area of the duty station;
  - (iii) correspondence courses, except those which, in the opinion of the Executive Director, are the best available at the duty station;
  - (iv) private tuition, except tuition in a language of the home country at duty stations where satisfactory school facilities for learning that language are not available; or
  - (v) vocational training or apprenticeships which either do not involve full-time schooling or which the child receives payment for services rendered.
- (c) (i) The grant shall be payable up to the end of the school year in which the child completes four years of post-secondary studies or is awarded the first recognized degree, whichever is the earlier;
- (ii) the grant will not normally be payable beyond the school year in which the child reaches the age of 25 years. If the child's education is interrupted for at least one school year by national service, illness or other compelling reasons, the period of eligibility shall be extended by the period of interruption.

(d) The amount of the grant shall be in conformity with the prevailing rules and scales of the United Nations.

(e) A staff member to whom an education grant is payable in respect of his or her child's attendance at an educational institution shall be entitled to travel expenses for the child of one return journey each scholastic year between the educational institution and the duty station, provided that:

- (i) such travel expenses shall not be paid if the requested journey is unreasonable, either because of its timing in relation to other authorized travel of the staff

member or his dependents, or because of the brevity of the visit in relation to the expense involved;

- (ii) where attendance is for less than two-thirds of the school year, travel expenses shall not normally be payable;
- (iii) transportation expenses shall not normally exceed the cost of a journey between the staff member's home country and the duty station.

(f) The Executive Director will decide in each case whether the education grant shall be paid for tuition of the mother tongue.

(g) Claims for education grant shall be submitted in writing and supported by evidence satisfactory to the Executive Director.

(h) A special education grant for disabled children shall be available to staff members of all categories, regardless of whether they are serving in their home country, provided that they have appointments of one year or longer or have completed one year of continuous service. The amount of the grant shall be in conformity with the prevailing rules and scales of the United Nations.

#### Rule 209

#### Assignment Allowance

Subject to the provision of Rule 619, an assignment allowance shall be paid to a staff member in the professional category and above who is appointed or assigned to a duty station outside his or her home country for a specified period of service under circumstances, and at scales, equal to those provided for in the relevant United Nations Staff Regulations and Staff Rules.



### 3. RECRUITMENT AND APPOINTMENT

#### Regulation 3.1

Except where expressly provided for in the International Tropical Timber Agreement, 1983 (ITTA) or succeeding Agreements, or as might be otherwise determined by the Council, the Executive Director shall appoint the staff. Upon appointment (or notification of promotion) each staff member shall receive a letter of appointment (or notification of promotion) in accordance with the provisions of these Regulations and Rules.

#### Regulation 3.2

The paramount consideration in the appointment, transfer or promotion of the staff shall be the necessity for securing the highest standards of efficiency, competence and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible from among member countries.

Subject to the provisions of the preceding paragraph and without prejudice to the recruitment of fresh talent at all levels, the fullest regard shall be given, in filling vacancies, to the requisite qualifications and experience of persons already in the service of the Organization. Staff members shall have a working knowledge of at least one of the languages of the Organization in addition to their mother tongue.

#### Regulation 3.3

Staff members shall be granted either permanent or temporary appointments under such terms and conditions consistent with these Regulations and Rules as the Executive Director may prescribe.

#### Regulation 3.4

Selection of staff members shall be made without distinction as to race, sex or religion. So far as is practicable, selection shall be made on a competitive basis.

#### Regulation 3.5

The Executive Director shall prescribe which staff members are eligible for permanent appointments. Permanent appointment to the staff of the Organization shall normally be subject to a probationary period of two years. In exceptional circumstances, the period of probationary service may be reduced or extended for not more than one additional year. At the end of this period the member shall be granted a permanent appointment or be separated from the service.

#### Regulation 3.6

Temporary appointments, having an expiration date specified in the letters of appointment, may be granted for a period not exceeding two years. Temporary appointments do not carry any expectancy of renewal or conversion to any other type of appointment.

#### Regulation 3.7

Appointments shall be subject to a satisfactory medical examination. Staff members may be required from time to time to undergo further medical examination. These medical examinations shall be at the expense of the Organization.

#### Regulation 3.8

Part-time staff may be hired within limits set by the Council.

#### Rule 301

#### Local Recruitment

Staff members who at the time of recruitment are permanently resident in Japan and those recruited to serve in posts in the general service category, whatever their residential status at the time of recruitment, shall be regarded for purpose of these Regulations and Rules as locally recruited.

#### Rule 302

##### International Recruitment

Staff members other than those regarded under Rule 301 as having been locally recruited shall be considered as having been internationally recruited. The allowances and benefits in general available to internationally recruited staff members include payment of travel expenses upon initial appointment and on separation for themselves and their dependents, installation grant, education grant, home leave, repatriation grant and removal of household effects and any other United Nations allowances and benefits granted to internationally recruited staff members.

#### Rule 303

##### Letters of Appointment

(a) The letter of appointment granted to every staff member shall contain expressly or by reference all the terms and conditions of employment.

(b) The letter of appointment shall state:

- (i) that the appointment is subject to the provisions of the Staff Regulations and Staff Rules applicable to the grade of appointment in question and to changes which may be duly made in such Regulations and Rules from time to time;
- (ii) the nature of the appointment;
- (iii) the date at which the staff member is required to enter upon his/her duties;
- (iv) the periods of appointment and of probation, if any, and the notice required to terminate the appointment;
- (v) the grade, level, commencing rate of salary and, if increments are allowable, the scale of increments and the maximum attainable;
- (vi) any special conditions which may be applicable.

(c) A copy of the International Tropical Timber Agreement, 1983 (ITTA) or succeeding Agreement and the Staff Regulations and Staff Rules shall be transmitted to the staff member with the letter of appointment. In accepting appointment, the staff member shall state in writing that he/she has been made acquainted with and accepts the conditions laid down in the Staff Regulations and Staff Rules.

#### Rule 304

##### Effective Date of Appointment

(a) The appointment of every locally recruited staff member shall take effect from the date on which he/she starts to perform his/her duties.

(b) The appointment of every staff member internationally recruited shall take effect from the date on which he/she enters into official travel status to assume his/her duties or, if no official travel is involved, from the date on which he/she starts to perform his/her duties.

#### Rule 305

##### Notification by Staff Members and Obligation to Supply Information

(a) Staff members shall be responsible on appointment for supplying the Executive Director with whatever information may be required for the purpose of determining their status under the Staff Regulations and Rules, or of completing administrative arrangements in connection with their appointments.

(b) Staff members shall also be responsible for promptly notifying the Executive Director, in writing, of any subsequent changes affecting their status under the Staff Regulations and Rules.

(c) A Staff member who intends to acquire permanent residential status in any country other than that of his/her nationality, or who intends to change his/her nationality, shall notify the Executive Director of that intention before the change of his/her residential status or in his/her nationality becomes final.

(d) A Staff member who is arrested, charged with an offence other than a minor traffic violation, or summoned before a court as a defendant in a criminal proceeding, or convicted, fined or imprisoned for any offence other than a minor traffic violation, shall immediately report the fact to the Executive Director.

(e) A Staff member may at any time be required by the Executive Director to supply information concerning facts anterior to his/her appointment and relevant to his/her suitability, or concerning facts relevant to his/her integrity, conduct and service as a staff member.

#### Rule 306

##### Nationality

(a) In the application of these Staff Regulations and Staff Rules, the Organization shall not recognize more than one nationality for each staff member.

(b) When a staff member has been legally accorded nationality status by more than one state, the staff member's nationality for the purpose of the Staff Regulations and Rules shall be the nationality of the State with which the staff member is, in the opinion of the Executive Director, most closely associated.

#### Rule 307

##### Family Relationships

(a) Except where another person equally well qualified cannot be recruited, a permanent appointment shall not be granted to a person who bears any of the following relationships to a staff member husband, wife, father, mother, son, daughter, brother or sister.

(b) Staff members who bear any of the relationships specified in (a) above shall not be assigned to serve in a post which is superior or subordinate to the other in the line of authority, and shall disqualify himself or herself from participating in the process of reaching or reviewing an administrative decision affecting the status or entitlements of the staff member to whom he or she is related.

(c) The marriage of one staff member to another shall not affect the contractual status of either spouse but their entitlements and other benefits shall be modified as provided in the relevant Staff Regulations and Rules; their appointment status shall not, however, be affected.

#### Rule 308

##### Relations with Members of the Council and its Committees

(a) No member of the staff shall canvass any member of the Council or of the Council's committees and subsidiary bodies with regard to his or her salary or any conditions of employment.

(b) Applicants for employment shall be informed that such canvassing is not permitted.



#### 4. ANNUAL, HOME AND SPECIAL LEAVE

##### Regulation 4.1

Staff members shall be allowed appropriate annual leave.

Special leave may be authorized by the Executive Director in exceptional cases.

##### Regulation 4.2

Eligible staff members shall be granted home leave once in every two years.

##### Rule 401

##### Annual Leave

(a) A staff member shall accrue annual leave while in full pay status at the rate of 30 working days a year or 2 1/2 working days per month.

(b) Annual leave may be accumulated provided that not more than 60 working days of such leave shall be carried forward beyond 1 January of any year.

(c) The leave year for each member of the staff for annual leave is the period of 12 months beginning on the date when employment with the Organization begins.

(d) Annual leave for any employee leaving the service of the Organization is calculated in proportion to the period of service during the leave year and, where necessary, a proportionate amount of salary or wages will be refundable to the Organization or, conversely, payable to the employee.

(e) Any absence from duty not specifically covered by other provisions in these Regulations shall be charged to the staff member's accrued annual leave, if any if the staff member has no accrued annual leave, it shall be considered unauthorized, and pay and allowances shall cease for the period of such absence.

(f) All arrangements as to annual leave shall be subject to the exigencies of the service, which may require that annual leave be taken by a staff member during a period designated by the Executive Director. Annual leave may be taken only when authorized, but the personal circumstances and preferences of the individual staff member shall, as far as possible, be considered.

##### Rule 402

##### Special Leave

(a) Special leave without pay may be granted for advanced study or research in the interest of the Organization, or in cases of extended illness or for other important reasons for such period as the Executive Director may prescribe.

(b) Staff members shall not accrue service credits toward sick, annual, home and maternity leave, salary increment, termination indemnity and repatriation grant during full months of leave without pay. Periods of less than one calendar month of such leave shall not affect the ordinary rates of accrual; nor shall continuity of service be considered broken by periods of special leave.

##### Rule 403

##### Home leave

(a) Staff members other than those considered as local recruits shall be entitled once in every two years of qualifying service to visit their home country, at the expenses of the Organization, for the purpose of spending in that country a substantial part of their annual leave.

(b) A staff member shall be eligible for home leave provided his/her service is expected by the Executive Director to continue at least six months beyond the date of his/her return from any proposed home leave.

(c) The country of home leave shall be the country of nationality of the staff member subject to the following terms, conditions and exceptions

- (i) The place of home leave of the staff member within his/her home country shall be, for purposes of travel and transportation entitlements, the place with which the staff member had the closest residential ties during the period of his/her most recent residence in his/her home country preceding appointment.
- (ii) The Executive Director, in exceptional and compelling circumstances, may authorize as the home country, for the purposes of this Rule, a country other than the country of nationality. A staff member requesting such authorization will be required to satisfy the Executive Director that he/she maintained his/her normal residence in such other country for a prolonged period preceding his/her appointment, that he/she continues to have close family or personal ties in that country and that his/her taking home leave there would not be inconsistent with the purposes and intent of this Rule. Such exceptional authorization should normally be made at the time of appointment.

(d) Home leave for an eligible staff member shall fall due for the first time after completion of two years of qualifying service.

(e) Home leave may be taken, subject to the exigencies of the service, at any time during the period of 12 months after it falls due.

(f) If, except as provided hereunder, a staff member delays taking his/her home leave beyond the period in which it falls due, he/she shall not be entitled to take his/her next such leave until the second succeeding year thereafter. Should, however, the Executive Director decide that exceptional circumstances, arising out of exigencies of service, make it necessary for a staff member's home leave to be delayed beyond the period in which it falls due, such delayed leave may be taken without altering the time of his/her next and succeeding home leave entitlements provided that not less than 12 months of qualifying service elapse between the date of the staff member's return from the delayed home leave and the date of his/her next home leave departure.

(g) A staff member may be required to take his/her leave in conjunction with travel on official business, due regard being paid to the interest of the staff member and his/her family.

(h) Subject, to the conditions specified in Section 6 of these Regulations, a staff member shall be entitled to claim, in respect of authorized travel on home leave, travel time and expenses for himself/herself and eligible dependents (as defined in Rule 604) for the outward and return journeys between Yokohama and the place of residence in his/her home country.

(i) The Executive Director may request a staff member, on his/her return from home leave, to furnish satisfactory evidence that he/she has spent a substantial period of leave in his/her home country.

## 5. SOCIAL SECURITY

### Regulation 5.1

Provision shall be made for the establishment and operation of a Provident Fund with the joint participation of the Organization and staff members, the contributions to the Provident Fund by the staff member and by the Organization shall be the percentage rates of the staff member's pensionable salary set by the UN Joint Staff Pension Fund (UNJSPF).

### Regulation 5.2

The Executive Director with the approval of the Council shall establish a scheme of social security for the staff, including provisions for sick leave and maternity leave and shall make arrangements to provide the staff with adequate accident and health insurance.

### Regulation 5.3

Notwithstanding Regulations 5.1 and 5.2, the staff members who are nationals of or permanently resident in Japan shall participate in the Japanese social security scheme and the Executive Director shall make necessary arrangements, including payment of compulsory contributions by the Organization, as required under such scheme. Such staff members also participate in the Provident Fund and their contribution to the Provident Fund will be the percentage rate of the Organization's contribution to the Fund less the compulsory contribution to the Japanese social security scheme.

### Rule 501

#### Provident Fund

- (a) All staff members shall participate in the Provident Fund which shall consist of:
  - (i) a contribution by the staff member and a contribution to be made by the Organization, both at the percentage rates set by the United Nations Joint Staff Pension Fund (UNJSPF); except for staff members who are nationals of Japan or permanently resident in Japan, whose contribution will be the Organization's contribution at the percentage rates set by the United Nations Joint Staff Pension Fund (UNJSPF) less the contribution on the part of the Organization to the Japanese Social Security Plan in respect of such staff members;
  - (ii) the interest accrued from the investment of the above contributions
- (b) Payment of contributions to the Fund shall be effected monthly.
- (c) The administration, investment and control of the Fund is the responsibility of the Executive Director who shall have the assistance of professional money management advisers.
- (d) The staff member's share in the Provident Fund shall be payable to him/her upon separation of the staff member from the Organization or to his/her beneficiary on his/her death, except that a staff member who leaves the Organization before he/she has completed one year's service for other than health reasons shall be entitled only to that part of the fund contributed by himself/herself plus the interest accruing therefrom, if any. In that case, the Organization's contribution plus interest, if any, shall revert to the Administrative Account of the Organization.
- (e) The final date used for the calculation of payment of the staff member's share in the Provident Fund shall be determined by application of Rule 705.
- (f) The auditing of the Provident Fund shall be carried out in conjunction with the annual auditing of the Administrative Account of the Organization.

Rule 502

Sick Leave

Staff members who are prevented from the performance of their duties by illness or injury or whose attendance is prevented by public health requirements will be granted sick leave in accordance with the following provisions

- (a) All sick leave must be approved on behalf of the Executive Director.
- (b) A staff member holding a temporary appointment of less than one year shall be granted sick leave credit at the rate of two working days per month of service for the duration of his employment, with a minimum credit of five days.
- (c) A staff member holding a probationary appointment of one year or longer but less than three years shall be granted sick leave of up to three months on full salary and three months on half salary in any period of twelve consecutive months.
- (d) A staff member holding a permanent appointment or who has completed three years of continuous service shall be granted sick leave up to a maximum of up to nine months on full salary and nine months on half salary in any period of four consecutive years.
- (e) A staff member absent for more than two consecutive working days on ground of sickness shall forward to the Executive Director (not later than the third day after the beginning of the absence) a doctor's certificate of sickness. Where absence is longer than five consecutive working days, the member of the staff shall forward to the Executive Director, at weekly intervals, a doctor's certificate of inability to resume work. Non-working days which intervene between working days do not interrupt the consecutive sequence.
- (f) No more than seven day's uncertified sick leave will be allowed in any twelve months of employment. Part or all of this entitlement may be used to attend to family-related emergencies, or for paternity leave in case of birth or adoption of a child, in which case the limitation of three consecutive working days shall not apply.
- (g) All uncertified sick leave under Rule 502 (f) shall be counted as part of the total sick leave on full pay in Rule 502 (b), (c) and (d).

Rule 503

Maternity Leave

- (a) A staff member who will have served continuously for one year at the anticipated time of confinement shall be entitled to maternity leave in accordance with the following provisions:
  - (i) The leave shall commence six weeks prior to the anticipated date of confinement upon production of a certificate of a duly qualified medical practitioner indicating the anticipated date of confinement;
  - (ii) The leave shall extend for a total period of sixteen weeks from the time it is granted. The post-confinement leave shall therefore extend to a period equivalent to sixteen weeks less the period between the commencement of the maternity leave to the actual date of confinement, subject to a maximum of ten weeks;
  - (iii) The staff member shall be given full pay during maternity leave for the entire duration of her absence in accordance with the provisions of sub-paragraph (i) and (ii) above. No miscalculation on the part of the doctor or midwife as to the date of the confinement shall prevent the staff member from receiving full pay to the actual date of confinement.
  - (iv) Return to duty after maternity leave shall be approved by the Executive Director on the basis of a medical certificate



(b) Subject to conditions established by the Executive Director, a staff member shall be entitled to paternity leave in accordance with the following provisions:

- (i) The leave shall be granted for a total period of up to four weeks. In exceptional circumstances, leave shall be granted for a total period of up to eight weeks;
- (ii) The leave may be taken either continuously or in separate periods during the one-year period following the birth of the child, provided it is completed during that year.
- (iii) The staff member shall receive paternity leave with full pay for the entire duration of his absence.

(c) Sick leave shall not normally be granted in conjunction with maternity leave and paternity leave, except in the case of maternity leave when serious complications arise.

(d) Annual leave shall accrue during the period of maternity leave and paternity leave, provided that the staff member returns to service for at least 6 months after the completion of such leave.

#### Rule 504

##### Accident and Health Insurance

(a) The Organization shall provide staff members with:

- (i) an insurance scheme to compensate staff members in the event of death, injury or illness attributable to the performance of official duties on behalf of the Organization; and
- (ii) a health insurance scheme.

(b) The premium for the scheme mentioned under (i) above shall be borne by the Organization.

(c) The premium for the scheme mentioned under (ii) above shall be subsidized by the Organization at a percentage proposed by the Executive Director for the approval of the Council.

#### Rule 505

##### Compensation for Loss or Damage to Personal Effects Attributable to Service

Staff members shall be entitled, within the limits and under the terms and conditions established by the Executive Director, to reasonable compensation in the event of loss or damage to their personal effects determined to be directly attributable to the performance of official duties on behalf of the Organization.

## 6. TRAVEL AND REMOVAL EXPENSES

### Regulation 6.1

Subject to the conditions and definitions prescribed by the Executive Director, the Organization shall, in appropriate cases, pay the travel expenses of staff members and their dependents.

### Regulation 6.2

Subject to the conditions and definitions prescribed by the Executive Director, the Organization shall pay removal costs for staff members.

#### Rule 601

##### Official Travel of Staff Members

(a) Subject to the conditions laid down in these Rules, the Organization shall pay the travel expenses of a staff member in the following circumstances:

- (i) on initial appointment and on separation from the service for staff recruited internationally;
- (ii) when required to travel on official business;
- (iii) on home leave, in accordance with the provisions of Rule 403;
- (iv) on travel authorized for medical or security reasons or in other appropriate cases, when, in the opinion of the Executive Director, there are compelling reasons for paying such expenses.

(b) The Organization shall pay the travel expenses of a staff member to the place from which he/she was recruited or to the place recognized as his/her home.

#### Rule 602

##### Official Travel of Dependents

(a) Subject to the conditions laid down in these Rules, the Organization shall pay the travel expenses of eligible dependents of a staff member recruited internationally in the following circumstances:

- (i) on initial appointment for at least one year;
- (ii) on separation from the service, provided he/she has completed not less than one year of continuous service or earlier if his/her services are terminated by the Organization;
- (iii) on home leave;
- (iv) on journeys approved in connection with the education of a staff member's child;
- (v) on travel authorized for medical or security reasons or in other appropriate cases, when, in the opinion of the Executive Director, there are compelling reasons for paying such expenses.

(b) The Organization shall pay the travel expenses of the eligible dependents of a staff member either from the place of recruitment or from the place recognized as his/her home for the purpose of these Rules. Should a staff member wish to bring any eligible dependents to his/her official duty station from any other place, the travel expenses borne by the Organization shall not

exceed the maximum amount which would have been payable on the basis of travel from the place of recruitment.

#### Rule 603

##### Loss of Entitlement to Return Transportation

(a) A staff member who resigns before completing one year of service or within six months following the date of his/her return from travel on home leave shall not normally be entitled to payment of return travel expenses for himself/herself or his/her dependents. The Executive Director may, however, authorize such payments if there are compelling reasons for so doing.

(b) A staff member who resigns in order to take up another appointment within Japan shall not normally be entitled to payment of return travel expenses for himself/herself or his/her eligible dependents.

(c) Entitlement to return travel and removal expenses shall cease if travel has not commenced within six months after the date of separation, except where otherwise approved by the Executive Director.

#### Rule 604

##### Eligible Dependents

Dependents, for the purpose of official travel and for home leave, shall be deemed to comprise a spouse and children in respect of whom a dependency allowance is payable. A son or daughter of more than 21 years of age may also be considered a dependant for travel purposes if totally disabled.

#### Rule 605

##### Authority for Travel

Before travel is undertaken, it shall be authorized in writing by the Executive Director. In exceptional cases, staff members may be authorized to travel on oral orders but such oral authorization shall require written confirmation. A staff member shall be personally responsible for ascertaining that he/she has the proper authorization before commencing travel.

Rule 606 Travel Expenses

#### Rule 606

##### Travel Expenses

(a) Travel expenses which shall be paid or reimbursed by the Organization under the relevant provisions of this Section shall include

- (i) Transportation expenses i.e. carrier fare (Rules 607, 608 and 609)
- (ii) Terminal expenses (Rule 610)
- (iii) Expenses while in transit (Rule 611)
- (iv) Travel subsistence allowance (Rule 612)
- (v) Miscellaneous travel expenses (Rule 614)

In instances where the Executive Director prescribes the use of all-inclusive per diem rates, the per diem rate employed shall be the prevailing United Nations rate for the particular city, country or region.

(b) Staff members shall exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business.

Rule 607

Route, Mode and Standard of Transportation

(a) Official travel shall in all instances be by a route, mode and standard of transportation approved in advance by the Executive Director.

(b) Travel expenses or other entitlements, including travel time, shall be limited to the amount allowable for a journey by the approved route, mode and standard. Staff members who wish to make other arrangements for personal convenience must obtain permission to do so in advance and pay all additional costs.

(c) Travel shall be by the most direct and economical route and mode of transportation unless it is established, to the satisfaction of the Executive Director, that the use of an alternative route or mode of transportation is in the best interests of the Organization.

Rule 608

Standard of Travel Accommodation

For official travel, travel accommodation shall be provided in accordance with the following general standards:

(a) For all official travel by air, staff members and their eligible family members shall be provided with economy class accommodation or its equivalent, except the Executive Director and his family members, other than on travel in connection with an education grant under Rule 208, who shall be provided with first class accommodation when the duration of a particular flight exceeds nine hours (by the most direct and economical route), including scheduled stops for such purposes as change of planes or refueling, but excluding travel time to and from airports.

(b) When approved travel is by train, staff members and their family members shall be provided with regular first class or equivalent accommodation, including sleeper and other facilities, as appropriate.

(c) Subject to prior permission by the Executive Director, the use of a private car may be allowed, provided that the expenses claimed do not exceed those which would otherwise apply. Staff members who are authorized to travel by private car shall be reimbursed by the Organization at prevailing United Nations rates for the use of private cars or, in the absence of United Nations rates, reimbursement shall be made under conditions established by the Executive Director.

(d) First class sea travel may be chosen by staff members in lieu of air travel, provided the Organization does not incur any additional expense thereby.

(e) If a staff member or family member travels by more economical accommodation than the approved standard, the Organization shall only pay for accommodation actually used at the rate paid by the traveler.

Rule 609

Purchase of Tickets

(a) Unless the staff member concerned is specifically authorized to make other arrangements, all tickets for transportation involving official travel of staff members and entitled dependents shall be purchased by the Organization in advance of the actual travel or, where circumstances so require, shall be secured by the staff member.

(b) When a staff member requests a standard of transportation in excess of his entitlement under Rule 608 or is authorized to travel, for reasons of personal preference or convenience, by other than the approved route or mode of transportation under Rule 607, he/she shall be required to reimburse the Organization for any additional costs thus incurred.

Rule 610

Terminal Expenses

A staff member traveling to or from Headquarters may claim for himself/herself and for each dependant reimbursement of terminal expenses incurred for each authorized outward or return journey and for each authorized intermediate stop in accordance with the prevailing United Nations rules. Terminal expenses shall be deemed to include all expenditures incurred for the means of public conveyance between the airport or other point of arrival or departure and the hotel or other place of dwelling, including transfer of accompanied baggage and other related incidental charges.

Rule 611

Expenses while in Transit

Full travel subsistence allowance shall be payable for the time spent in transit, subject to the conditions laid down in Rules 607 and 608 and provided that in the case of travel other than on official business a maximum of three day's travel time shall be allowed in respect of any specific journey.

Rule 612

Travel Subsistence Allowance

(a) When a staff member is authorized to travel at the expense of the Organization, he/she shall receive the per diem subsistence allowance according to the prevailing United Nations schedule for per diem travel allowance. Where there is no prevailing United Nations per diem allowance or where the Executive Director considers there are special circumstances, actual reasonable expenses may be allowed subject to such conditions and limitations as the Executive Director may prescribe.

(b) Per diem travel subsistence shall be deemed to comprise the total contribution of the Organization towards such charges as meals, lodging, gratuities and other payments made for personal services rendered, except as provided for in Rule 614. Any expenditure incurred in excess of the allowance shall normally be borne by the staff member.

(c) The travel subsistence allowance shall continue to be paid during periods of sick leave while in travel status, except that, if the traveler is hospitalized, only one-third of the appropriate per diem rate shall be paid.

(d) Travel subsistence allowance shall not be paid in respect of any period of annual or special leave.

(e) When the spouse or dependent children of a staff member are authorized to travel at the Organization's expenses, the staff member shall be paid an additional travel subsistence allowance in respect of each of them at half the rate applicable to the staff member.

(f) Where travel at the Organization's expense is authorized for medical, security or other reasons under Rule 601 (iv) or Rule 602 (v), an appropriate amount of subsistence allowance may be paid at the discretion of the Executive Director.

Rule 613

Computation of Travel Subsistence Allowance

(a) Subsistence allowance shall be paid at the rates under the conditions prescribed in Rule 612 for each calendar day or fraction thereof exceeding twelve hours during which a staff member or his/her dependents are in official travel status, provided that a full day's allowance at the appropriate rate shall be paid for the day on which travel is commenced and, save at the discretion of the Executive Director, that no allowance shall be paid for the day on which the travel is concluded.

(b) No allowance shall be paid when a traveler returns to his/her official duty station within 10 hours after departure, and 40 per cent of the allowance shall be paid for a journey of 10 hours or more.

(c) Where travel is by sea, a full day's allowance at the appropriate rate shall be paid for the day of arrival at the port of disembarkation, provided the traveler remains in official travel status for more than 12 hours thereafter. No allowance shall be paid for the day on which embarkation takes place.

(d) When it is necessary, for the purposes of computing the amount of travel subsistence allowance payable, to specify the "hour of departure" and the "hour of arrival", these shall be considered as the time when the train, vessel or airplane used by the traveler actually leaves or arrives at its regular terminal.

#### Rule 614

##### Miscellaneous Travel Expenses

Necessary additional expenses, incurred by a staff member in connection with the transaction of official business or in the performance of authorized travel, shall be reimbursed by the Organization after completion of travel provided the necessity and nature of the expenses are satisfactorily explained and as far as practicable supported by proper receipts which shall normally be required for any expenditure in excess of US\$10. Such expenses, for which advance authorization shall be obtained to the extent practicable, shall normally be limited to:

- (i) hire of local transportation other than provided for under Rule 610;
- (ii) telephone, telegraph, radio and cable messages of official business;
- (iii) transfer of authorized baggage by rail or other appropriate agency;
- (iv) hire of room for official use;
- (v) stenographic or typing services or rental of typewriters in connection with the preparation of official reports or correspondence; and
- (vi) transportation or storage of baggage or property used on official business.

#### Rule 615

##### Installation Grant

(a) A staff member recruited from outside Japan, provided that his/her assignment is expected to be of at least one year's duration, shall be paid in respect of himself/herself and his/her eligible dependents an installation grant in the following conditions.

(b) The amount of the installation grant shall be the equivalent of 30 days of subsistence allowance at the appropriate daily rate applicable in accordance with the United Nations scale in respect of a staff member and at one half that rate in respect of a family member for whom travel expenses have been paid by the Organization. This amount shall be calculated on the basis of the rate prevailing on the date of the staff member's or the family member's arrival, as appropriate.

(c) Under the conditions established by the Executive Director, the limit of 30 days provided in paragraph (b) above may be extended up to a maximum of 90 days, subject to approval by the Council. The amount of the grant during the extended period shall be 60 per cent of the appropriate rate applicable to the initial period.

(d) In addition to any amount of grant paid at the daily rates under this rule, the payment of a lump sum may be authorized in accordance with conditions established by the United Nations. The lump sum presently is \$600 for the staff member and \$600 for each eligible family member who joins the staff member at the duty station, up to a maximum of \$2,400.

Rule 616

Excess Baggage and Unaccompanied Shipments

(a) Baggage in excess of the weight or volume carried without extra charge by transportation companies shall be considered as excess baggage within the meaning of these Regulations.

(b) Staff members traveling by air economy class or its equivalent shall be entitled to payment of excess baggage for themselves and their eligible family members to the extent of the difference between the free baggage allowance by first class and by economy class or its equivalent.

(c) Charges for excess baggage by air, other than those authorized under paragraph (b) above, shall not be reimbursable unless, in the opinion of the Executive Director, the circumstances under which the staff member is traveling are of a sufficiently exceptional and compelling nature to warrant such reimbursement.

(d) When the authorized travel is by air or by land, charges for unaccompanied shipment of personal baggage relating to travel on home leave, or education grant, may be reimbursed as follows:

- (i) Up to a maximum of 50 kg (110 lbs) or 0.31 cubic meters (11 cubic feet) by surface means per person in respect of each journey, except as provided in subparagraph (ii) below. At the request of the staff member, this entitlement may be converted to 10 additional kg of accompanied excess baggage or its equivalent as established by the Executive Director.
- (ii) For travel on education grant in regard to the first outward journey to, or the final return journey from, an educational institution up to a maximum of 200 kg (440 lbs) or 1.24 cubic meters (44 cubic feet) by surface means in respect of each journey.

(e) On travel on appointment, or separation from service, where entitlement to removal costs does exist under Rule 619, a staff member shall be paid expenses incurred in transporting a reasonable amount of personal effects and household goods, as an advance removal shipment, by the most economical means, as determined by the Executive Director, up to a maximum, including the weight or volume of packing and crating, but excluding crating and lift vans, of:

- (i) 450 kg (990 lb) or 2.80 cubic meters (99 cubic feet) for the staff member,
- (ii) 300 kg (660 lb) or 1.87 cubic meters (66 cubic feet) for the first family member, and
- (iii) 150 kg (330 lb) or 0.93 cubic meters (33 cubic feet) for each additional family member authorized to travel at the expense of the Organization. The weight or volume of any shipment under this paragraph shall be deducted from the maximum weight or volume to which the staff member is entitled under paragraph (e) of Rule 619.

(f) Where surface shipment under paragraphs (d) (ii), or (e) is the most economical means of transport, such shipment may be converted to air freight on the basis of one half of the weight or volume of the authorized surface entitlement:

- (i) When a staff member elects to convert the whole surface entitlement to air freight; or
- (ii) When, in the opinion of the Executive Director, the conversion to air freight of a portion of the surface entitlement is necessary to meet urgent needs.

(g) When the authorized travel is by air, the staff member may elect to convert the whole surface shipment relating to travel on home leave, or education grant under paragraph (d) (i) above, to air freight on the basis of the one-half rule. No costs for packing, crating, unpacking and uncrating will be paid, but reasonable costs will be paid for cartage of such air freight shipments.



Rule 617

Travel Advances

Staff members authorized to travel shall provide themselves with sufficient funds for all current expenses by securing an advance of funds if necessary. A reasonable advance of funds against the estimated reimbursable travel expenses may be made to a staff member or his dependents for authorized expenses.

Rule 618

Illness or Accident during Travel

The Organization shall pay or reimburse reasonable hospital and medical expenses, in so far as these are not covered by other arrangements, which may be incurred by staff members who become ill or are injured while in travel status on official business and will provide appropriate insurance coverage where necessary.

Rule 619

Removal Costs

(a) Subject to the conditions laid down in these Rules the Organization shall pay expenses in connection with the removal of the personal effects and household goods of staff members recruited internationally in the following circumstances:

- (i) on initial appointment;
- (ii) upon separation from the service, provided he/she has completed not less than two years of continuous service or earlier if his/her services are terminated by the Organization.

(b) The Organization shall pay the expenses of removing household goods and personal effects of a staff member either from the place of recruitment or from the place recognized as his/her home, provided that the goods and effects were in his/her possession at the time of appointment and are being transported for his/her own use. Payment of removal expenses from a place other than those specified may be authorized by the Executive Director in exceptional cases on such terms and conditions as he deems appropriate.

(c) The Organization shall pay the expenses of removing the household goods and personal effects of a staff member from his/her official duty station to the place to which he/she is entitled to be returned in accordance with the provisions of Rule 601 (b) provided the goods and effects were in the possession of the staff member at the time of separation and are being transported for his/her own use.

(d) For the purposes of this Rule, "personal effects" and "household goods" shall not include a motor vehicle.

(e) Payment by the Organization of removal expenses shall be regulated by the Executive Director subject to the following conditions:

- (i) the maximum weight and volume for which entitlement to removal at the Organization's expense exists shall be 4,890 kg (10,800 lbs) or 30.58 cubic meters (1,080 cubic feet), including the weight or volume packing but excluding crating and lift vans, for staff members without dependents, and 8,150 kg (18,000 lbs) or 50.97 cubic meters (1,800 cubic feet) for staff members with one or more dependents residing with them at their official duty station. Higher maxima may be set, however, in the case of a staff member with one or more dependents residing with him/her at his/her duty station, if the staff member presents convincing evidence that his/her normal and necessary household effects to be removed exceed those limits.

- (ii) storage charges other than those directly incidental to normal transportation expenses shall not normally be allowed;
- (iii) reasonable costs of packing, crating, cartage, unpacking and uncrating shall be allowed for shipments within the limits of authorized weight or volume, except that costs for servicing of appliances, dismantling or installation of fixtures or special packing will not be borne by the Organization.
- (iv) transportation shall be by the most economical means as determined by the Executive Director, taking into account costs allowable under the provisions of subparagraph (iii) above; and
- (v) the cost of insurance in transit of household goods and effects, excluding any articles of value for which special rates of premium are charged, shall be payable by the Organization up to a maximum valuation of US\$ 65,000 if the staff member is accompanied by a member or members of his/her family whose travel is authorized at the expense of the Organization or of US\$ 40,000 if he/she is not so accompanied. The Organization shall in no case be responsible for loss or damage.

#### Rule 620

##### Loss of Entitlement to Removal Expenses

- (a) A staff member who resigns before completing two years of service shall not normally be entitled to payment of removal expenses.
- (b) Entitlement to removal expenses shall cease when the staff member's services are not expected to continue for more than six months beyond the proposed date of arrival of the household goods and effects.
- (c) Entitlement to removal expenses on separation from service shall cease if removal has not commenced within one year after the date of separation.

## 7. SEPARATION FROM SERVICE

### Regulation 7.1

(a) The Executive Director shall terminate the appointment of a staff member who holds a permanent appointment and whose probationary period has been completed if the necessities of the service require abolition of the post or reduction of the staff, if the service of the individual concerned proves unsatisfactory, or, if he/she is, for reasons of health, (subject to Rule 502), incapacitated for further service.

(b) The Executive Director may also, giving his reasons therefore, terminate the appointment of a staff member who holds a permanent appointment:

- (i) If the conduct of the staff member indicates that the staff member does not meet the highest standards of integrity required by the Organization.
- (ii) If facts anterior to the appointment of the staff member and relevant to his suitability come to light which, if they had been known at the time of his appointment, should have precluded his appointment.

(c) No termination under subparagraphs (i) and (ii) shall take place until the matter has been considered and reported on by the Joint Disciplinary Committee established under Rule 801.

### Regulation 7.2

In the case of all other staff members, including staff members serving a probationary period for a permanent appointment, the Executive Director may at any time terminate the appointment, if, in his opinion, such action would be in the interest of the Organization.

### Regulation 7.3

Staff members may resign from the Organization upon giving the Executive Director the notice required under the terms of their appointment.

### Regulation 7.4

(a) Staff members shall normally not be retained in the service of the Organization beyond the age of 62 years and are expected to retire at that age. Earlier retirement consistent with the rules of the Provident Fund may be agreed between the Organization and the staff member.

(b) The Executive Director may recommend to the Council the retention of a member of the staff aged 62 or over if this would be in the interest of the Organization.

(c) The normal age of retirement shall not debar the Executive Director from appointing to the staff, for a fixed term, a person whose age would exceed the normal retirement age during the course of his/her appointment.

### Regulation 7.5

If the Executive Director terminates an appointment, the staff member shall be given such notice and such indemnity payments as may be applicable under these Regulations and Rules. Payments of termination indemnity shall be made by the Executive Director in accordance with the rates and conditions specified by the United Nations.

### Regulation 7.6

The Executive Director shall implement a scheme for the payment of repatriation grant within the rates and under the conditions specified by the United Nations.

Rule 701

Definition of Termination

A termination within the meaning of these Regulations is a separation from service initiated by the Executive Director, other than retirement at the age of 62 years or more or summary dismissal for serious misconduct.

Rule 702

Notice of Termination

A staff member whose appointment is to be terminated shall be given written notice of such termination which, unless otherwise determined by the Council, shall be as follows:

- (i) Staff members in the professional and higher categories holding an appointment longer than one year : three months, and
- (ii) Staff members in the (1) general service category and (2) professional and higher categories holding an appointment less than one year : 30 days.

Alternatively the Executive Director may terminate an appointment with immediate effect provided the staff member is paid the equivalent of the salary and any allowances due for the period of the notice.

Rule 703

Resignations

(a) A resignation, within the meaning of these Regulations and Rules, is a separation initiated by the staff member.

(b) Unless otherwise specified in their letters of appointment, written notice of resignation shall be given by staff members as follows:

- (i) Staff members in the professional and higher categories holding an appointment longer than one year : three months, and
- (ii) Staff members in the (1) general service category and (2) professional and higher categories holding an appointment less than one year : 30 days.

The Executive Director may, however, accept resignations on shorter notice.

(c) The Executive Director may require the resignation to be submitted in person in order to be acceptable.

Rule 704

Computation of Earned Annual Leave

If upon separation a staff member has earned annual leave, he/she shall be paid in lieu thereof a sum of money equivalent to his/her salary and any allowances for the period of such earned leave up to a maximum of 60 working days. Conversely, if separation takes place at a date during the leave year when the staff member has exceeded his/her annual or sick leave entitlement up to the date of separation, a proportionate sum of money equivalent to the salary and allowances for the period of such excess leave will be refundable to the Organization through cash refund or deduction from any salary and allowances due.

### Rule 705

#### Last Day for Pay Purposes

When a staff member is separated from the service, the date on which entitlement to salary and allowances shall cease shall be determined according the following provisions:

- (i) upon resignation, the date shall be the date of expiration of the notice period or such earlier date as the Executive Director accepts;
- (ii) upon retirement, the date shall be the date approved by the Executive Director;
- (iii) upon termination, the date shall be the date provided in the notice of termination;
- (iv) in the case of summary dismissal, the date shall be the date of dismissal;
- (v) In the case of death, the date on which entitlement to salary and allowances shall cease shall be the date of death, unless there is a surviving spouse or dependent child. In this event, the date and payment amount shall be determined and calculated in conformity with the prevailing rules and scales of the United Nations. Payment related to the period of extension beyond the date of death shall be made in lump sum as soon as the pay accounts and related matters can be closed. Such payment shall be made only to the surviving spouse or dependent children;
- (vi) When an internationally recruited staff member is exercising an entitlement to return travel, the last day for pay purposes shall be the date established under (i) and (ii) above, or the estimated date of arrival at the place of entitlement, whichever is later. The estimated date of arrival shall be determined on the basis of the time it would take to travel without interruption by an approved route and mode of direct travel to the place of entitlement, the travel commencing not later than the day following the date established under this title.

### Rule 706

#### Transportation of Decedents

Upon the death of a staff member or of his/her recognized dependant, the Organization shall pay the expenses of transportation of the body from his/her official duty station or, in the event of death occurring whilst in travel status, from the place of death to the place to which the staff member or his/her dependant was entitled to return transportation under Rule 601 or 602. These expenses shall include reasonable costs for preparation of the body. Where the deceased staff member is buried or cremated at the duty station, the Organization will pay reasonable expenses for the funeral or cremation.

### Rule 707

#### Repatriation Grant

(a) A repatriation grant shall be payable to any internationally recruited staff member who, on leaving the Organization, otherwise than by summary dismissal or resignation to take up another appointment within the country of the duty station, has completed a minimum of one year's service outside his/her recognized home country.

(b) The amount of the grant shall be proportional to the length of service with the Organization in accordance with United Nations scales and conditions.

(c) Payment of repatriation grant shall be subject to the following conditions and definitions:

- (i) Obligation to repatriate shall mean the obligation to return a staff member and his/her dependents, upon separation, at the expense of the Organization to his/her home country or place of recruitment.

- (ii) Home country shall mean the country of home leave entitlement under Rule 403.
- (iii) If at any time the staff member was considered to have acquired permanent residence in the country of his/her duty station and subsequently changed from such status, his/her continuous service will be deemed to have commenced at the time the change was made. Continuity of such service shall not be considered as broken by periods of special leave without pay or with partial pay, but full months of any such periods shall not be credited as service for the purpose of calculating the amount of the grant payable; periods of less than one calendar month shall not affect the ordinary rates of accrual.
- (iv) Payment of the repatriation grant shall be calculated in accordance with the United Nations scale and conditions.
- (v) No payments shall be made to a staff member who abandons his/her post, nor any staff member who is residing at the time of separation in his/her home country while performing his/her official duties.
- (vi) Dependents, for the purpose of the repatriation grant, shall consist of a spouse and children in respect of whom a staff member, at the time of separation is receiving a dependency allowance under Rule 201. The repatriation grant shall be paid at the dependency rate to staff members with dependents regardless of the place of residence of dependents.
- (vii) Loss of entitlement to payment of return travel expenses under Rule 603 shall not affect a staff member's eligibility for payment of the repatriation grant.
- (viii) In the event of the death of an eligible staff member, no payment shall be made unless there is a surviving spouse, or one or more dependent children whom the Organization is obliged to return to their home country. If there is one such surviving dependant payment shall be made at the single rate; if there are two or more such surviving dependents, payment shall be made at the dependency rate.

#### Rule 708

##### Termination Indemnity

(a) Staff members whose employment by the Organization is terminated, shall receive an indemnity determined in accordance with the United Nations schedule and scale.

(b) A staff member whose appointment is terminated for reasons of health shall receive an indemnity equal to the indemnity provided under paragraph (a) of this rule reduced by the amount of any disability benefit the staff member receives under the accident insurance scheme established under Rule 504 of these Rules.

(c) No termination indemnity shall be payable to:

- (i) a staff member who resigns;
- (ii) a staff member whose appointment is terminated for unsatisfactory services or who, for disciplinary reasons, is dismissed for misconduct or who is summarily dismissed;
- (iii) a staff member who is retired under the rules of the Provident Fund;
- (iv) a staff member who receives compensation for permanent total disability under the accident insurance scheme established under Rule 504 of these Rules; and
- (v) a staff member who has reached the end of his term of appointment.

Rule 709

Extension of Employment beyond Retirement Age

Extension of employment beyond retirement age may be granted by the Council for one year. Only in exceptional cases shall the total period for extension exceed one year, up to a maximum of three years.

In the exercise of his discretion to recommend to the Council the extension of a staff member's employment beyond retirement age, the Executive Director shall give consideration to such factors as the immediate needs of the service, the performance record of the staff member, and the availability of a suitable replacement, whether by promotion from within the Organization or by recruitment from outside.

Rule 710

Retirement

Retirement under Staff Regulation 7.4 shall not be deemed to be a termination.

Rule 711

Certificate of Service

Any staff member who so requests shall, on separation, be given a certificate specifying the nature of his/her duties and the length of his/her service. On the request of the staff member concerned, the certificate shall include an appraisal of his/her work and behavior.

## 8. DISCIPLINARY MEASURES

### Regulation 8.1

The Executive Director may impose disciplinary measures on staff members whose conduct is unsatisfactory. He may dismiss a member of the staff for serious misconduct.

### Regulation 8.2

The Executive Director shall establish administrative machinery with staff participation which will be available to advise him in disciplinary cases.

#### Rule 801

##### Joint Disciplinary Committee

(a) A Joint Disciplinary Committee shall be established by the Executive Director and will be available to advise him in disciplinary cases involving staff members.

(b) The Joint Disciplinary Committee will consist of three members, namely:

- (i) The Head of Administration
- (ii) The Head of one other division to be appointed by the Executive Director
- (iii) One member elected by the staff.

#### Rule 802

##### Disciplinary Measures

Disciplinary measures shall consist of written censure, suspension without pay, demotion or dismissal for misconduct.

#### Rule 803

##### Suspension Pending Investigation

If a charge of misconduct is made against a staff member and the Executive Director so decides, the staff member may be suspended from duty pending investigation, the suspension being without prejudice to the rights of the staff member. Suspension pending investigation shall not be considered a disciplinary measure. Such suspension shall be with pay unless, in exceptional circumstances, the Executive Director decides that suspension without pay is appropriate.

#### Rule 804

##### Joint Disciplinary Committee Procedure

In considering a case the Joint Disciplinary Committee shall act with maximum dispatch. Normally, proceedings before the Committee shall be limited to the original written presentation of the case, together with brief statements and rebuttals, which may be made orally or in writing, but without delay. The Joint Disciplinary Committee shall make every effort to send its report to the Executive Director within one week after being convened. The Joint Disciplinary Committee shall permit a staff member to arrange to have his/her case presented before it by any other staff member.



Rule 805

Appeals

An appeal against the Executive Director's decision on disciplinary action and termination of appointment under Regulation 7.1 (b) may be addressed to the Chairman of the Council within one month from the time the staff member received notification of the decision in writing. The Chairman of the Council will refer the appeal to a three member panel composed of himself/herself, the Vice-Chairman of the Council, and the Chairman of any one of the Committees (to be chosen by the Council Chairman). The decision of this panel, which shall be taken within 60 days, shall be final.

## 9. GENERAL PROVISIONS

### Regulation 9.1

These Staff Regulations and Rules shall apply to all full-time employees of the Organization. The terms and conditions of service of seconded and part-time employees of the Organization, including the application of any relevant sections of these Regulations and Rules, shall be determined by the Executive Director.

### Regulation 9.2

These Regulations may be supplemented or amended by the Council without prejudice to the acquired rights of the staff members.

#### Rule 901

##### Amendments of, and Exceptions to, the Staff Rules

(a) Amendments of these Staff Rules may be proposed by the Executive Director to the Council for its approval.

(b) Exceptions to these Staff Rules, in case of emergency, may be made by the Executive Director subject to subsequent approval by the Council, provided that such exceptions are not inconsistent with any Staff Regulations or other decision of the Council and provided further that such exceptions are agreed to by the staff member directly affected by them and are, in the opinion of the Executive Director, not prejudicial to the interests of any other staff member(s).

#### Rule 902

##### Financial Responsibility

A staff member may be required to reimburse the Organization either partially or in full for any financial loss suffered by the Organization as a result of his/her negligence or of his/her violation of any Regulation, Rule or administrative instruction.

#### Rule 903

##### Beneficiaries of Staff Members

(a) At the time of appointment each staff member shall nominate a beneficiary or beneficiaries in writing in a form prescribed by the Executive Director. It shall be the responsibility of the staff member to notify the Executive Director of any revocations or change of beneficiaries.

(b) In the event of the death of a staff member whilst in service, all amounts standing to his/her credit will be paid to his/her nominated beneficiary or beneficiaries subject to the application of the Staff Rules and the Provident Fund Regulations. Such payment shall release the Organization from all further liability in respect to any sum so paid.

(c) If a nominated beneficiary does not survive, or if a designation of beneficiary has not been made or has been revoked, the amount standing to the credit of a staff member will upon his/her death be paid to his/her estate.

#### Rule 904

##### Proprietary Rights

All rights, including title, copyright and patent rights, in any work performed by a staff member as part of his/her official duties, shall be vested in the International Tropical Timber Organization.

Rule 905

Liability Insurance

Staff members who own or drive motor cars shall carry public liability and property damage insurance in an amount adequate to insure them against claims arising from injury or death to other persons or from damage to the property of others caused by their cars.

Rule 906

Service and Conduct Reports

The service and conduct of a staff member shall be the subject of reports made annually by the staff member's supervisors. Such reports, which shall be shown to the staff member and initialed by him/her, shall form a part of his/her permanent cumulative record.



## **6. RULES OF PROCEDURE**

*[Pending the entry into force of ITTA, 2006 and final adoption by the Council]*



Chapter I

**REPRESENTATION AND CREDENTIALS**

Rule 1

Representation

Each member of the International Tropical Timber Council (hereinafter referred to as “the Council”) shall be represented in the Council by a delegation consisting of one representative and such other designated alternates and advisers as it may be required.

Rule 2

Credentials

1. The credentials of representatives and the names of alternate representative and advisers shall be submitted to the Executive Director if possible not less than one week before the opening of the session. Any change in the composition of the delegation shall also be submitted to the Executive Director as soon as possible.
2. The credentials of representatives and the names of alternate representatives and advisers shall be issued by the competent authorities of the members of the Council.

Rule 3

Credentials Committee

At its first session in each calendar year, the Council shall appoint a Credentials Committee consisting of eight members of the Council to serve during that calendar year. The Credentials Committee shall examine the credentials of representative at each session and report to the Council without delay. It shall also examine and report on any authorization given by a member to another member under article 11, paragraph 2, of the Agreement.<sup>2</sup>

Rule 4

Observers

1. The Council may invite any member or observer State of the United Nations which is not party to the Agreement or any of the organizations referred to in article 15 and 27 of the Agreement to attend a particular session or sessions of the Council and/or meetings of its committees and subsidiary bodies as observers. Moreover, any member or observer State of the United Nations which is not party to the Agreement of the Organization may request the Council to be authorized to attend any particular session. Invitations to the United Nations and its organs, such as UNCTAD, UNIDO, UNEP, UNDP and the FAO and the other specialized and related agencies of the United Nations may be made on a permanent basis.
2. Observers shall have no votes. They may, however, upon the invitation of the Council or of a committee or subsidiary body thereof, make oral statements in or submit written statements to a meeting.

Rule 5

Nomination of a National Focal Point and Transmission of communications

Each member shall notify the Executive Director in writing of the name of its National Focal Point to whom all notices and other communications regarding the work of the Council and its committees and subsidiary bodies shall be sent. Such a National Focal Point shall, as a general rule, reside or be located in the city where the Headquarters of the Organization is located, but other arrangements may be made in agreement with the Executive Director. Any notice or communication

forwarded to the National Focal Point so designated shall be deemed to have been delivered to the member concerned. Whenever there is a change of the National Focal Point so designated, the Executive Director shall immediately be notified in writing.

## Chapter II

### **CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL**

#### Rule 6

##### Elections

The election of the Chairperson and Vice-Chairperson for a calendar year under Article 8 of the Agreement shall take place at a regular session held in the preceding calendar year; the Chairperson and Vice-Chairperson shall hold office until the succeeding officers are elected.

#### Rule 7

##### Acting Chairperson

If the Chairperson of the Council is absent from a meeting or any part thereof, the Vice-Chairperson shall act in his or her place. In the temporary absence of both the Chairperson and the Vice-Chairperson or the permanent absence of one or both of them, the Council may elect new officers from among the representatives of the producer members and/or from among the representatives of the consumer members, as the case may be, on a temporary or permanent basis. The Vice-Chairperson acting as Chairperson shall have the same powers and duties as the Chairperson.

#### Rule 8

##### Nominations

When the office of Chairperson is to be filled by a representative of a consumer member, a nomination or nominations shall be made by the consumer members and when the office of Chairperson is to be filled by a representative of a producer member, a nomination or nominations shall be made by the producer members; a similar procedure shall be applied for the election of the Vice-Chairperson.

## Chapter III

### **SESSIONS OF THE COUNCIL**

#### Rule 9

##### Sessions

As a general rule, the Council shall hold at least one regular session a year. At each regular session the Council shall determine the date, duration and venue of its next regular session. In considering the frequency and location of its Sessions, the Council shall seek to ensure the availability of sufficient funds.

Special sessions shall be subject to the provisions of Article 9, paragraph 2, and any other relevant articles of the Agreement.

All meetings of the Council shall be private unless the Council decides otherwise. Statements made in, and documents presented to meetings of the Council, unless "Restricted", shall be available to interested parties.

#### Rule 10



### Convening of Sessions

The Executive Director shall send to each National Focal Point designated under rule 5 a written notification of the date and place of each session of the Council together with the provisional agenda within the time-limits provided for in Article 9, paragraph 5, of the Agreement. Notification of a special session shall be accompanied by a statement of the reasons for calling the session, together with the provisional agenda. Such notification shall also state under which subparagraphs of Article 9, paragraph 2, of the Agreement the special session is being convened.

#### Rule 11

##### Agenda

1. The provisional agenda of each session of the Council shall be prepared by the Executive Director in consultation with the Chairperson of the Council for adoption by the Council.
2. The provisional agenda for regular sessions may include any items connected with the Agreement which may have been proposed by any member, any committee or subsidiary body of the Council or by the Executive Director.
3. The provisional agenda for a special session shall consist of the item or items specified in the relevant decision to convene it or in the request for the special session under Article 9, paragraph 2, of the Agreement and may contain items which, in the judgment of the Executive Director or the Chairperson of the Council, could profitably be discussed during the special session.
4. The provisional agenda shall include a statement of the votes held by each member at the time it is issued. No changes shall be made in the agenda subsequent to its adoption by the Council, except by decision of the Council.
5. The provisional agenda, together with supporting documents, for each regular session shall be distributed in the working languages by the Secretariat to the members at least three weeks before the opening of the session.
6. The Secretariat shall, as appropriate, report to the Council on the administrative and financial implications of all substantive agenda items submitted to the Council, before they are considered by it.

### Chapter IV

#### **CONDUCT OF BUSINESS**

##### Rule 12

##### Quorum

The Executive Director, at each meeting of the Council, shall advise the Chairperson whether the quorum prescribed by Article 13 of the Agreement is present and which member is authorized to represent the interests of another and cast its votes in accordance with Article 11, paragraph 2, of the Agreement.

##### Rule 13

##### Powers and duties of the Chairperson

In addition to exercising the powers conferred upon him or her elsewhere in these rules, the Chairperson shall announce whether or not a quorum is present, declare the opening and closing of each meeting, direct the discussions, ensure observance of these rules, grant the right to speak, put questions to the vote and announce decisions. He or she shall have control over the proceedings of the Council and over the maintenance of order at its meetings.

#### Rule 14

##### Permission to speak

1. No person may address the Council without having previously obtained the permission of the Chairperson. Subject to rule 15, the Chairperson shall call upon speakers in the order in which they signify their desire to speak. The Chairperson may call a speaker to order if his or her remarks are not relevant to the subject under discussion and may direct that such remarks shall not appear in the records of the meeting.
2. The Chairpersons of committees and subsidiary bodies of the Council may be accorded precedence for the purpose of explaining the conclusion arrived at by their respective committees or subsidiary bodies. The principal officers of the Organization may similarly be accorded precedence to speak for the purpose of clarifying any matter.

#### Rule 15

##### Points of order

During the discussion of any matter, a representative may at any time raise a point of order which shall immediately be decided by the Chairperson in accordance with these rules. A representative may appeal against any ruling by the Chairperson. The appeal shall immediately be put to the vote and the Chairperson's ruling shall stand unless overruled by the Council. A representative raising a point of order may not speak on the substance of the matter under discussion.

#### Rule 16

##### Time-limit on speeches

The Chairperson may, in the course of the discussion, propose to the Council a limit on the time to be allowed to speakers and on the number of times each representative may speak on any question. When debate is limited and a representative has spoken his or her allotted time, the Chairperson shall call him or her to order without delay.

#### Rule 17

##### Adjournment of debate

During the discussion of any matter, a representative may move for adjournment of the debate on the question under discussion. In addition to the proposer of the motion, one representative may speak in favour of and one against the motion, after which the motion shall be immediately put to the vote.

#### Rule 18

##### Closure of debate

A representative may at any time move for the closure of the debate on the question under discussion, whether or not any other representative has signified his or her wish to speak. Permission to speak on the closure of the debate shall be accorded only to two speakers opposing the closure, after which the motion shall be immediately put to the vote.

#### Rule 19

##### Suspension or adjournment of the meeting

During the discussion of any matter, a representative may move for the suspension or adjournment of the meeting. Such motion shall be debated but shall be immediately put to the vote.

#### Rule 20

##### Order of procedural motions

Subject to rule 15, and regardless of the order in which they are submitted, the following motions shall have precedence in the following order over all other proposals or motions before the meeting:

- (a) to suspend the meeting;
- (b) to adjourn the meeting;
- (c) to adjourn the debate on the question under discussion;
- (d) to close the debate on the question under discussion.

#### Rule 21

##### Proposals and amendments

Proposals and amendments to proposals shall normally be introduced in writing by the members and handed to the Secretariat, which shall circulate copies to the members. As a general rule, no proposal shall be discussed or put to the vote at any meeting of the Council unless copies of it have been circulated to all members not later than the date preceding the meeting. In the absence of any objections, the Chairperson may, however, permit the discussion and consideration of proposals or amendments, even though these proposals or amendments have not been circulated or have been circulated the same day.

#### Rule 22

##### Decision on competence

Any motion calling for a decision on the competence of the Council to discuss any matter or to adopt any proposal or any amendment submitted to it shall be put to the vote before the matter is discussed or a vote is taken on the proposal or amendment in question.

#### Rule 23

##### Withdrawal of motions

A proposal or a motion may be withdrawn by its proposer at any time before voting on it has commenced, provided that the proposal or motion has not been amended. A proposal or motion which has thus been withdrawn may be reintroduced by another representative.

#### Rule 24

##### Reconsideration of a decision

When a decision has been taken by the Council, it may not be reconsidered unless the Council so decides by the same majority as was necessary for the adoption of the original decision. As a general rule, a decision taken by the Council on a particular day may not be reconsidered on the same day. Permission to speak on the motion of reconsideration shall be granted only to the proposer of the motion to reconsider and to not more than two speakers in favour and two against the motion, after which it shall immediately be put to the vote.

Chapter V

**VOTING**

Rule 25

Redistribution of votes

In order to enable the Council to revise and, where appropriate, redistribute the votes in accordance with Article 10, paragraphs 7 to 9, of the Agreement, the Executive Director shall prepare the necessary documents which, on the basis of the rules laid down in that Article, shall specify the number of votes held by each member.

Rule 26

Method of voting

The Council shall normally vote by show of hands but any representative may request a roll-call, which shall be taken in the English alphabetical order of the names of the members, beginning with the member whose name is drawn by lot by the Chairperson. However, if at any time a member requests a secret ballot, that shall be the method of voting on the issue in question.

Rule 27

Conduct during voting

After the Chairperson has announced the beginning of the vote no representative shall interrupt the vote except on a point of order in connection with the actual conduct of voting. The Chairperson may permit representatives to explain their votes, either before or after the voting, except when the vote is taken by secret ballot. The Chairperson may limit the time to be allowed for such explanations.

Rule 28

Voting on proposals

If two or more proposals relate to the same question, the Council shall, unless it decides otherwise, vote on the motions in the order in which they were submitted. The Council may, after voting on a motion, decide whether to vote on the next motion.

Rule 29

Voting on amendment

A motion is considered an amendment to a proposal if it adds to, deletes from or revises part of that proposal. When an amendment is moved to a proposal, the amendment shall be voted on first. When two or more amendments are moved to a proposal, the Council shall first vote on the amendment furthest removed in substance from the original proposal and then on the amendment next furthest removed therefrom and so on until all the amendments have been put to the vote. Where, however, the adoption of one amendment necessarily implies the rejection of another amendment, the latter amendment shall not be put to the vote. If one or more amendments are adopted, the amended proposal shall then be voted upon. If no amendments are adopted, the proposal shall be put to the vote in its original form.

Chapter VI

**COMMITTEES AND SUBSIDIARY BODIES**

Rule 30

Establishment or dissolution of other committees and subsidiary bodies

In addition to the committees established under Article 26, paragraph 1, of the Agreement, the Council may, in accordance with Article 26, paragraph 2, thereof, establish or dissolve such other committees and subsidiary bodies as it deems appropriate and necessary in carrying out its work. The terms of reference of such other committees and subsidiary bodies shall cease to exist upon the decision of the Council.

Rule 31

Rules of procedure of committees  
and subsidiary bodies

Except as otherwise provided in these rules, committees and subsidiary bodies established in accordance with Article 26, paragraphs 1 and 2, of the Agreement, shall be open to all members. Committees and subsidiary bodies shall elect their own officers. They shall submit reports on their work to the Council. Subject to rule 30, the rules of procedure of committees and subsidiary bodies shall be those of the Council mutatis mutandis.

**Chapter VII**

**LANGUAGES AND RECORDS**

Rule 32

1. The official languages of the Organization shall be Arabic, Chinese, English, French, Russian, and Spanish. The current working languages of the Organization are English, French and Spanish. All the language services will, be limited to English, French, and Spanish. Specific approval of the Council shall be required for arranging technical facilities for simultaneous interpretation in the Arabic, Chinese and Russian languages.
2. A representative of a member may speak in a language other than an official language, if the member provides for interpretation into at least one of such official languages.

Rule 33

Decisions and reports on the proceedings of the Council

1. The decisions taken during a session of the Council shall be sent to all members within seven working days thereafter.
2. After the end of the session a report on the proceedings shall be prepared by the Executive Director and shall be circulated to all members as soon as possible. Provided that a member so requests before the end of the session, the position expressed by the member concerned on any item shall be incorporated in the report and a statement made by any member during the session which is submitted in writing shall be annexed to the report. Any member may, within 21 calendar days of the report being sent, request that confirmation of any portion of the report which refers to any statements of such member or of any comments or narration not in accordance with what had actually happened in the opinion of that member, but which would not affect the substance of the decisions taken or conclusions reached, be deferred pending consideration by the Council at its next session. In the absence of any such request, the report shall be deemed to be confirmed and shall be circulated to all members immediately in the languages of the Organization. A tape recording of the Council meetings shall be available in the Secretariat for consultation by members.

Rule 34

Documents

Unless "Restricted", all ITTO documents shall be available to interested parties. The Council may, however, at any time decide that certain information contained in any of its documents may be restricted or otherwise treated as sensitive information.

**Chapter VIII**

**DECISION OF QUESTIONS WITHOUT MEETING**

Rule 35

Procedure for decision of specific questions by the Council  
without meeting

The Chairperson of the Council shall arrange for a decision by the Council on a specific question to be sought without meeting where the Chairperson deems it appropriate, or at the request of any member or the Executive Director in consultation with the Chairperson and Vice-Chairperson of the Council, and:

- (a) A majority of producer members or a majority of consumer members; or
- (b) A majority of members.

Rule 36

Communication to members

When rule 35 is applied, the Executive Director shall communicate with each member in writing in a form approved by the Chairperson. Such communication shall be sent to the National Focal Point designated under rule 5. The communication shall:

- (a) clearly state the matter at issue;
- (b) describe specifically the proposal on which the member is to vote;
- (c) set the time within which votes must be received; this shall not be less than 30 calendar days from the date of the communication, except that in circumstances which in the view of the Chairperson of the Council are of exceptional urgency, and which shall be explained in the communication, the period for reply shall not be less than 15 calendar days;
- (d) request the member to state:
  - (i) whether it agrees that a decision should be taken without a meeting; and
  - (ii) irrespective of whether it agrees or not, whether it votes for, against or abstains with respect to the specific proposal described in the communication.

Rule 37

Majority required for decisions to be taken without meeting

Without prejudice to Article 12, paragraph 2 of the ITTA, 2006, the majority required for any decision to be taken by the Council without holding a meeting shall require at least two thirds of the votes of producer members and at least 60 per cent of the votes of consumer members, mounted

separately, on condition that these votes represent at least half of the producer members and half of the consumer members.

Rule 38

Ascertaining the decision

If, at the end of the period for reply referred to in rule 36, the required majority referred to in rule 37 is obtained, all votes for and against the specific question to be decided upon shall be counted by the Executive Director and the Council's decision ascertained on the basis of these votes. Abstentions shall be recorded.

Rule 39

Report on a decision by the Council without meeting

A report on any specific question decided without meeting, together with a statement of the number of votes for and against and the number of abstentions, shall be sent to all members by the Executive Director as soon as practicable and no later than 10 calendar days after the end of the period for reply.

**Chapter IX**

**AMENDMENTS**

Rule 40

Amendments

These rules of procedure may be amended or suspended by a special vote of the Council.

**Chapter X**

Overriding Authority of the Agreement

Rule 41

In the event of any conflict between any provision of these rules and any provision of the Agreement, the Agreement shall prevail.

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## **7. FINANCIAL RULES AND RULES RELATING TO PROJECTS OF THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION**

*[Pending the entry into force of ITTA, 2006 and final adoption by the Council]*

Chapter I

**AUTHORITY AND APPLICABILITY**

Rule 1

Authority and Applicability

These rules are promulgated in accordance with Article 7, paragraph (a), of the Agreement. They shall govern the administration of all financial activities of the Organization.

Chapter II

**DEFINITIONS**

For the purposes of these Rules, the following definitions shall apply:

1. "Agreement" means the International Tropical Timber Agreement, 2006.
2. "Organization" means the International Tropical Timber Organization established in accordance with Article 3 of the Agreement.
3. Article 20, paragraph 2, of the Agreement, refers to "sources of finance" for the Special Account, while paragraph 8 of the same Article refers to "donor". Throughout these rules, no substantive distinction is to be implied between the terms "sources of finance" or "financing sources", and "donor". A "voluntary contribution" is any receipt in the Special Account or the Bali Partnership Fund, in cash or in kind, intended by the contributor to be used for any project, pre-project, or other activity approved by the Council.
4. "Unearmarked funds" shall be such sums in the Special Account or the Bali Partnership Fund whose intended use has not been previously stated by the donor of the sum, or certain types of interest earned in the accounts.
5. The "Financial Year" of the Organization shall be identical with the calendar year.
6. The "Project" should address one or more of the priority areas related to the Agreement.
7. The "Pre-Project" is a set of preparatory and/or experimental activities necessary to formulate a Project Proposal [or which are needed to assess a Project Proposal]. A proposed Pre-Project should aim at undertaking in-depth problem analysis and identifying the strategy to mitigate the core problem through, among others, field surveys, market/technical studies, consultation with stakeholders and other participatory processes.
8. The "Activity" is mainly conducted for the policy work which should contribute to achieving the objectives of the Agreement for members broadly in accordance with Article 24 of the Agreement. It usually takes the form of study, workshop/seminar, cooperative actions with other International Organizations and fora etc.
9. The "Thematic Programmes Sub-Account" is one of the sub-accounts which comprise the Special Account in accordance with Article 20 of the Agreement. The purpose of the Thematic Programmes Sub-Account shall be to facilitate unearmarked contributions for financing of approved projects, pre-projects, and activities consistent with Thematic Programmes established by the Council on the basis of the policy and project priorities identified in accordance with Articles 24 and 25.

Chapter III

**ADMINISTRATIVE ACCOUNT**

Rule 2

Structure of the Administrative Account

1. All receipts and expenditures relating to the administration of the Organization shall be brought into the Administrative Account. They shall be shown separately and in full in an administrative budget and shall be shown in the same manner in the annual accounts.
2. The Administrative budget shall be subdivided into:
  - (i) Basic administrative costs such as salaries and benefits, staff installation and separation costs, official travel,; and
  - (ii) Core operational costs such as those related to communication and outreach, expert meetings convened by the Council and preparation and publication of studies and assessments pursuant to articles 24, 27 and 28 of the Agreement.
3. For each financial biennium, the budget for the Administrative Account shall include:
  - (a) All estimated receipts for the following biennium and for the current financial year, together with appropriate footnotes and an explanatory memorandum including the calculation of the contributions payable by members;
  - (b) All other financial resources of the Organization other than those of the Special Account and the Bali Partnership Fund referred to in Articles 20 and 21, respectively, of the Agreement;
  - (c) Estimated expenditure for the following biennium and authorized and estimated expenditure for the current financial year, subdivided into the various budgetary headings and subheadings explained in footnotes or an explanatory memorandum;
  - (d) An establishment table showing the authorized posts and the posts actually filled in the current financial year as well as the posts requested for the biennium, in which case it shall be indicated at which moment of that following biennium these posts should be effectively filled. All information on posts shall be subdivided into grades, services, etc.
  - (e) The Budget for the Administrative Account shall be established in United States dollars.

Rule 3

Preparation and approval of the budget for the Administrative Account

1. The Executive Director, before the end of each financial biennium, shall prepare a draft budget for the Administrative Account for the following biennium in the manner prescribed in Rule 2. The draft budget shall then be sent to all members at least 90 calendar days before the session of the Council at which the budget is to be approved.
2. Should very exceptional circumstances so require, the Executive Director may submit to the Council proposals for supplementary expenditure during any financial year, together with proposals for meeting such supplementary expenditure. Such proposals shall be sent to all members at least 60 calendar days before the session of the Council at which they are to be considered.
3. If as a result of its consideration under paragraph 2, above, the Council decides to call up supplementary contributions, it shall give members at least 90 calendar days notice before such contributions become due.

Rule 4

Contributions of members to the Administrative Account

1. The Council shall, in accordance with Article 19 of the Agreement, determine for each financial biennium, the amount in United States dollars of each member's contribution to the

Administrative Account. The Executive Director shall, within seven working days after the close of the last Council Session each financial biennium, advise each member of the amount of its contributions to the Administrative Account for the following biennium.

2. Payment of contributions to the Administrative Account shall be made in accordance with Articles 19 and 22 of the Agreement. The exchange rate used to convert the member's payment into United States dollars shall be the rate of exchange prevailing on the day when the contribution is paid.

3. In accordance with Article 19, paragraph 8 of the Agreement, any member which has paid its full contribution within four months of the due date shall receive a discount at a rate to be determined from time to time by the Council. Such discounts shall be applied in the form of rebates from the assessed contributions of members in the financial biennium following that in which the discount was earned, and the total amount of such discounts shall become part of the estimated expenditures described in Rule 2 paragraph 2 (a) for the budget for the Administrative Account of the aforesaid following biennium. The discount rate shall be decided by the Council and initially shall be 5.5%.

#### Rule 5

##### Administration of the Administrative Account

1. The approval by the Council of the budget for the Administrative Account shall constitute the authority of the Executive Director to receive payments, to meet obligations and to incur expenditure within the limits of the budget.

2. The Executive Director is authorized to transfer any sum under a heading in the budget for the Administrative Account from one subheading to another subheading or subheadings under the same heading, provided that the total expenditure in this heading is not exceeded. The expenditure of sums so transferred shall be shown separately in the annual accounts.

3. The Executive Director shall inform the Chairperson of the Council, in writing, each time a sum is transferred under the authorization granted in this Rule.

4. The Administrative Account contains a Working Capital Account established under Decision 7(XII) which shall be used to receive all arrears of contributions to the Administrative Account. No disbursements shall be made from the Working Capital Account without a decision of the Council.

5. The budget for the Administrative Account may contain a contingency reserve heading. The amount of this heading shall be decided upon every financial biennium by the Council. Interest received on the resources of this heading and of any other heading, which may be invested in such short-term instruments as the Council may approve, constitutes a resource of the budget for the Administrative Account for the next year.

6. At the end of the each calendar year, the Administrative Account shall transfer the excess of revenues over expenditures or excess of expenditures over revenues to the Working Capital Account.

7. The Council shall determine when and in what manner the resources of this reserve shall be utilized.

8. Borrowing from whatever source for the Administrative Account is not permitted.

#### Rule 6

##### Control of the Administrative Account

The Executive Director shall:

(a) Set up a system to provide for the effective conduct of financial transactions in order to prevent any irregularity in the receipt, disposal and custody of all funds and other resources relating to the Administrative Account of the Organization and to ensure compliance with the budget or other financial provisions approved by the Council;

(b) Deposit all revenue relating to the Administrative Account in an account or accounts opened in the name of the "International Tropical Timber Organization (Administrative Account)" at a

bank or banks approved by the Council and shall arrange for withdrawals therefrom signed by two persons designated by the Executive Director in consultation with the Chairperson of the Council;

- (c) Keep an inventory of all capital acquisitions.

Rule 7

Audit of the Administrative Account and submission to the Council for approval

1. In accordance with Article 23 of the Agreement, the Council shall appoint an independent auditor of recognized standing for a term of three consecutive years, subject to satisfactory performance. This auditor should preferably be selected from among the auditing personnel who are nationals of the Members of the Organization. The same auditor shall not be appointed for the following term of three consecutive years. The Executive Director shall engage the selected auditor on an annual basis. The re-engagement of the same auditor shall also be on annual basis subject to a maximum of three years in total.
2. The terms of appointment of the independent auditor shall be as follows: "To examine the Administrative Account of the Organization and to verify as a result of the audit, the accuracy of such account". The objectives of the audit shall be to review transactions having financial implications as to the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization and the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Council and the allotments issued thereunder. This includes the regular evaluation of the expenditures in the Administrative Account with regard to achieving the most efficient use practicable of available resources.
3. In order to achieve optimum performance, the auditor shall have full access to all documents and information available in the Organization. The Executive Director shall, within 30 days of the submission of the auditor's report, transmit to all members texts of the audited statements of the Administrative Account. The Executive Director shall submit to the Council for approval the Organization's Administrative Account and audited balance sheet, as well as the auditor's report, as soon as possible after the close of the financial year, but not later than six months after that date and in any case not later than two months before the next session of the Council.

Chapter IV

**SPECIAL ACCOUNT**

Rule 8

Structure of the Special Account

The Special Account established under Article 18, shall comprise two sub-accounts:

- (i) The Thematic Programmes Sub-Account: to facilitate unearmarked contributions for the financing of approved pre-projects, projects and activities consistent with Thematic Programmes established by the Council on the basis of the policy and project priorities identified in accordance with Articles 24 and 25 of the Agreement; and
- (ii) The Project Sub-Account: to facilitate earmarked contributions for the financing of pre-projects, projects and activities approved in accordance with articles 24 and 25 of the Agreement.

Rule 9

Resources of the Special Account

The resources of the Special Account established under Article 18 and described in Article 20 of the Agreement shall include:

- (i) Funds received directly by the Organization from the Common Fund for Commodities;

- (ii) Funds received directly by the Organization from regional and international financial institutions referred to in Article 20, paragraph 2 (b), of the Agreement;
- (iii) Voluntary contributions from members in accordance with Article 20, paragraph 2 (c), of the Agreement, and voluntary contributions, including scientific and technical equipment or personnel provided for under Article 22, paragraph 2, of the Agreement, as well as 50% of any interest earned in the Special Account; and
- (iv) Funds from other sources.

Rule 10  
Currency provisions

1. Cash contributions to the Special Account shall be paid in freely convertible currencies.
2. The resources of the Special Account shall, unless the Council decides otherwise, be maintained in United States dollars. The rate of exchange used to convert cash contributions or cash equivalents of other forms of contributions to the Special Account into United States dollars shall be the rate of exchange prevailing on the day when the contribution is made.
3. When resources are maintained in currencies other than the United States dollar, the Council shall establish such procedures as it deems necessary to ensure adequate security for such resources against foreign exchange risks.

Rule 11  
Administration and control of the Special Account

1. The receipt of funds for the financing of the budget of pre-projects and projects approved by the Council shall constitute authority for the Executive Director to meet obligations and to incur, in conformity with Article 25 of the Agreement, expenditure in accordance with the provisions of the present rules relating to the Special Account.
2. The Executive Director shall deposit all revenues relating to the Special Account in an account or accounts opened in the name of the "International Tropical Timber Organization (Special Account)" at a bank or banks approved by the Council and shall arrange for withdrawals therefrom signed by two persons designated by the Executive Director in consultation with the Chairperson of the Council.
3. The Executive Director shall set up a system to provide for the effective conduct of financial transactions in order to prevent any irregularity in the receipt, disposal and custody of all the resources of the Special Account. He shall ensure compliance with the present rules and all decisions of the Council relating to the Special Account.

Rule 12  
Disbursements

The disbursement of funds from the Thematic Programmes Sub-Account and the Project Sub-Account shall be governed by the following terms and conditions:

- (a) The funds shall be released to the implementing member or entity only at such time as the Executive Director has been notified by the member or entity and is satisfied that implementation of the project is about to commence, and in any case not more than two months before the scheduled date of commencement;
- (b) The Organization shall release funds to the implementing entity in accordance with a timetable previously agreed between them, and set out in the Project or Pre-Project Agreement. Funds set aside for use by the Organization in monitoring, reviewing, or evaluating pre-projects or projects shall not be released to the implementing entity. Contingency funds shall only be released to the implementing entity on receipt of a written, justified request by the Executive Director. The balance of funds, if already transferred by the

financing source(s) to the Organization, shall be held by the Organization in the Thematic Programmes Sub-Account or in the Project Sub-Account;

- (c) Interest earned in cases where the Organization holds funds for later disbursement shall be credited to the Thematic Programmes Sub-Account or the Project Sub-Account, unless the financing source(s) decide(s) otherwise;
- (d) Where the Organization is holding funds for a project on which the Council decides to terminate its sponsorship under Rule 28, disbursements by the Organization shall cease, and any remaining funds returned in accordance with paragraph 2 of Rule 28 below. However liabilities undertaken up to the day of the Council's decision shall be paid;
- (e) Unearmarked funds shall not be disbursed without a specific Council decision relating to their disbursement.

#### Rule 13 Solicitation of funds

1. The Executive Director shall seek adequate and assured finance for projects approved by the Council from the possible sources listed in Article 20, paragraph 2, of the Agreement. However, solicitation of unearmarked funds for the Thematic Programmes Sub-Account may be initiated by the Executive Director at any time.
2. In carrying out his endeavours the Executive Director may use the good offices of any persons, institutions or governments disposed to be of service to the Organization, or his own staff. All funds received by the Organization as a result of his solicitations shall be subject to the same budgetary and accounting procedures as funds received earmarked for approved Projects from any other source.

#### Rule 14 Use of resources for other pre-projects or projects

1. If the Council finds it desirable to use resources for a pre-project/project or pre-projects/projects other than that/those for which they were originally designated it shall, at least 90 calendar days before taking a decision to that effect, seek the agreement of the original donor(s) in accordance with Article 20, paragraph 8 of the Agreement. If the view of the donor(s) proved to be in conflict with that of the Council, the Council's sponsorship of the original pre-project/project or pre-projects/projects may nonetheless be terminated under Article 25, paragraph 5, of the Agreement, following a further discussion of the matter in the Council.
2. The unused part of the resources contributed to the original pre-project/project or pre-projects/projects shall, in case of a renewed decision to terminate, be returned on a pro rata basis to the donor(s), as required under Article 20, paragraph 8, of the Agreement, and in accordance with paragraph 2 of Rule 28 below. A further Council decision will then be required regarding the alternative project(s).
3. No resources shall be transferred from the Special Account to the Bali Partnership Fund without a decision by the Council and the agreement of the original financial donor.

#### Rule 15 Programme Support

1. The purpose of Programme Support within the Special Account shall be to defray the expenses of administration of projects, pre-projects, and other activities of the Organization approved by the Council. Such administrative expenses shall comprise bank charges, project-related communication costs, the remuneration of project administration staff, and other expenses related to project administration.
2. The resources of the Programme Support shall consist of those provided for by Council Decisions 5(XI), 4(XV) and 2(XXX) or such later Decisions as the Council may agree and comprise a portion of the budget of pre-projects, projects, and Council-approved activities. The charge shall be

8% of the basic budget (all budget components which are not the Programme Support charge), except in the case of ITTO-executed pre-projects, projects, and Council-approved activities, when this figure will be 13%. These funds shall be deposited as Programme Support in the Special Account. Bank interest accruing to the current balance of total Programme Support shall also constitute a Programme Support resource in conformity with Decision 5(XII) Annex, paragraph 10d.

3. 1% of the basic project or pre-project budget, being part of the aforementioned programme support charge, shall be utilised to defray the expenses of translation of Council and Committee documents, and Project and Pre-Project documents, into ITTO's working languages.

4. The Executive Director shall ensure that the residual balance of the Programme Support shall at any time be sufficient to meet the commitments already made by the Organization for the administration of projects, pre-projects, and Council-approved activities at that time.

#### Rule 16

##### Audit of the Special Account and submission to the Council for approval

1. In accordance with Article 23 of the Agreement, the Council shall appoint an independent auditor of recognized standing for a term of three consecutive years, subject to satisfactory performance. This auditor should preferably be selected from among the auditing personnel who are nationals of the members of the Organization. The same auditor shall not be appointed for the following term of three consecutive years. The Executive Director shall engage the selected auditor on an annual basis. The re-engagement of the same auditor shall also be on annual basis subject to a maximum of three years in total.
2. The terms of appointment of the independent auditor shall be as follows: "To examine the Special Account of the Organization and to verify as a result of the audit, the accuracy of such account". The objectives of the audit shall be to review transactions having financial implications as to the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization and the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Council and the allotments issued thereunder. This includes the regular evaluation of the expenditures in the Special Account with regard to achieving the maximum economic use of available resources.
3. In order to achieve optimum performance the auditor shall have full access to all documents and information available in the Organization. The Executive Director shall, within 30 days of the submission of the auditor's report, transmit to all members texts of the audited statements of the Special Account. The Executive Director shall submit to the Council for approval the Organization's Special Account as well as the auditor's report, as soon as possible after the close of the financial year, but not later than six months after that date and in any case not later than two months before the next session of the Council.

#### Rule 17

##### Review

While the Agreement is in force, the Council may, when appropriate, review the financing of the Special Account. It shall report the results of such review and any recommendation thereon to the members.

#### Chapter V

### **THE BALI PARTNERSHIP FUND**

#### Rule 18

##### Resources of the Bali Partnership Fund

1. The resources of the Bali Partnership Fund established under Article 18 and described in Article 21 of the Agreement shall include:



- (i) Voluntary contributions from donor members in accordance with Article 21, paragraph 2 (a) of the Agreement, and voluntary contributions, including scientific and technical equipment or personnel, to meet the requirements of approved projects in accordance with Article 21, paragraph 3 of the Agreement.
- (ii) Fifty per cent of interest earned as a result of activities related to the Special Account.
- (iii) Voluntary contributions from other public and private sources which the Organization may accept consistent with these Rules.
- (iv) Other sources approved by the Council.
- (v) Interest earned in the Bali Partnership Fund from all deposits to that Fund.

2. In allocating the resources of the Bali Partnership Fund, the Council shall take into account the requirements of Article 21 paragraph 3 and paragraph 4 of the Agreement, Annex B of Decision 8(XX) and Annex of Decision 4(XXX). The Council shall annually review the criteria used for allocating the resources of the Bali Partnership Fund in accordance with its interpretation of Objective 1(d) of the Agreement.

Rule 19  
Currency provisions

1. Cash contributions to the Bali Partnership Fund shall be paid in freely convertible currencies.
2. The resources of the Bali Partnership Fund shall, unless the Council decides otherwise, be maintained in United States dollars. The rate of exchange used to convert cash contributions or cash equivalents of other forms of contributions to the Bali Partnership Fund into United States dollars shall be the rate of exchange prevailing on the day when the contribution is made.
3. When resources are maintained in currencies other than the United States dollar, the Council shall establish such procedures as it deems necessary to ensure adequate security for such resources against foreign exchange risks.

Rule 20  
Administration and Control of the Bali Partnership Fund

1. The receipt of sufficient funds for the financing of the total budget of pre-projects and projects approved by the Council for financing from the Bali Partnership Fund shall constitute authority for the Executive Director to meet obligations and to incur, in conformity with Article 25 of the Agreement, expenditure in accordance with the provisions of the present Rules relating to the Bali Partnership Fund.
2. The Executive Director shall deposit all revenues relating to the Bali Partnership Fund in an account or accounts opened in the name of the "International Tropical Timber Organization (Bali Partnership Fund)" at a bank or banks approved by the Council and shall arrange for withdrawals therefrom signed by two persons designated by the Executive Director in consultation with the Chairperson of the Council.
3. The Executive Director shall set up a system to provide for the effective conduct of financial transactions in order to prevent any irregularity in the receipt, disposal and custody of all the resources of the Bali Partnership Fund. He shall ensure compliance with the present Rules and all decisions of the Council relating to the Bali Partnership Fund.

Rule 21  
Disbursements

The disbursement of funds from the Bali Partnership Fund shall be governed by the following terms and conditions:

- (a) The funds shall be released to the implementing member or entity only at such time as the Executive Director has been notified by the member or entity and is satisfied that implementation of the project is about to commence, and in any case not more than two months before the scheduled date of commencement;
- (b) The Organization shall release funds to the implementing entity in accordance with a timetable previously agreed between them, and set out in the Project Agreement. Funds set aside for use by the Organization in monitoring, reviewing, or evaluating pre-projects or projects shall not be released to the implementing entity. Contingency funds shall only be released to the implementing entity on receipt of a written, justified request by the Executive Director. The balance of funds, if already transferred by the financing source(s) to the Organization, shall be held by the Organization in the Bali Partnership Fund;
- (c) Interest earned in cases where the Organization holds funds for later disbursement shall be credited to the Bali Partnership Fund, unless the financing source(s) decide(s) otherwise;
- (d) Where the Organization is holding funds for a project on which the Council decides to terminate its sponsorship under Rule 28, disbursements by the Organization shall cease, and any remaining funds returned in accordance with paragraph 2 of Rule 28 below. However liabilities undertaken up to the day of the Council's decision shall be paid;
- (e) Unearmarked funds shall not be disbursed without a specific Council decision relating to their disbursement.

Rule 22  
Solicitation of funds

1. The Executive Director shall seek adequate and assured finance for projects approved by the Council from the possible sources listed in Article 21, paragraph 2, of the Agreement. However, solicitation of unearmarked funds for the Bali Partnership Fund may be initiated by the Executive Director at any time.
2. In carrying out his endeavours, the Executive Director may use the good offices of any persons, institutions or governments disposed to be of service to the Organization, or his own staff. All funds received by the Organization as a result of his solicitations shall be subject to the same budgetary and accounting procedures as funds received earmarked for approved projects from any other source.

Rule 23  
Use of resources for other pre-projects/projects in the Bali Partnership Fund

1. If the Council finds it desirable to use resources for a pre-project/project or pre-projects/projects other than that/those for which they were originally intended, it shall, at least 90 calendar days before taking a decision to that effect, seek the agreement of the original donor(s). If the view of the donor(s) proves to be in conflict with that of the Council, the Council's sponsorship of the original pre-project/project or pre-projects/projects may nonetheless be terminated under Article 25, paragraph 5, of the Agreement, following a further discussion of the matter in the Council.
2. The unused part of the resources contributed to the original pre-project/project or pre-projects/projects shall, in case of a renewed decision to terminate, be returned on a pro rata basis to the donor(s), as required under Article 20, paragraph 8, of the Agreement, and in accordance with paragraph 2 of Rule 28 below. A further Council decision will then be required regarding the alternative project(s).
3. No resources shall be transferred from the Bali Partnership Fund to the Special Account without a decision by the Council and the agreement of the original financial donors.

Rule 24  
Audit of the Bali Partnership Fund and submission to the Council for approval

In accordance with Article 23 of the Agreement, the Council shall appoint an independent auditor of

recognized standing for a term of three consecutive years, subject to satisfactory performance. This auditor should preferably be selected from among the auditing personnel who are nationals of the members of the Organization. The same auditor shall not be appointed for the following term of three consecutive years. The Executive Director shall engage the selected auditor on an annual basis. The re-engagement of the same auditor shall also be on annual basis subject to a maximum of three years in total.

The terms of appointment of the independent auditor shall be as follows: "To examine the Bali Partnership Fund of the Organization and to verify as a result of the audit, the accuracy of such account". The objectives of the audit shall be to review transactions having financial implications as to the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization and the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Council and the allotments issued thereunder. This includes the regular evaluation of the expenditures in the Bali Partnership Fund with regard to achieving the maximum economic use of available resources.

In order to achieve optimum performance the auditor shall have full access to all documents and information available in the Organization. The Executive Director shall, within 30 days of the submission of the auditor's report, transmit to all members texts of the audited statements of the Bali Partnership Fund. The Executive Director shall submit to the Council for approval a statement of account of the Organization's Bali Partnership Fund as well as the auditor's report, as soon as possible after the close of the financial year, but not later than six months after that date and in any case not later than two months before the next session of the Council.

Rule 25  
Review

While the Agreement is in force, the Council shall, in accordance with Article 21, paragraph 7 of the Agreement, examine at regular intervals the adequacy of the resources available to the Bali Partnership Fund. It shall report the results of such review and any recommendation thereon to the members.

Chapter VI

**PROJECT AND PRE-PROJECT RULES**

Rule 26  
Project and Pre-project Proposals

The following terms and conditions shall govern the form and composition of project proposals submitted by the Executive Director to any of the Committees established under Article 26, paragraph 1, of the Agreement, for final consideration, technical appraisal and evaluation, and of those submitted by any of these Committees to the Council for approval and prioritization:

- (a) The Project shall be proposed in the form of a Project Document. The Project Document in its draft form shall be the basis for determining whether a project for which ITTO approval is to be requested, and for which financing will be sought, has a reasonable chance of contributing substantially to the objectives of the Agreement. In the event that the proposal is designed to be funded from the Bali Partnership Fund, it must contribute to the achievement of the objective in Article 1(d) of the Agreement, and be in accord with Rule 18 (2). In its final form, the Project Document shall be the formal control document for any project approved by the Council, financially supported by one or more of the sources of finance set out in Article 20, paragraph 2, and Article 21, paragraph 2 of the Agreement, and under implementation by the selected executing agency or other entity. In general, the Project Document shall serve as an effective instrument for communicating all relevant information about the project to all parties concerned with it;
- (b) Each project submitted to the Council for approval shall require a Project Document, irrespective of the magnitude of the funds involved, although the contents and length of each document may be adjusted to the requirements of each case. Projects requiring funding of

150,000 United States dollars or less may be presented to the Council, to prospective donors and to implementing agencies in less detail;

- (c) The Project Document shall provide a clear statement of both the qualitative and quantitative objectives of the project and how they are expected to be accomplished, and shall define them in such a way as to permit evaluation of the project's effectiveness;
- (d) The Project Document shall clearly indicate the inputs required by the project, the project activities and their time schedules and the expected outputs, in such a way as to permit monitoring of implementation in accordance with the ITTO Manual on Monitoring, Review, Reporting and Evaluation;
- (e) The detailed contents of each Project Document shall follow the format laid down in the ITTO Project Formulation Manual;
- (f) The preparation and approval of an ITTO Project Document shall in no way affect the possible need to prepare a parallel document in such format as may be required by donor agencies or individual donors, or by executing agencies;
- (g) The rules and procedures governing the selection of the entity or entities to implement a given project shall be specified by the Council at the time it approves the project, unless these rules and procedures are already included in the relevant project document. The rules and procedures governing the selection of the entity or entities to which certain parts or the whole of the project may be contracted shall be the ITTO Guidelines on the Selection and Employment of Consultants and likewise the procurement of goods and services for the project shall be governed by the ITTO Guidelines for the Procurement of Goods and Services.

#### Rule 27

##### Agreement on location of projects

In the case where a member has submitted a project proposal some or all of whose activities are planned to take place in the territory of another member, at least two months before the Council considers a project for approval, the Executive Director shall, on behalf of the Council, seek the agreement of the country in whose territory the project, or part of the project, is to be located. He shall inform the Council of the results of his contacts with the Government concerned at the time the project is considered by the Council for approval. If, after six months from the initial approach by the Executive Director, or three months from the Council's definitive approval of the project, whichever is the longer, no agreement has been obtained from the member concerned regarding the location of the project or part of the project, the Council may terminate its efforts to locate the project or part of the project in the territory of that country. In such an event, the Council shall decide:

- either to carry out the project or part of project in the territory of another member(s);
- or to consult with interested members including especially the paid-up donors to the original project, as to alternative uses of the available funds under Article 20, paragraph 8, of the Agreement;
- or to terminate its sponsorship of the project under Article 25, paragraph 5, of the Agreement.

#### Rule 28

##### Termination of sponsorship of projects

1. The Council may terminate its sponsorship of a project under Article 25, paragraph 5, in particular in cases where it is satisfied that:

- (a) The financial resources provided for the project are being misapplied to an extent which compromises the fulfillment of the objective of the project;

- (b) The technical means and/or personnel being used for the implementation of the project are being misapplied to an extent which compromises the fulfillment of the objectives of the project;
- (c) Its continued sponsorship of the project no longer serves the objectives of the Agreement.

2. Within two months of the termination of sponsorship of a project, the Organization shall, unless otherwise agreed by the donor(s), make the reimbursement of funds required under Article 20, paragraph 8, of the Agreement.

## Chapter VII

### **MISCELLANEOUS**

#### Rule 29

#### Disposal of Assets on Liquidation of the Organization

In the event that the Council decides, by special vote, to terminate the Agreement under Article 44 paragraph 5 of the Agreement, and thus to liquidate the Organization, or that the Agreement expires with the same effect, the Council shall, within the eighteen months from the date of termination provided for by Article 44 paragraph 6 of the Agreement, make arrangements for the settlement of all existing commitments and shall return all residual financial assets in the Administrative Account, Special Account, and Bali Partnership Fund, pro rata to the original donors.

#### Rule 30

#### Amendments and suspension

These rules may be amended or suspended by a decision of the Council.

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**DECISION xxx ( )**

**FUNCTIONS OF THE COMMITTEES**

*[Pending the entry into force of ITTA, 2006 and final adoption by the Council]*

*(to be approved)*

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## DECISION 9(XLIV)

### THEMATIC PROGRAMMES ON PILOT BASIS: OPERATIONAL PROCEDURES AND GUIDELINES

The International Tropical Timber Council,

Recalling that the International Tropical Timber Agreement (ITTA), 2006, the Successor Agreement to the ITTA, 1994, was adopted in January 2006, and is expected to enter into force in the near future;

Also recalling Article 20 of the ITTA, 2006 which provides for the establishment of the Thematic Programmes Sub-Account to facilitate unearmarked contributions for the financing of approved pre-projects, projects and activities consistent with thematic programmes established by the Council;

Further recalling Article 24.3 of the ITTA, 2006 on the links between the Action Plan and Thematic Programmes, and Article 25, paragraph 1 regarding the submission of proposals contributing to thematic programmes;

Noting the report of the Meeting on Operational Modalities of Future Work of the ITTC convened during 9-12 June 2008 in Accra, Ghana, and the Background Document on Operational Modalities under the ITTA, 2006: Work of the Committees, Thematic Programmes, Project Cycle prepared for that meeting;

Also noting the March 2007 report of the Inter-sessional Working Group on Thematic Programmes and the October 2007 report of the Working Group on the Review of the Implementation of the ITTO Yokohama Action Plan 2002-2006;

Considering experiences gained in developing and implementing thematic elements of the Biennial Work Programme, including the ITTO programmes on Tropical Forest Law Enforcement and Trade and on Cooperation between ITTO and CITES to Improve Country Capacity to Implement CITES Listings of Tropical Timber Species, as well as experiences gained through implementation of Articles 20, 21, 24 and 25 of the ITTA, 1994;

Decides to:

1. Implement, on a pilot basis, Thematic Programmes for the following areas where additional funding is expected, utilizing the procedures and guidelines contained in Annexes 1 and 2 of this decision:
  - a. Forest Law Enforcement, Governance and Trade
  - b. Community Forest Management and Enterprises
  - c. Trade and Market Transparency
  - d. Industry Development and Efficiency
  - e. Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests

/ . . .

2. Adopt, on a pilot basis, the terms of reference for Thematic Programme Advisory Committees contained in Annex 3 of this decision.
3. Urge Members to contribute to the Thematic Programmes Sub-Account to initiate implementation of the thematic programmes;
4. Request the Executive Director to report at each Council session on the development, status and other relevant information on the pilot operation of the Thematic Programmes, and to keep Members informed inter-sessionally through the ITTO web site; and
5. Review and evaluate the effectiveness of the pilot operation of the Thematic Programmes after three years.

ANNEX 1

PROPOSED PROCEDURES FOR PILOT OPERATION OF  
THEMATIC PROGRAMMES FOR APPROVED THEMATIC PROGRAMME AREAS

ACTION AND SEQUENCE	RESPONSIBILITY
1. Development of a thematic programme profile (TPP)	Executive Director (ED) in consultation with interested donors and Members
2. Approval of the TPP	Council
3. Preparation of a thematic programme document (TPD) based on the approved TPP	ED with assistance of donors, other interested Members, and as appropriate, other partners
4. Development and submission of proposals for financing under the Thematic Programme	Members and ED
5. Assessment and selection of proposals for financing under the Thematic Programme	Thematic Programme Advisory Committee
6. Monitoring & evaluation of programme implementation	Secretariat, implementing agencies, Thematic Programme Advisory Committee
7. Reporting on Programme implementation	Annual reporting to Council by ED  Bi-annual reporting by implementing agencies and Secretariat
8. Revision/amendment of the TPD as needed	Council

## ANNEX 2

### PROPOSED GUIDELINES FOR THEMATIC PROGRAMME PROFILES AND THEMATIC PROGRAMME DOCUMENTS

#### 1. Thematic Programme Profile

A thematic programme profile is a concise scoping document that provides an initial description of the thematic programme and covers the following elements:

- a) Rationale statement, including problem to be addressed and international context
- b) General objectives
- c) Strategy to be employed
- d) Anticipated outputs/outcomes and benefits
- e) Potential partners/collaborating agencies
- f) Indicative budget and timeframe
- g) Potential donors

#### 2. Thematic Programme Document

A thematic programme document further develops the Thematic Programme Profile and provides detailed information on the following planning and operational elements. These elements comprise the logical framework for the programme:

##### Planning elements

- a) Rationale statement and problem analysis, including relevant international and regional processes and value-added of the programme
- b) Specific objectives, including, as appropriate, intermediate targets
- c) Strategies for achieving objectives
- d) Outputs/outcomes/deliverables and expected impact/benefits
- e) Other partners and stakeholders
- f) Activities
- g) Work plan, including budget estimates and donor contributions

##### Operational elements

- a) Composition of the Thematic Programme Advisory Committee and expert profiles
- b) General selection criteria for proposed activities/projects/pre-projects outlined in paragraph 2 of Annex 3
- c) Thematic programme-specific selection criteria for proposed activities/projects/pre-projects, as appropriate
- d) Administrative arrangements
- e) Monitoring and evaluation procedures
- f) Technical and financial reporting procedures

ANNEX 3

PROPOSED TERMS OF REFERENCE FOR  
THEMATIC PROGRAMME ADVISORY COMMITTEES

1. Each thematic programme will have a Thematic Programme Advisory Committee to assist the Executive Director with the implementation of the thematic programme as follows:
  - a) Selection of activities/pre-projects/projects for financing under the Thematic Programme;
  - b) Monitoring and evaluation of progress in implementing the Thematic Programme; and
  - c) Identification of potential additional sources of voluntary financial contributions to the Thematic Programme.
2. In selecting activities/pre-projects/projects for financing, all Thematic Programme Advisory Committees will consider the following general criteria, in addition to any specific criteria identified in the relevant Thematic Programme Document:
  - a) Conformity with the Thematic Programme Document and ITTA objectives;
  - b) Technical feasibility;
  - c) Cost effectiveness;
  - d) Environmental and social effects;
  - e) Linkages or relevance to other activities/pre-projects/projects under the programme;
  - f) Applicability/extension of results, e.g. regionally or globally;
  - g) Clear quantitative and qualitative indicators to evaluate progress towards achieving programme objectives;
  - h) Measures to verify the coherence and effectiveness of individual activities/pre-projects/projects funded under the programme;
  - i) Overall impact and sustainability of outputs and outcomes; and
  - j) Mechanisms for effective stakeholder participation.
3. The membership of a Thematic Programme Advisory Committee and its specific functions will be identified in the Thematic Programme Document. As a general rule, each Thematic Programme Advisory Committee will not exceed seven members, taking into account the need for balanced representation among members. They will include:
  - a) Three producer member representatives with recognized expertise on the thematic programme;
  - b) At least one non-donor consumer member representative with recognized expertise on the Thematic Programme;
  - c) Expert representatives of interested donors and collaborating institutions; and
  - d) Executive Director or his designated representative.
4. In consultation with members, the Executive Director will invite individuals to participate on Thematic Programme Advisory Committees.
5. As a general rule, Thematic Programme Advisory Committees will work and coordinate through electronic means and meet once a year.

\* \* \*

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## DECISION 10(XLIV)

### THEMATIC PROGRAMME PROFILES

The International Tropical Timber Council,

Recalling Decision 9(XLIV) on Thematic Programmes on a Pilot Basis: Operational Procedures and Guidelines and Decision 8(XLIV) on Thematic Programme Sub-Account under the Special Account;

Decides to:

1. Approve the Thematic Programme Profiles contained in Annex 1 of this decision for the following thematic areas:
  - a. Forest Law Enforcement, Governance and Trade
  - b. Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests
  - c. Community Forest Management and Enterprises
  - d. Trade and Market Transparency
  - e. Industry Development and Efficiency;
2. Request the Executive Director to:
  - a. Develop Thematic Programme Documents for 1(a) and 1(b) consistent with the procedures and guidelines set forth in Decision 9(XLIV) and seek additional donor financing for their full implementation; and
  - b. Circulate completed Thematic Programme Documents to Members and invite Members to submit proposals for activities/pre-projects/projects based on the documents;
3. Also request the Executive Director to utilize the relevant profiles in Annex 1 to seek donor financing for 1(c), 1(d) and 1(e), and, where there is sufficient donor interest, to develop Thematic Programme Documents consistent with the procedures and guidelines set forth in Decision 9(XLIV); and
4. Further request the Executive Director to report progress on 2 and 3 above at the 45th Session of the Council.

## ANNEX 1

### THEMATIC PROGRAMME ON FOREST LAW ENFORCEMENT, GOVERNANCE AND TRADE

#### Programme Profile

#### **RATIONALE AND CONTEXT**

Illegal activities in the forest sector continue to add to the degradation of forests and undermine the contribution of the forest sector to employment generation and social and economic development and poverty alleviation. An unknown volume of timber is illegally felled, processed and traded. Forest operations conducted outside the law may under-value the resource on which they are based, resulting in the degradation of the resource and a lack of optimal socioeconomic benefits for local people. Several factors contribute to the occurrence of illegal timber harvesting, such as an ineffective policy and legal framework, a lack of enforcement capacity, insufficient data about the forest resource and illegal operations, and a high demand for cheap timber. Cooperation between producer and consumer countries is needed.

The International Tropical Timber Agreement (ITTA), negotiated in 2006, includes commitments to: strengthening the capacity of members to improve forest law enforcement and governance and address related trade in tropical timber; improving the marketing and distribution of tropical timber and timber product exports from sustainably managed and legally harvested sources; contributing to sustainable development and poverty alleviation; and recognizing the role of forest-dependent indigenous and local communities in achieving sustainable forest management and developing strategies to enhance the capacity of these communities to sustainably manage timber-producing forests.

In 2007 the Council approved a pilot of the TFLET Thematic Programme. The objectives of that pilot, as well as the projects and activities under implementation, will be integrated into the Thematic Programmes to be developed under this profile, taking into account the administrative arrangements put in place for the existing programme.

#### **GENERAL OBJECTIVE**

The general objective of the Thematic Programme is to improve national forest law enforcement and governance in tropical ITTO member countries in order to enhance and diversify international trade in tropical timber from sustainably managed forests and to help alleviate poverty in those countries.

#### **PROGRAMME STRATEGY**

The strategy to reach the objective contains several elements: (i) respond to the needs of producer members and local communities to improve forest governance; (ii) enhance the transparency and effective management of supply chains; and (iii) public-private partnerships between governments, the private sector, Civil Society Organizations and local communities are enhanced to create strong networks to discourage illegal forest activities.

#### **ANTICIPATED OUTPUTS/OUTCOMES**

- Enhanced capacity of forest-dependent and local communities to improve governance and sustainably manage their forests in order to alleviate their poverty;
- Enhanced capacity of small and medium-sized enterprises in harvesting, processing and handling timber from legally and sustainably managed sources;
- Increased market opportunities for legally and sustainably produced timber from tropical forests by supporting business-to-business initiatives;
- Enhanced capacity of trade associations and civil-society organizations, in particular those representing local groups and workers in the forest sector, to be involved and actively participate in the development and implementation of policies and programmes on tropical forest management and timber trade;



- Policies and programmes to improve forest law enforcement and governance, contributing to the implementation of international objectives as agreed in the ITTA, UNFF, FAO, CITES, CBD and UNFCCC, as well as relevant partnership arrangements;
- Information exchange among stakeholders as well as the identification of commonalities and horizontal elements in policies and programmes to improve forest law enforcement and governance; and
- Better enforcement of forest laws and regulations through chain of custody and tracking and tracing systems such as fingerprinting methods and improved verification and monitoring procedures.

The approach to be taken in this proposed Thematic Programme will complement ITTO's work on policy and transparency by intensifying its work with government, private-sector and civil-society actors. The programme will encourage and facilitate partnerships between government agencies, civil-society organizations and private companies to, on the one hand, increase the involvement of local communities in forest management, production and benefit-sharing and, on the other, improve market access for forest products.

### **POTENTIAL PARTNERS AND COLLABORATING AGENCIES**

The Thematic Programme will enhance public-private partnerships between relevant stakeholders, including governments, the private sector and civil-society organizations, taking into account the specific concerns and needs of local and indigenous communities depending heavily on the conservation and sustainable use of tropical forest resources as well as the sustainable use of timber and non-timber forest products.

The main actors in the forest sector are national government forestry agencies, national government forest law enforcement agencies, national-level civil-society, and private-sector organizations, companies, local cooperatives and community administrations, and small and medium-sized forest enterprises.

The intermediary beneficiaries are a diverse group of national-level and local organizations. The primary target group comprises national governments. The secondary target groups are the trade associations and civil-society organizations, the private sector and research institutions. The ultimate target groups are the producers and the end-users. The programme will be demand-driven and flexible, so that potential beneficiaries can, in consultation with ITTO and other stakeholders, determine the exact nature of the activities they undertake through the programme.

### **INDICATIVE BUDGET**

The total indicative budget of the Thematic Programme is US\$15 million, of which US\$12 million would be for country-level activities and US\$3 million for regional and international-level activities.

TFLET pilot phase already pledged	US\$ 4,800,000
Balance	US\$ 10,200,000
<b>TOTAL</b>	<b>US\$ 15,000,000</b>

### **POTENTIAL DONORS**

The governments of the Netherlands, Japan, Switzerland, USA, Australia, New Zealand, Finland, Norway and Korea have already pledged contributions to the thematic programme pilot phase totalling US\$4.8 million.

THEMATIC PROGRAMME ON  
REDUCING DEFORESTATION AND FOREST DEGRADATION AND  
ENHANCING ENVIRONMENTAL SERVICES IN TROPICAL FORESTS

Programme Profile

**RATIONALE**

Tropical forests play a vital role in sustaining a large proportion of the world's biodiversity, maintaining land-use options and water resources, contributing to the carbon cycle and providing other key services to forest-dependent people. The ITTA, 2006, commits ITTO to promoting a '*better understanding of the contribution of ... environmental services to the sustainable management of tropical forests with the aim of enhancing the capacity of members to develop strategies to strengthen such contributions in the context of sustainable forest management...*'.

Tropical forests provide an important service by protecting watersheds that supply forest-dwelling and urban communities with high-quality water. Some ITTO member countries have developed payment schemes for environmental services related to watershed management, which could inform similar initiatives in other tropical countries. Tropical forests are also of enormous importance for the conservation of biodiversity. They contain more species than other biomes and a high proportion of these species are threatened. Services such as these and others, including carbon storage and disaster prevention, may be achieved simultaneously through sustainable forest management.

Deforestation and forest degradation in tropical forests have reduced the quality of many forest environmental services. Often, poorly implemented timber harvesting has damaged remaining trees and caused soil erosion and compaction, while the conversion of forests to other land uses has also led to the loss or degradation of many services. The introduction or strengthening of sustainable forest management, forest restoration, afforestation and reforestation in such areas can play an important role in restoring environmental services and reducing emissions from deforestation and forest degradation. ITTO has a long track record of working with member countries and partners to promote such activities through field projects and capacity-building.

**GENERAL OBJECTIVE**

The general objective of the Thematic Programme is to help improve livelihoods by reducing deforestation and forest degradation and enhancing environmental services through the sustainable management of tropical forests, forest restoration, afforestation, reforestation and other related activities.

**PROGRAMME STRATEGY**

The Thematic Programme would focus primarily on four strategic areas:

**I. Assessment and diagnosis**

The quality of planning for forest-related interventions depends on the availability and accuracy of data and information related to the state of and threats to forest resources. Activities to be supported in this area could include:

- Forest cover and forest resources assessment, monitoring and verification systems
- Pilot multi-purpose forest inventories
- Estimation of forest carbon stocks, including emissions from deforestation and forest degradation based on already existing tools for this purpose
- Assessment of policy, legal and institutional frameworks to promote biodiversity conservation, carbon storage, watershed conservation and other environmental services through sustainable forest management
- Land and forest tenure assessments
- Capacity-building, institutional strengthening, training and outreach.

**II. Enabling conditions and capacity-building**

Activities here would be aimed at establishing enabling policy, legal and institutional frameworks and governance related to environmental services and the reduction of emissions from deforestation and degradation, including by strengthening tenure security and resource

access. They would be grouped under four headings: Formulation/enhancement of national forest policies, including legislation; Training; and Proposal formulation.

### III. **Demonstration activities**

The Programme would facilitate demonstration projects on sustainable forest management, forest restoration, reforestation and afforestation to help realize the benefits of environmental services, including in local communities.

### IV. **Scaling up and dissemination**

Programme support would be provided for activities dedicated to the replication and scaling up of successful demonstration projects related to environmental services schemes in tropical forests. The Programme would also provide support for sharing information and lessons learned locally, nationally and internationally.

In all four areas, ITTO would undertake complementary cross-cutting actions to facilitate the implementation of the Programme in an integrated manner.

## **ANTICIPATED OUTPUTS/OUTCOMES**

The intended outcomes of the Thematic Programme are: (i) Increased area of forest under sustainable management, and reduced deforestation and forest degradation in tropical timber producing forests; (ii) Improved capacities to develop and implement feasible policy options and incentives mechanisms to promote environmental services through sustainable forest management; (iii) Improved livelihoods for forest dwellers and other stakeholders directly involved in the supply of environmental services through the sustainable management of tropical forests; (iv) Improved practices to promote and stimulate community involvement in the supply of environmental services from the sustainable management of tropical forests, and their wide dissemination; and (v) Improved resilience of tropical forest ecosystems and forest-dependent communities.

## **POTENTIAL PARTNERS/COLLABORATING AGENCIES**

The Programme would be implemented in close cooperation with ITTO's Civil Society Advisory Group and Trade Advisory Group and relevant international, regional and national organizations and bodies, including the UN-REDD Fund, the World Bank's Forest Carbon Partnership Facility and the planned Forest Investment Program.

## **INDICATIVE BUDGET AND TIMEFRAME**

An indicative three-year budget that would result in significant improvements in the three tropical regions would be US\$18 million.

Pledged	US\$ 3,500,000
Balance	US\$ 14,500,000
<b>TOTAL</b>	<b>US\$ 18,000,000</b>

## **POTENTIAL DONORS**

The Government of Norway has made an initial pledge of US\$ 3,500,000. The Governments of Japan, Switzerland and U.S.A. have indicated their intention to contribute to this Thematic Programme.

## THEMATIC PROGRAMME ON COMMUNITY FOREST MANAGEMENT AND ENTERPRISES

### Programme Profile

#### **RATIONALE**

Forests are important resources for the rural poor, with over 800 million people living in forests and woodlands in the tropics. In addition to their contributions to livelihoods by providing a subsistence safety net, tropical forests are also a source of income and employment, a capital asset, and, by providing natural medicines, an alternative health care system. Indigenous groups and communities own or manage about 20% of forests in developing countries, and this percentage is growing. Such communities, however, often face challenges in managing their forests sustainably and in obtaining tangible benefits from their efforts. In many cases, the forest areas for which they assume rights are degraded and, without investments in rehabilitation, have limited development potential. In many tropical forests, most income for communities is derived from the collection and commercialization of non-timber forest products (NTFPs) rather than from timber production.

Many community-based forest enterprises (CFEs) are involved in the harvesting and management of forests and the processing of timber and NTFPs. They are typically small, operate informally, and depend on national and niche export markets and they rarely form part of organized commercial supply chains. Only a few have developed into medium-sized industrial enterprises, and their capacity to add value is generally low. Regulations may unintentionally act as barriers to community access to forests, capital and markets and may also unduly raise the costs of CFEs. Weak governance and inequitable sharing of benefits can be additional challenges. National policies may not recognize the economic potential of community forestry and broader social, cultural and other objectives which are important for CFEs.

One of the constraints to the development of forest communities, smallholders and their enterprises can be their limited managerial and technical capacity. Building the capacity of communities to plan, utilize, monitor and manage their forest resources is critical to reducing their vulnerability to external pressures. CFEs face particular challenges in meeting the demanding and complex market requirements for their products. On the other hand, many new opportunities are emerging – e.g. growing national and regional markets for forest products, community/smallholder-corporate partnerships, and high-value market niches in developed countries which appreciate the social value of community products – but external support is necessary to make effective use of these. With adequate support, community-based management and business models could often provide local solutions for the sustainable management and utilization of forests.

#### **GENERAL OBJECTIVE**

The general objective of the Thematic Programme is to contribute to poverty reduction in tropical forest areas by: (i) strengthening the ability of forest communities and smallholders to sustainably manage their tropical forest resources; and (ii) assisting CFEs to add value to and market the products and services obtained from these resources.

#### **PROGRAMME STRATEGY**

At the community level the Programme would support CFEs to develop and implement approaches with high employment and revenue creation potential and economic feasibility. These would be targeted at improving forest management and the production of timber, timber products and NTFPs to supply local industry or domestic and export markets. Programme interventions would aim at strengthening organizational, managerial and technical skills and the business development of CFEs, smallholders and their organizations. The programme strategy would focus on participatory planning and implementation where communities define their own needs and priorities. Implementation would involve the piloting, demonstration and mainstreaming of successful approaches and models for creating financially and economically viable, socially and culturally adapted CFEs.

At the country level, activities would include, inter alia, the strengthening of the policy, legal and institutional frameworks for CFE development, training, increasing CFE access to capital and markets, the strengthening of community-based organizations, associations and networks, the strengthening of local governance models, the development of tools for implementing community forest management, and improving the efficiency of CFEs.

At the regional and international levels, activities would include, inter alia, providing support to knowledge management and the sharing of country experiences, and partnership-building with interested national, regional and international bodies. To avoid duplication, the Programme would rely heavily on existing knowledge and accumulated experience.

### **ANTICIPATED OUTPUTS/OUTCOMES**

The intended outcomes of the Thematic Programme would be: (i) improved knowledge and skills in implementing sustainable forest management among communities, smallholders and their organizations; (ii) improved access by CFEs to capital and technology, and strengthened marketing capacities; (iii) increased value added of CFE production; (iv) strengthened organizations of communities and smallholders; and (v) enabling policy and legal frameworks at the country level to implement community forest management.

### **POTENTIAL PARTNERS/COLLABORATING AGENCIES**

The Programme would be implemented in close cooperation with ITTO's Civil Society Advisory Group and Trade Advisory Group, and relevant international, regional and national organizations and bodies.

### **INDICATIVE BUDGET AND TIMEFRAME**

An indicative three-year budget of the Thematic Programme that would result in significant improvements in the three tropical regions is US\$10 million, most of which would be for community-level pilot projects and other country-level activities.

### **POTENTIAL DONORS**

## THEMATIC PROGRAMME ON TRADE AND MARKET TRANSPARENCY

### Programme Profile

#### **RATIONALE**

International tropical timber markets are undergoing structural changes in the face of changing global demand and supply patterns and market requirements. Transparency is essential for promoting international trade in timber and other products from sustainably managed and legally harvested tropical forests. Improvements in market transparency that need to be addressed include assessments of future demand and supply, the description of value chains for tropical timber products, end uses, characteristics of markets (including domestic markets in tropical regions), and factors influencing market conditions and the competitiveness of tropical timber producers. Enhanced market information on non-timber forest products (NTFPs) and a better knowledge of international market opportunities would help the development of forest-based small and medium-sized enterprises (SMFEs), which dominate the NTFP sector. Other specific information gaps include markets for lesser-used species and new plantation timbers.

Public and private timber procurement policies and emerging regulations designed to promote trade in legally produced timber and timber products represent new challenges, especially for tropical timber exporters. Non-tariff barriers and tariff escalation, technical, health and sanitary standards and product specifications in major import markets are also evolving and influencing market requirements for timber and timber products. There is a need to monitor these developments and to support tropical timber producing countries in meeting the challenges they pose. Consumption and trade can be encouraged by communicating the environmental credentials of tropical timber and timber products to buyers, consumers and other stakeholders.

The lack of adequate information makes it difficult to improve national policy and regulatory frameworks and thereby to promote trade in timber and other products from tropical forests. Many ITTO producer member countries will benefit from strengthening information systems concerning the forestry sector and domestic and export markets for forest products.

#### **GENERAL OBJECTIVES**

The general objectives of this Thematic Programme would be to: (i) increase the capacity of producer member countries to develop and employ market intelligence and marketing skills; and (ii) improve market transparency through improved data and analysis.

#### **PROGRAMME STRATEGY**

The Thematic Programme would operate at two levels: (i) the country level, to build capacities to monitor existing markets and develop new markets for products derived from tropical forests and to promote the trade in tropical timber from sustainably managed and legally harvested sources; and (ii) at the regional/international level, to improve market transparency and share experiences on trade and trade promotion.

Activities could include support for:

- the development of market information systems and training on statistical and economic information, market intelligence and marketing for all forest products and services;
- studies and exchanges on:
  - domestic, regional and international market opportunities,
  - substitution and competitiveness in relation to competing materials and non-tropical timber and non-timber products,
  - factors which influence the markets for and competitiveness of tropical timber and timber products and NTFPs,

- systems for forest certification,
  - procurement and other relevant policies,
  - export/import procedures
  - timber-related technical, safety, health and environmental standards and regulations;
- the development of product standards, grading rules and quality control systems for tropical timber products and NTFPs;
  - strengthening the capacity of and cooperation among customs authorities; and
  - the improvement of communication on the environmental credentials of tropical timber and timber products.

### **ANTICIPATED OUTPUTS/OUTCOMES**

The intended outcomes of the Thematic Programme would be: (i) improved market transparency for tropical timber and timber products and NTFPs; (ii) strengthened country capacity in market intelligence, information systems and trade promotion; and (iii) improved market conditions that promote trade in tropical timber and timber products and NTFPs.

### **POTENTIAL PARTNERS/COLLABORATING AGENCIES**

The Thematic Programme would be implemented in close cooperation with ITTO's Trade Advisory Group and Civil Society Advisory Group, relevant international and regional organizations, national timber trade associations and civil-society organizations.

### **INDICATIVE BUDGET AND TIMEFRAME**

An indicative three-year budget for this Thematic Programme that would result in significant improvements in the three tropical regions would be US\$5 million, most of which would be for country-level activities and the remainder for regional/international level activities.

### **POTENTIAL DONORS**

## THEMATIC PROGRAMME ON INDUSTRY DEVELOPMENT AND EFFICIENCY

### Programme Profile

#### **RATIONALE**

Tropical forest industries create value from the use of forest resources and can contribute to their sustainable management. The potential for revenue and employment can be increased by, for example, expanding production and exports of further-processed products. At the same time, where local processing capacities exceed the sustainable timber production potential of forests, unsustainable and illegal activities can occur. National legal and policy frameworks must consider the need for long-term sustainable industrial development.

Examples of problems in forest industries include structural deficiencies and managerial weaknesses. The latter is particularly common in small and medium-sized forest enterprises (SMFEs). Management systems in SMFEs may be inadequate for the effective planning and control of operations, posing difficulties for effective supply-chain management and product tracking. These enterprises may not have sufficient capacity to apply modern technology and management methods, which may be a barrier to integration with established supply chains. Access to financing (particularly for SMFEs) is often identified as an important constraint to sustainable tropical forest industry development. The situation is characterized as a vicious circle in which low profitability results in a lack of sufficient funds for the renewal of capital equipment, which further inhibits the profitability of the enterprise.

There are several underutilized opportunities for tropical forest resource-based industrial development, including growing product demand in emerging markets, new markets for secondary processed wood products, the expanded use of lesser-used species, new product and process innovations, and the commercialization of forest-based services. Many tropical countries need external support in order to make use of these opportunities with a view to increasing employment and revenue generation, thereby contributing to poverty reduction.

#### **GENERAL OBJECTIVE**

The general objective of this Thematic Programme would be to strengthen the capacity of tropical timber-producing countries to: (i) increase the production, further processing and trade of tropical timber and other forest products and services from sustainably managed and legally harvested forests; and (ii) improve efficiency in the processing and utilization of tropical timber and timber products and non-timber forest products (NTFPs).

#### **PROGRAMME STRATEGY**

The Thematic Programme would operate at three levels with the aim of enhancing sustainable forest industry development in ITTO producer member countries, with a particular emphasis on SMFEs.

At the enterprise level, the Programme would demonstrate and disseminate innovative approaches and technologies, support business development, and strengthen management and technical skills along the whole value chain in order to improve efficiency and value adding.

At the country level, the Programme would support the mainstreaming of innovations, improving policy and legal frameworks, the promotion of investment, and the strengthening of those institutions that serve industrial development.

At the regional/international level, the Programme would support the sharing of experiences, technology transfer and partnership-building.

Activities could be implemented through research and development, technology transfer and international cooperation. These could include:

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support for industrial planning, investment promotion, business development and risk management; improved concession management; development of efficient harvesting and processing technologies; the utilization of wood residues and wood wastes; the development of sustainable wood-based bioenergy production; the organization of commercial supply chains and producer networks and the strengthening of relevant stakeholder associations; and the improvement of managerial and technical skills in SMFEs through capacity-building, institutional strengthening, training and networking.

#### **ANTICIPATED OUTPUTS/OUTCOMES**

The intended outcomes of the Thematic Programme would be: (i) the increased supply and trade of forest industry products and services with higher value added; (ii) improved efficiency in the harvesting and processing of timber and NTFPs; (iii) reduced emissions from industrial operations; (iv) improved policies to promote investment, facilitate the development and transfer of technology; and (v) improved management capacity, particularly in SMFEs.

#### **POTENTIAL PARTNERS/COLLABORATING AGENCIES**

The Programme would be implemented in close cooperation with the ITTO Trade Advisory Group and Civil Society Advisory Group, relevant international and regional bodies, and national industry and trade associations.

#### **INDICATIVE BUDGET AND TIMEFRAME**

An indicative three-year budget for the Thematic Programme that would result in significant improvements in the three tropical regions is US\$10 million, most of which would be for pilot projects and other country-level activities, supported by relevant regional and international-level activities.

#### **POTENTIAL DONORS**

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Distr.  
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ITTC(XLII)/18  
12 May 2007

Original: ENGLISH

FORTY-SECOND SESSION  
7-12 May 2007  
Port Moresby, Papua New Guinea

## DECISION 4(XLII)

### FINANCIAL ARRANGEMENTS RELATED TO HOSTING COUNCIL SESSIONS OUTSIDE THE HEADQUARTERS OF THE ORGANIZATION

The International Tropical Timber Council,

Recalling Decisions on frequency and duration of Council and Committee sessions, in particular Decision 5(XXIX), 9(XXXI) and 7(XXXIII);

Appreciating the generous offers of Members to host Council sessions in their respective countries and noting the significance of holding Sessions in Producer Countries;

Recalling that the Government of Japan decided to bear costs for only one Council session per year to be held at the Headquarters of the Organization from January 2007 onward;

Acknowledging the difficulties to confirm the holding of a Council session before securing the necessary funding;

Recognizing the need to assure that arrangements for hosting Council sessions outside Headquarters are in place before the Council decides the dates and venues for such sessions;

Decides to:

Set dates and venues for Council sessions outside Headquarters only after adequate funding is confirmed.

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ITTC(XXXVII)/20  
18 December 2004

Original: ENGLISH

THIRTY-SEVENTH SESSION  
13-18 December 2004  
Yokohama, Japan

### **DECISION 3(XXXVII)**

#### **MEASURES TO IMPROVE AND STRENGTHEN THE ITTO PROJECT CYCLE**

The International Tropical Timber Council,

Recalling Decision 7(XXXIII) that adopted measures to improve efficiency and effectiveness of the Organization which included, inter alia, measures related to project formulation, monitoring and evaluation; and Decision 11(XXXIV) on Measures to Improve Project Formulation and Appraisal;

Taking note of the Report of the Expert Panel on Measures to Improve Project Formulation and Appraisal ITTC(XXXVI)/5 and Report of the Working Group on Improving Effectiveness and Efficiency of Project Work CEM,CRF,CFI,CFA(XXXIV)/2, and the recommendations thereof;

Also taking note of Decision 7(XXII) on the Expert Panel for the Technical Appraisal of Pre-Project and Project Proposals, Decision 8(XXII) on "Revision of Project Related Guidelines and Manuals", report of the "25<sup>th</sup> Expert Panel on Measures to Improve ITTO Project Formulation and Appraisal" [ITTC(XXXIV)/6], and on-going Project on "Assistance for Project Identification and Formulation" PD 73/89 (M,F,I);

Recognizing the importance of the effective measures to improve the different phases of the Project Cycle, namely: (a) Identification; (b) Formulation; (c) Appraisal; (d) Decision/Financing; (e) Implementation; (f) Evaluations (Mid-term, Terminal, Ex-post); and (g) Completion;

Further taking note of the work done by the Executive Director in requesting the ITTO Members to take actions to improve the ITTO Project Cycle, and of actions being implemented by the ITTO Secretariat, pursuant to the deliberations at the Thirty-sixth Session of the Council and the Joint Session of the Committees, held in Interlaken, Switzerland, from 20-23 July 2004;

Recognizing the further potential positive impacts of implementing the recommendations of the 27<sup>th</sup> Expert Panel and of the Working Group on Improving Effectiveness and Efficiency of Project Work CEM,CRF,CFI,CFA(XXXIV)/2,

Stressing that projects and pre-projects need to be developed, approved, implemented and evaluated in an efficient and transparent manner;

Underscoring the roles of the technical committees and their responsibilities to ensure that projects and pre-projects submitted to Council, including their subsequent effective implementation, conform to the criteria set forth in this Decision;

Decides to:

1. Strongly encourage Member Countries to act on the recommendations detailed in the Annex of this Decision, noting in particular the desirability of:
5. establishing national clearing-houses for screening project and pre-project proposals, taking into account national priorities and their relevance to ITTO goals and adherence to the ITTO Manual for Project Formulation and other

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- ITTO rules and procedures, prior to submission; undertaking an assessment of training needs in project formulation and the appraisal process;
6. limiting submission of new project proposals to no more than three per Expert Panel meeting, and ranking them in order of priority; and
  7. providing the name and curriculum vitae of the local experts on project formulation, for inclusion in the database of the ITTO Secretariat.
2. Request the Executive Director to make available the services of local experts in project formulation, to conduct training workshops in or for producer and developing consumer countries eligible in compliance with Decision 7(XXXIII) Annex I, Part C, to submit project proposals, with the participation of the focal point, future trainers and members of the national clearing house, as an extension of activities under the Project "Assistance for Project Identification and Formulation" PD 73/89 (M,F,I), based on the outcome of the assessment of training needs in Member Countries.
  3. Request the Executive Director to organize, based on nominations from Member Governments and international organizations, a database of experts to assist eligible Member Countries (in compliance with Decision 7(XXXIII) Annex I, Part C), to develop project proposals.
  4. Request the Executive Director to:
    - (i) Engage two consultants, one from a producer member country and one from a consumer member country, to develop a qualifying method using qualitative award criteria and weighted scores to assess proposals;
    - (ii) Extend by two days the duration of the 29<sup>th</sup> Expert Panel for the Technical Appraisal of Project Proposals to update the terms of reference for the expert panel and to review the consultants' proposals on qualitative award criteria and weighted scores for consideration by Council; and
    - (iii) Limit the number of appraisals of project and pre-project proposals to three (original appraisal plus two).
  5. Request the Executive Director:
    - a. To develop draft terms of reference for consultants who would be engaged to revise the ITTO Project Formulation Manual and related material and to prepare user-friendly and condensed Project Cycle manuals and guidelines and to propose those terms of reference to the Joint Session of the Committees at the Thirty-eighth Session of the Council. The draft terms of reference shall incorporate, among other issues, the recommendations listed in the Annex of this Decision;
    - b. Following approval by the Joint Committee, to engage two consultants, one from a producer country and one from a consumer country, to implement those terms of reference and to present the results of their work to Council for its consideration; and
    - c. Subsequently to develop computerized tools to facilitate project proposal and budget preparation via the ITTO website.
  6. Request the Executive Director to implement as appropriate the recommendations that are listed in the Annex of this Decision, and to engage the Secretariat staff actively in the various phases of the project cycle.
  7. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US\$497,000.00. If sufficient contributions are not received by 24 June 2005, the

Executive Director is requested to use funds from the Sub-Account B of the Bali Partnership Fund.

8. Review, after two years, this Decision with a particular focus on the limitation in submission of proposals with a view to assessing its effectiveness and impact on improving the Project Cycle and the delivery of quality projects.

ANNEX

**Measures for Improving the Effectiveness and Efficiency of Project Work**

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
1. Identification	<p>Limited guidance by ITTO in project identification</p> <p>Lack of an effective process to identify and prioritize projects and activities of ITTO that are relevant to countries, beneficiaries, and ITTO</p>	<p>Develop a set of criteria which define the characteristics (e.g. relevance, wider value) of an ITTO project, to assist countries in project identification</p> <p>Establish an in-country diagnostic process</p> <p>Establish a clearing house of national experts to process proposals taking into account national priorities and those of ITTO (to assist focal point in screening projects)</p> <p>Consider organizing national calls for proposals which match national and ITTO priority areas</p> <p>To work at early stage with countries considering developing projects &amp; potential donors</p>	<p>Council</p> <p>Member Countries</p> <p>Member Countries</p> <p>Focal Points</p> <p>ITTO</p>
2. Formulation	<p>Limited expertise in formulating projects</p> <p>Lack of understanding as regards the role and responsibilities of focal points</p>	<p>Pursue assistance for project formulation focusing on country needs based upon their request</p> <p>Develop consultant guidelines on assistance for projects formulation, and appropriate terms of reference that ensure institutional capacity building for the requesting member country.</p> <p>Identify need for financial support for focal points in project formulation process</p> <p>Ensure dissemination of project results to improve future project design</p> <p>Ensure focal points have sufficient in-house staff or other human resources that are familiar with ITTO's Manuals, Guidelines and Procedures, and have the time, experience and motivation to appraise new projects, and monitor projects under implementation</p>	<p>ITTO and Member Countries</p> <p>Member Countries</p> <p>ITTO and Member Countries</p> <p>Member Countries</p>

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
		Link focal points with relevant bodies, such as Objective 2000 Boards	Member Countries
		Require focal points to provide evidence of compliance (through a checklist) with ITTO's Manuals, Guidelines and Procedures, and countries' priorities as a condition for submission of projects	ITTO
		Develop a checklist for demonstrating compliance with ITTO's Manuals, Guidelines, and Procedures, and countries' priorities.	ITTO
		Inform ITTO on the assignment of a new focal point and/or focal person and if necessary any need for training	Member Countries
	Manuals, Guidelines, and Procedures are perceived as incomplete, overly complicated, and, in some cases, inadequate	Revise Manuals Guidelines, and Procedures, in consultation with members, to make them easier to understand and use, and eliminate unnecessary requirements, taking into consideration poverty issues and gender aspects	ITTO
		Clarify the role of focal points and focal persons with respect to project formulation, monitoring and evaluation, in ITTO's review of the Manuals, Guidelines and Procedures	ITTO
	Tools available for project formulation insufficient	Provide web-based tools for development of logical framework, budget, and other aspects of project design, formulation and implementation	ITTO
		Make resources available for development of project ideas into projects, and the use of pre-projects in formulating projects	ITTO and Member Countries
	Project design not coherent	Elaborate on the strategic value and project proposal development process	Executing Agency
		Demonstrate how projects relate to national policies on poverty reduction, sustainable forest management and the National Forest Programme	
		Document project formulation process in the project proposal, necessary to establish ownership of project and ensuring proper dissemination of results	Executing Agency
		Build time into project proposal and work plan for consummating agreement, submission of Yearly Plan of Operation, and preparation of updated financial and cash flow statement; and bringing on project management team	Executing Agency

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
	Lack of sufficient experience and/or poor past performance on the part of some executing agencies/cooperating agencies	Recommend actions as necessary to build institutional capacity to address perceived problems	Secretariat
	Weak application of logical framework	Improve application of logical framework and ensure participatory process in its development	Executing Agency
		Develop a process and methodology to assist in formulation of logical framework and assessment of project impact; ensure the participation of beneficiaries and/or stakeholders, taking into account gender aspects	ITTO and Member Countries
	Weak ownership and commitment by cooperating agencies, cooperating governments, and stakeholders impedes smooth project implementation and limits the impact of project	Seek early and firm commitment and input from cooperating agencies, cooperating governments, and stakeholders	Member Countries
		Document the involvement (or planned involvement), input and commitment of cooperating agencies, cooperating governments, and stakeholders in the project proposal	Executing Agency
		Develop guidelines (formulation and for implementation) of multi-national projects	ITTO
	Risks and assumptions not adequately accounted for in projects	Evaluate risks and assumptions associated with project design, particularly as it regards the ability of project to contribute to national development objectives	Executing Agency
		Develop guideline or checklist to assist in the evaluation of risks and assumptions	ITTO
	Monitoring/evaluation procedures in project proposals not well defined	Define monitoring/evaluation systems in project proposals	Executing Agency
	Projects often are not sustainable	Require and identify the elements of an exit strategy including transitional needs (the incorporation of exit strategy, i.e., post-project operation and maintenance,) into project proposal to ensure sustainability of project based upon anticipated outcome	ITTO and Member Countries
	Poor dissemination and use of project	Require projects to have a capacity and extension component, and	ITTO





Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
	<p>Imbalance between available and required funds for projects</p> <p>Long period between funding commitment and start of project</p>	<p>Diversify donor base</p> <p>To find modalities to increase potential donors to channel funds through ITTO thereby enhancing the long-term stability of ITTO</p> <p>Review imbalance and take actions to address the current imbalance in the number of projects and available resources</p> <p>Review sunset provisions</p>	<p>ITTO and Member Countries</p> <p>ITTO</p> <p>Council</p> <p>ITTO</p>
5. Implementation	<p>Implementation often exceeds anticipated duration</p> <p>Lack of understanding by project personnel of ITTO Manuals, Guidelines and Procedures</p> <p>Importance of monitoring/evaluation not always fully recognized</p>	<p>Ensure anticipated durations are reasonable</p> <p>Establish and implement monitoring and evaluation systems</p> <p>Establish good lines of communications to facilitate needed changes in project implementation, e.g. changes of executing agency</p> <p>Make allowances in project proposals for a start-up workshop</p> <p>Provide training for project implementation</p> <p>Improve current monitoring and evaluation process and methodology, taking into account the project reporting process</p> <p>Provide assistance to countries in developing procedures for monitoring/evaluation</p> <p>Strengthen linkages between executing agency, focal points, Secretariat, regional officers, particularly in area of monitoring and evaluation</p>	<p>Executing Agency</p> <p>Member Countries and Executing Agency</p> <p>ITTO, Member Countries and Executing Agency</p> <p>ITTO and Executing agency</p> <p>ITTO</p> <p>Member Countries</p> <p>ITTO</p> <p>ITTO, Member Countries, Focal Points, and Executing Agency</p>

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
	<p>Lack of capacity</p> <p>Problems with the selection and commissioning of project personnel, lack of continuity of project personnel, etc.</p> <p>Ineffective use of steering committee</p> <p>Deficiencies in project design that come to light in implementation bring into question the sustainability of project</p>	<p>Require joint monitoring and evaluation of projects (ITTO, focal points and executing agency)</p> <p>Consider options to strengthen project monitoring and evaluation processes within Member Countries and ITTO, including regional levels</p> <p>Incorporate needed capacity building into project, to capacitate institutions (e.g. beneficiaries, stakeholders), not individuals</p> <p>Institute transparent and objective process for selection of project personnel and equipment</p> <p>Develop a pool of experts</p> <p>Make more effective use of steering committees, including in monitoring/decision making</p> <p>Strengthen the role of steering committee and reconsider composition and procedures of the steering committees</p> <p>Provide input regarding need for changes in budget, within ITTO Guidelines and Procedures</p> <p>Define role of steering committee in approving remedial changes</p> <p>Provide process to allow for sufficient flexibility and/or tools to correct deficiencies in project designs during implementation, as long as nature and/or overall objectives of projects are not changed</p>	<p>ITTO</p> <p>ITTO</p> <p>Executing Agency ITTO</p> <p>ITTO and Member Countries</p> <p>ITTO and Member Countries</p> <p>ITTO and Executing Agency</p> <p>ITTO</p> <p>Steering Committee</p> <p>ITTO</p> <p>ITTO</p>
<p>6. Evaluations (Mid-Term, Terminal, Ex-post)</p>	<p>No consistent systematic evaluation of projects</p>	<p>Review current evaluation process and develop systematic evaluation process, taking into consideration monitoring and reporting processes, incorporating mid-term and terminal evaluations</p> <p>Make use of progress reporting and monitoring system as an evaluation tool</p> <p>Require terminal evaluation of a phase before the submission of subsequent phases</p>	<p>ITTO and Executing Agency</p> <p>ITTO and Executing Agency ITTO</p>

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
	Financial aspects not sufficiently analyzed in evaluations	Conduct ex-post evaluations in cooperation with countries and focus on carefully selected issues, paying attention to gender aspects  Make adequate provisions in the budget of the projects for evaluations  Include financial expertise on evaluation team	ITTO  Executing Agency  ITTO
7. Completion	No clear significance attached to completion of project  Projects not attaining objectives and outputs	Review the terms and process for declaring projects completed  Require assessment of project objective(s) as part of project completion process, making effective use of completion report  Implement the remedial measures recommended by WG to improve projects and project cycle	ITTO  ITTO  ITTO

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17 May 2003

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THIRTY-FOURTH SESSION  
12-17 May 2003  
Panama City, Panama

## DECISION 10(XXXIV)

### PHASED APPROACHES TO CERTIFICATION

The International Tropical Timber Council,

Reaffirming the commitment of Members to the process of advancing ITTO Objective 2000;

Recalling Decision 11(XXXII) on the Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management and the progress achieved in its implementation;

Noting the outcomes and recommendations of the ITTO Regional Workshops on Phased Approaches to Certification held in Jakarta, Libreville and Panama City in the first half of 2003;

Appreciating the interest in and the support for phased approaches to certification by tropical timber producing countries as a practical means to address the constraints facing many tropical timber producers in achieving certification as one of the instruments to encourage sustainable forest management;

Acknowledging that a crucial baseline requirement for a phased approach to certification is verification of legality of timber origin;

Acknowledging that verification of legality of timber origin should be undertaken based on national legislations applied in each member country as well as international agreements ratified by the member country;

Recognizing that it is fundamental to know how the diversity of social and cultural conditions in all wood-producing countries is dealt with by different verifications and certification approaches;

Noting the need for closer cooperation between producer and consumer member countries in facilitating policy development and technical assistance to ensure the realization of enabling conditions necessary for the implementation of phased approaches to certification;

Recognizing the need for further development and promotion of phased approaches to certification as a tool to promote sustainable forest management in ITTO producing member countries;

Decides to:

1. Authorize the Executive Director to engage two consultants, one from a consumer and one from a producer country, to develop procedures on how phased approaches to certification might be implemented in tropical timber producing countries for presentation and consideration of the Council at its Thirty-sixth Session;
2. Authorize the Executive Director to engage two consultants, one from a consumer and the other from a producer country, to undertake a study to evaluate the costs and benefits of certification in selected ITTO producing member countries from the three

producer regions, according to the attached Terms of Reference for presentation and consideration of the Council at its Thirty-sixth Session;

3. Authorize the Executive Director to convene an international workshop on phased approaches to certification, if possible in collaboration with other partners, in a consumer member country after the Thirty-sixth Session, with a view to reporting its outcomes and recommendations no later than the Thirty-eighth Session of the Council based on the attached Terms of Reference; and
4. Authorize the Executive Director to seek voluntary contributions from member countries and other partners to meet the financial requirements of this decision, not exceeding US\$250,000.00.

## **ANNEX**

### **Terms of Reference for the Development of Procedures**

The consultants, one from a consumer and the other from producer member countries, will develop procedures on how phased approaches to certification might be implemented in tropical timber producer countries.

The assignment will include the following, taking into account the range of country conditions and the concerns of small and medium-sized enterprises:

- a) Define and elaborate relevant terms used in phased approaches to certification, drawing on the concept of phased approaches as presented to the Council at its Thirty-fourth Session, and develop procedures on how such approaches might be implemented. In particular, definition and clarification on how verification of legality of timber origin should be undertaken based on national legislations applied in each member country as well as international agreements ratified by the member country shall be provided. It is also fundamental to analyze how the diversity of social and cultural conditions in all wood-producing countries is dealt with by different verifications and certification approaches;
- b) Identify enabling conditions for implementation of phased approaches, at the local, national and international levels;
- c) Identify both external and internal constraints that may impede implementation of phased approaches, at local, national and international levels;
- d) Consult with relevant parties, including buyers groups, consumer groups, industry, retailers, certification schemes, certifiers, forest owners and managers, governments, environmental and social NGOs, representatives of local communities and indigenous people;
- e) Prepare a preliminary report to present at the Thirty-fifth Session of the Council; and
- f) Taking into account comments and views of Member Countries, finalize the report and present to the Thirty-sixth Session of the Council.

### **Terms of Reference for the Study**

The consultants, one from a consumer and the other from producer member countries, will undertake a financial cost-benefit analysis (CBA) for forest management units (FMUs) for implementation of phased approaches.

The assignment will include the following:

- a) Elaborate on possible analytical models or approaches for assessing costs and benefits of forest certification and phased approaches;
- b) Carry out voluntary field-level case studies on the costs and benefits of certifying forest management units in selected ITTO producing member countries, delineating those costs and benefits associated with meeting certification requirements and those associated with certification assessments;
- c) Based on the analysis, identify under which conditions forest certification can be financially feasible, including through a phased approach, and managed ways how to reduce costs and increase benefits due to certification in tropical forests;
- d) Prepare a preliminary report to present at the Thirty-fifth Session of the Council; and
- e) Taking into account comments and views of Member Countries, finalize the report and present to the Thirty-sixth Session of the Council.

### **Terms of Reference for the Workshop**

The international workshop will be for a duration of three days to be held in a key ITTO consuming member country.

The objectives of the workshop are:

- To solicit views, facilitate consultations and promote a better understanding of phased approaches to certification among buyers, government agencies with timber procurement policies, certification schemes and other stakeholders
- To raise awareness among governments, markets, donor agencies, NGOs, multilateral development banks and international organizations on the merits and benefits of phased approaches to certification and possibilities to encourage their implementation
- To facilitate understanding of procurement policies of buyers and public agencies as related to certification and the implications of such policies for tropical timber producers.

Participants of the workshop should include representatives from:

- ITTO producing and consuming member countries
- Certification schemes
- Environmental and social NGOs
- Local communities and indigenous peoples
- Buyers groups and consumer groups
- Industry, traders and retailers
- Local government municipalities.

Sponsorship will be provided to twenty (20) participants.

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THIRTY-THIRD SESSION  
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Yokohama, Japan

## DECISION 5(XXXIII)

### CIVIL SOCIETY/PRIVATE SECTOR PARTNERSHIP FOR SUSTAINABLE FOREST MANAGEMENT

The International Tropical Timber Council,

Aware of the urgent need for increased action at the field level to implement sustainable tropical forest management;

Recognizing the importance of the participation of private sector timber producers in sustainable forest management and wishing to assist their efforts to improve forest management;

Welcoming the increased participation of civil society organizations in the work of the International Tropical Timber Organization and the examples of successful Civil Society/private sector partnerships bringing progress toward sustainable forest management presented at the first panel meeting of the Civil Society Advisory Group (CSAG);

Recalling Decision 11(XXXII) on the Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management;

Recalling Goal 2 of the Yokohama Action Plan in the field of Reforestation and Forest Management, which calls for ITTO to, *inter alia*, promote the implementation of ITTO guidelines and criteria and indicators;

Further recalling Cross Cutting Action (h) of the Yokohama Action Plan, which calls for ITTO to encourage and increase the involvement of non-government stakeholders, including industry and trade associations, environmental organizations and indigenous groups in the activities of the Organization with a view to promoting transparency, dialogue and cooperation in furthering ITTO's objectives;

#### Decides to:

1. Commit to catalyze, facilitate and support partnerships among Civil Society organizations and tropical timber producers with a view to promoting progress towards sustainable forest management and certification. Particular emphasis will be given to partnerships involving small-scale enterprises and community-based forest managers, Civil Society organizations at the local and national level and forest owners;
2. Request the Executive Director to convene a working group composed of two producer and two consumer members and one representative each of the Trade Advisory Group (TAG) and CSAG to provide guidance for ITTO's support of these partnerships and report to the Thirty-fourth Council Session;
3. Request the Executive Director to widely communicate the organization's desire to support the development of Civil Society/ private-sector partnerships to help implement sustainable forest management, and to facilitate the development of partnerships, on a pilot basis, with financial assistance of up to US\$50,000.00 each in

each of the three producer regions with a view to reporting the experience gained thus far in the development and implementation of the partnerships to the working group and the Thirty-Fourth Session of Council;

4. Invite the CSAG and TAG, in a joint meeting at the Thirty-fourth Council Session, to share their views on the potential for these partnerships to help implement sustainable forest management and promote market acceptance;
5. Review, at its Thirty-fourth Session, the guidance provided by the working group and the report of the CSAG/TAG joint meeting for supporting Civil Society/private sector partnerships; and
6. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision, not exceeding US\$ 200,000.00.

## **Preliminary Terms of Reference for the Working Group**

- Review information of experiences with existing Civil Society/private sector partnerships.
- Review results of the evaluation of partnerships in the Congo Basin according to document ITTC(XXXIII)/14.
- Provide guidance on the selection of eligible partnerships and approaches to monitoring and evaluating the contribution of the partnership to the implementation of sustainable forest management.
- Provide guidance for approaches for resolving conflicts that may arise in partnerships.
- Describe simple procedures for developing and submitting partnership proposals.
- Consider other relevant issues

**ANNEX**

INTERNATIONAL TROPICAL TIMBER ORGANIZATION  
[Decision 5(XXXIII)]

CIVIL SOCIETY/PRIVATE SECTOR PARTNERSHIPS  
FOR SUSTAINABLE FOREST MANAGEMENT

WORKING GROUP TO PROVIDE GUIDANCE  
FOR ITTO SUPPORT FOR PARTNERSHIPS

		<u>Amount(US\$)</u>
A. PRODUCER MEMBERS (2)		\$10,890.00
(1) Tickets (Economy Fares)	7,000.00	
(2) DSA & Travel Expenses	<u>3,890.00</u>	
B. CONSUMER MEMBERS (2)		11,890.00
(1) Tickets (Economy Fares)	8,000.00	
(2) DSA & Travel Expenses	<u>3,890.00</u>	
C. REPRESENTATIVES – TAG&CSAG(2)		10,890.00
(1) Tickets (Economy Fares)	7,000.00	
(2) DSA & Travel Expenses	<u>3,890.00</u>	
D. CHAIRPERSON'S ATTENDANCE (ITTC/XXXIV)		6,445.00
(1) Tickets	4,500.00	
(2) DSA & Travel Expenses	<u>1,945.00</u>	
E. REPORT TRANSLATION		4,930.00
F. ITTO PROGRAMME SUPPORT COSTS (11%)		<u>4,955.00</u>
	TOTAL:	\$50,000.00

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## DECISION 7(XXXIII)

### MEASURES TO REDUCE COSTS AND IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF THE ORGANIZATION

The International Tropical Timber Council,

Recalling Decisions 4(XXXII), 2(XXV), 2(XXIV), 4 and 5 (XXII), and 4(XXI) on Organization of Work under the ITTA, 1994, Decisions 4(XXV), 5(XXIV), 4(XXIII) and 4(XXII) on Strengthening and Streamlining the Work of the Committees, and Decisions 5(XXIX), 11(XXVII) and 4(XXVI) on the Frequency and Duration on Council and Committee Sessions;

Also recalling the Yokohama Action Plan 2002-2006 and in particular the Actions for Effective Implementation (section 1.6);

Welcoming the Report of the Working Group on Measures to Further Improve the Efficiency and Effectiveness of the Work of the Organization;

Recognizing the excellent services provided to Members by the Secretariat in the face of increasing project and policy workloads and the significant achievements already made in the efficiency and effectiveness of the Organization under the leadership of the Executive Director;

Reaffirming the continuing need to improve the overall efficiency and effectiveness of the Organization and reduce costs where feasible;

#### Decides to:

1. Adopt the cost savings, efficiency and effectiveness measures contained in Annex I to this Decision;
2. Request the Executive Director to review the servicing costs associated with Council sessions held outside headquarters in light of the measures contained in Part A of Annex I, with a view to reducing costs;
3. Urge Members, through their ITTO focal points, to review critically the quality of all Project and Pre-Project Proposals prior to submission to the Executive Director, and to limit the number of proposals submitted for a single Project Cycle;
4. Encourage Members to give preferential consideration to financing approved Projects and Pre-Projects submitted by Members which have fully met their financial obligations to the Organization;

5. Encourage Members to formulate Project and Pre-Project Proposals which can be implemented effectively and benefit Members on a regional as well as on a national basis;
6. Adopt the schedule for frequency and duration of Council and Committee meetings and preparatory meetings and conferences for the negotiation of a successor agreement to the ITTA, 1994, as contained in Annex II;
7. Request the Executive Director to consider ways in cooperation with the host government to enhance the visibility of the ITTO and improve understanding of its mandate in Japan and the City of Yokohama; and
8. Review the effectiveness of these measures at the end of 2005.

## Annex

### MEASURES TO REDUCE COSTS AND Improve the Efficiency and Effectiveness of the Organization

#### Part A – Cost Savings Measures

Cost savings from the following measures are estimated at \$165,000.00 annually:

1. All Members will receive electronically, via the ITTO Home Page, all documents for Council and Committee Sessions at least three weeks before the Session, unless a Member is unable to retrieve documents electronically.
2. Members will submit project and pre-project proposals electronically to the Secretariat unless a Member does not have the means to do so.
3. Project and pre-project proposals and ITTO technical documents (e.g. ITTO mission reports, workshop reports, regional analyses) prepared in French or Spanish will be translated into English only. Such documents prepared in English will not be translated. Documents of special interest to Members will continue to be made available in the three languages.
4. Progress reports on project implementation will be prepared by the Executive Director and reviewed by the three Technical Committees on an annual basis only.
5. Reduction in Secretariat travel costs to Sessions held outside Headquarters as a result of 1-4 above.

#### Part B – Measures to Improve Efficiency and Effectiveness

1. Work Programme and Budget
  - a. The Council will adopt a biennial Work Programme and indicative Administrative Budget at its Thirty-fifth Session for the 2004-2005 biennium;
  - b. The indicative Administrative Budget for 2005 will be reviewed and approved at the end of 2004; and
  - c. The Executive Director will circulate any proposed amendments to the Financial Rules needed to implement 1.a and 1.b for the consideration by Council at the Thirty-fourth Session.
2. Project Formulation, Monitoring and Evaluation
  - a. At its Twenty-fifth session, the Expert Panel on the Technical Appraisal of Project and Pre-Project Proposals will be extended one day to consider and recommend measures to improve the project and pre-project appraisal process, including measures to strengthen assistance to Members in project formulation under PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation", and report to the Council at its Thirty-fourth Session. The Executive Director is requested to invite two outgoing experts to participate in this process to provide continuity
  - b. The Executive Director will establish, maintain, regularly update and circulate annually to Members, a "roster of experts" on ITTO project formulation; and
  - c. The Executive Director will consider ways to strengthen the monitoring and evaluation capacity of the Secretariat and report to Council at its Thirty-fourth Session.

3. Streamlining the Work of the Committees

Beginning with the Thirty-fourth Session, the Committee on Forest Industry (CFI) and the Committee on Economic Information and Market Intelligence (CEM) will meet in joint sessions only, with a view to integrating their work.

4. Streamlining Council Decision-Making Procedures

- a. The Council will give guidance to the Executive Director through the Council Chairperson on routine or non-controversial matters not having financial implications. This guidance will be included in the Report of the Session, not reflected as decisions of Council;
- b. In order for draft decisions by Members to be considered by Council, the following procedures will be adopted:
  - In relation to the Provisional Agenda, Members submit proposals for Council decisions to the Executive Director for circulation to all Members not less than two weeks prior to Council. Each proposal contains three elements: the subject, the purpose of the decision, and the proposed action, including any financial implications. The Executive Director will not circulate incomplete proposals.
  - Minus Day 1: The IAG considers the proposals for Council decisions from Members, as well as proposals from the Executive Director.
  - Council Day 1: The Chairperson presents the proposals to Council as part of the IAG report and identifies which, if any, can be handled per 4.a above.
  - Day 2: The proposals for draft decisions are discussed in Caucuses and via informal consultations.
  - Day 3: The Council decides the topics it will consider for decision; then the Chairperson, assisted by a small group and the Executive Director, develops preliminary draft decisions for circulation to and consideration by all Members.
  - Day 4+: The Chairperson's Open-Ended Drafting Group convenes to discuss and finalize draft decisions.
  - Noon, Penultimate Day: Final decisions are submitted for translation. Decisions still under negotiation are deferred to the next Council Session.
- c. These procedures will be reviewed at the Thirty-fourth Session.

**Part C – Measures Regarding Arrears to the Administrative Account**

1. The Executive Director is authorized to write off, on an annual basis, one-fifth of a Member's arrears of the period 1986-1996 for any Member which has no arrears in its contributions to the Administrative Budget in respect to its obligations related to the year 2002 and beyond; and
2. The Secretariat will not process project and pre-project proposals submitted by Members with cumulative arrears to the Administrative Account beginning from 2002 which are equal to or in excess of three times the Member's annual assessed contribution in the year proposals are submitted.



## ANNEX II

### SCHEDULE OF COUNCIL SESSIONS AND ITTA RENEGOTIATIONS

May 2003	34 <sup>th</sup> Council Session (6 days) + PrepCom I Venue: Panama
November 2003	35 <sup>th</sup> Council Session (6 days) + PrepCom II Venue: Yokohama
May 2004	36 <sup>th</sup> Council Session (4 days: 2 days for Council and 2 days for Joint Committees) + UNCTAD Renegotiation I (5 days) Venue: Geneva (to be confirmed for Council Session)
November 2004	37 <sup>th</sup> Council Session (6 days) Venue: Yokohama
December 2004 or January 2005	UNCTAD Renegotiation II Venue: Geneva
May 2005	38 <sup>th</sup> Council Session (3 days: 2 days for Joint Committees and CFA and 1 day for Council) Venue: Brazzaville
November 2005	39 <sup>th</sup> Council Session (6 days) Venue: Yokohama

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THIRTY-SECOND SESSION  
13 – 18 May 2002  
Bali, Indonesia

**DECISION 2(XXXII)**  
**CIVIL SOCIETY ADVISORY GROUP**

The International Tropical Timber Council,

Recalling Decision 9(XXVIII) on Enhancing Participation of Members of Civil Society in the Relevant Activities of the ITTO, which invited the establishment of open-ended Advisory Groups to contribute to the work of the Council;

Noting its concern that the views of Civil Society Organizations are still not well represented at Council sessions;

Appreciating the continuing contribution of Civil Society Organizations in the formulation of ITTO Guidelines, Expert Panels, Missions and other initiatives;

Wishing to increase the participation and inputs of Civil Society Organizations;

Recognizing the valuable contributions to the ITTO made by the Trade Advisory Group (TAG);

Recognizing the contributions that Civil Society Organizations could make to the ITTO through their own advisory group;

Welcoming the agreement of Civil Society Organization representatives during this Session of the Council to form a Civil Society Advisory Group (CSAG);

Decides to:

1. Invite the CSAG to initiate its activities at the earliest date;
2. Authorize the Executive Director to publicize the launching of the CSAG, through the ITTO's website, the Tropical Forest Update, and other methods, as a means of attracting broader Civil Society participation in both the CSAG and the ITTO;
3. Authorize the Executive Director to explore with the CSAG opportunities for input and participation during Council Sessions in a manner similar to those of the Trade Advisory Group (TAG);
4. Encourage the CSAG and the TAG to collaborate on activities, programmes and projects in support of the ITTO Yokohama Action Plan 2002-2006;
5. Invite the CSAG and the TAG to showcase examples of collaboration between Civil Society Organizations and forest concessionaires and industry, and further to consider how the ITTO could facilitate such cooperation in the field;
6. Invite the CSAG to organize a panel discussion, relevant to the ITTO Yokohama Action Plan 2002-2006, to be held during the Thirty-third Session of the Council; and

7. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this Decision, not exceeding US\$50,000.00, to facilitate the participation of Civil Society Organizations in the CSAG panel discussion at the Thirty-third Session of the Council.

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THIRTY-SECOND SESSION  
13 - 18 May 2002  
Bali, Indonesia

### DECISION 3(XXXII)

#### ITTO GUIDELINES FOR THE RESTORATION, MANAGEMENT AND REHABILITATION OF DEGRADED AND SECONDARY TROPICAL FORESTS

The International Tropical Timber Council,

Recalling Decision 6(XXX) regarding the need to develop guidelines for the management of secondary tropical forests, tropical forest restoration and rehabilitation of degraded forest lands in close collaboration with FAO, IUCN and other organizations;

Further recalling the ITTO Yokohama Action Plan 2002-2006, which makes specific reference to the restoration of degraded forests, secondary forest management and rehabilitation of degraded lands;

Welcoming the report of the Expert Panel on Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests [Document ITTC(XXXII)/6];

Also welcoming the additional comments on the report made during the Thirty-second Session of the Council;

Noting the large areas of degraded and secondary forests that already exist in the tropics and the increasing threat to tropical forest resources through further degradation or subsequent conversion into non-sustainable land uses;

Recognizing the current and potential contribution of degraded and secondary forests to the livelihoods of forest-dependant people, the sustainable management of tropical forest resources and the sustainable supply of timber and non-timber forest products;

Also recognizing the need for ITTO to assist Member Countries to develop operational guidelines to build capacity and help accelerate progress towards Objective 2000;

Further recognizing that the collaboration between ITTO and IUCN, WWF, CIFOR, FAO and others, initiated through Decision 6(XXX), contributes to raising the awareness of restoration, management and rehabilitation of degraded and secondary tropical forests both nationally and internationally;

Decides to:

1. Adopt the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests contained in the document ITTC(XXXII)/6;
2. Request Members and other interested parties to provide detailed comments and observations by 30 June 2002;
3. Request the Executive Director to prepare and publish the *"ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests"* taking into account observations received and to distribute the publication

widely to Members and other interested parties;

4. Request the Executive Director to undertake the following actions to promote and test the Guidelines and their application by Members:
  - a. Hold six sub-regional workshops to promote the understanding of the Guidelines, provide feedback and encourage further regional or country level initiatives in this area;
  - b. Publish an information brochure summarizing the Guidelines ("Guidelines at a Glance") in the three official languages of ITTO to be widely distributed;
  - c. Encourage Member Countries to apply the Guidelines on a pilot scale and to submit project proposals to ITTO where appropriate;
5. Commend the Guidelines as an international reference standard to Members and the international community in general as a major contribution towards the sustainable utilization and conservation of tropical forests and their genetic resources;
6. Request the Executive Director to strengthen the cooperation between ITTO and IUCN, WWF, FAO, CIFOR and other Organizations to implement the above activities on restoration, management and rehabilitation of degraded and secondary tropical forests;
7. Review progress of implementation of this Decision at the Thirty-fifth Session of the Council and to decide on further actions in collaboration with IUCN, WWF, FAO, CIFOR and other Organizations; and
8. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US\$350,000.00. If sufficient contributions are not received by 31 July 2002, the Executive Director is requested to use funds from the Sub-Account B of the Bali Partnership Fund.

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## DECISION 11(XXXII)

### THE POTENTIAL ROLE OF PHASED APPROACHES TO CERTIFICATION IN TROPICAL TIMBER PRODUCER COUNTRIES AS A TOOL TO PROMOTE SUSTAINABLE FOREST MANAGEMENT

The International Tropical Timber Council,

Reaffirming the commitment of Members to the process of advancing ITTO Objective 2000;

Recalling Decision 10(XXX) on Certification;

Recognizing that ITTO as an international organization should not endorse, create or adopt, or be perceived to endorse, any particular certification approach or scheme, including any accompanying standards developed for the purpose of certification;

Noting the Report on the ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes as contained in Document ITTC(XXXII)/10;

Recognizing forest certification as an important voluntary market-based tool to encourage and create incentives for sustainable forest management and improving market transparency;

Underscoring that certification schemes should be voluntary, non-discriminatory, transparent and market-oriented;

Recognizing that while the ITTO Criteria and Indicators were developed to assess progress towards sustainable forest management, performance standards would be required for the purposes of certification;

Recognizing the role of ITTO in promoting market access as provided for in the objectives of the ITTA, 1994, and the ITTO Yokohama Action Plan 2002-2006;

Recognizing the role of ITTO in improving transparency of the international timber market and promoting tropical timber from sustainably-managed sources as stipulated in the ITTO Yokohama Action Plan 2002-2006;

Recognizing the potential contribution of certification to sustainable forest management, including forest law enforcement and related trade;

Recognizing that many tropical timber producing countries have made considerable progress towards sustainable forest management, and that at the same time those countries account for a very small percentage of the coverage of certified forests around the world;

Recognizing that in many tropical timber countries there is a wide gap between the existing level of management and what is required by certification;

Recognizing that tropical timber countries face many institutional, social, human resource and financial constraints to achieve sustainable forest management;

Recognizing the potential role of regional consultations in advancing discussions on comparability and equivalence among certification schemes, and in assisting tropical timber producing countries to meet sustainable forest management standards and to achieve certification;

Decides to:

5. Authorize the Executive Director to engage two consultants, one from producer and the other from consumer country to undertake a study on the potential of phased approaches to certification as a tool to promote sustainable forest management, as per the attached Terms of Reference;
6. Authorize the Executive Director to convene three regional workshops to disseminate and discuss the results and implications of the study, with recommendations to the Thirty-fourth Session of the Council based on the attached Terms of Reference;
7. Request the Executive Director to facilitate improved understanding, information-sharing and dialogue between interested parties from both consumer and producer countries on these phased approaches;
8. Encourage Member Countries to support project proposals for national capacity building to engage in forest certification in producer Member Countries, including institutional strengthening, stakeholder participation, auditing systems, training and better public understanding of the role of certification as regards to sustainable forest management; and
9. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US\$297,980.00.

## ANNEX

### Terms of Reference for Consultants

The consultants, one from a producer and the other from a consumer country, will undertake a study on the potential role of phased approaches to certification as a tool to promote sustainable forest management.

The study will include the following items:

- a) Consult with relevant parties, including buyers groups, consumer groups, industry, retailers, certifiers, certification schemes, forest owners and managers, governments, environmental and social NGOs, local communities, and indigenous peoples
- b) Elaborate the concept and reflect the full range of views as regards to phased approaches to certification
- c) Identify existing models and initiatives on phased approaches to certification
- d) Analyse the elements and operations of the existing models and initiatives
- e) Collect and analyse information on market acceptance of the existing models and initiatives
- f) Identify key issues, potentials, risks, and constraints on possible designs and implementation of phased approaches
- g) Identify and elaborate on common elements and stages of phased approaches
- h) Prepare a preliminary report to present at the Thirty-third Session of the Council
- i) Taking into consideration comments and views of Member Countries and the Workshop participants, finalize the report and present to the Thirty-fourth Session of the Council

### Terms of Reference for the Workshops

The three Regional Workshops will be three days duration each and convened in Africa, Asia-Pacific and Latin America between the Thirty-third and Thirty-fourth Sessions of the Council.

The purpose of the Workshop will be to disseminate and discuss results and implications of the study and comments from Member countries, and make recommendations to the Thirty-fourth Session of the Council.

The Secretariat, in extending invitations to participants, should seek to provide a balance of the following views at the Workshop:

- producer and consumer Member Countries
- forest owners and managers
- certification schemes
- environmental and social NGOs
- local communities and indigenous peoples
- buyers groups and consumer groups
- industry, traders and retailers

Priority for sponsorship should be given to participants from producer Member Countries.

\* \* \*



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3 November 2001

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THIRTY-FIRST SESSION  
29 October – 3 November 2001  
Yokohama, Japan

## DECISION 9(XXXI)

### MATTERS RELATED TO HOSTING SESSIONS OF COUNCIL

The International Tropical Timber Council,

Appreciating the kind offers of Producer Members to host Sessions of the Council in their respective countries;

Noting the difficulties involved in holding Sessions of the Council when unexpected developments call for last-minute change in venue and/or rescheduling the dates of the Sessions;

Also noting the recommendations of the Committee on Finance and Administration (CFA) on issues related to hosting Sessions of the Council and Committees as contained in documents CFA(IX)/7 and CFA(XI)/9 Rev.1;

Recognizing the need for setting up of standard procedures to deal with situations possibly requiring rescheduling of dates and relocation of venue of Council Sessions, especially in case of Sessions to be held outside Japan;

Decides to:

1. Establish an *ad hoc* Advisory Group to be chaired by the Chairperson of the Council with members consisting of :
  - i. Spokespersons of the Producer and Consumer Groups,
  - ii. Representative of the Government of Japan as host country of ITTO,
  - iii. Original Host Member Government (if it has not officially withdrawn the offer), and
  - iv. Executive Director;
2. Authorize the Executive Director to consult with the *ad hoc* Advisory Group, in the event that circumstances require consideration of an alternative venue or change of dates of the Council Session;
3. Empower the *ad hoc* Advisory Group to take a decision regarding the change of venue, and/or dates of Council Sessions and to propose new dates and/or venue should it be necessary; and
4. Request the Executive Director to communicate the decisions of the *ad hoc* Advisory Group to all Members.

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## DECISION 4(XXX)

### MANAGEMENT OF SUB-ACCOUNT B OF THE BALI PARTNERSHIP FUND

The International Tropical Timber Council,

Recalling Decision 9(XXVII) on the prioritization and monitoring of actions, pre-projects and projects funded by Sub-Account B of the Bali Partnership Fund and Decision 6(XXVI) on the management of the Bali Partnership Fund and funding of actions defined by the current ITTO Action Plan;

Noting that the mechanism for prioritization and monitoring of actions, pre-projects and projects funded by Sub-Account B of the Bali Partnership Fund as was established under Decision 9(XXVII) is due for review at the Thirtieth Session of the Council;

Taking note of the report of the Inter-Sessional Working Group on Financial and Administrative Matters [CFA(IX)/7], in which the recommendation was made to form a Sub-Committee of Sub-Account B of the Bali Partnership Fund as a Working Group of the Council and be re-designated as “Panel on Sub-Account B of the Bali Partnership Fund (BPF)” and to report directly to the Council;

Also noting the recommendations made by the Committee on Finance and Administration at its Ninth Session regarding its review of the report of the Inter-Sessional Working Group on Financial and Administrative Matters;

Decides to:

1. Build upon Decisions 6(XXVI), 9(XXVII) and recommendations of the Inter-Sessional Working Group on Financial and Administrative Matters, by implementing the following mechanism:
  - (i) Establish, at each Session, a Panel on Sub-Account B of the Bali Partnership Fund (BPF) that will report directly to the Council;
  - (ii) The Panel shall be chaired by the Chairperson of the CFA, and composed of:
    - (a) three consumer member representatives that are main contributors to the Bali Partnership Fund;
    - (b) three producer member representatives, one from each geographic region; and
    - (c) the Executive Director;
  - (iii) During Council Sessions the Panel shall consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B of the Bali Partnership Fund;
  - (iv) The Panel shall prioritize these draft decisions taking into account the “Criteria and Priorities to Finance actions/activities, pre-projects and projects under Sub-Account B of the Bali Partnership Fund” as detailed in the Annex to this Decision;

- (v) The Panel shall, in consultation with the Secretariat, take into account the need to set a funding limit (per session/per year) with regard to the allocation of funds for approved activities, pre-projects and projects in view of the availability of the limited resources under Sub-Account B of the Bali Partnership Fund. In the Panel's deliberations, the procedures established for the Special Account under Chapter VI of the ITTA, 1994 shall apply;
  - (vi) The Panel will forward its priority list, including recommended allocations to the Council for consideration; and
  - (vii) The Panel will also meet during the Council Sessions to monitor and review the management of Sub-Account B and the progress of actions, pre-projects and projects funded under this Sub-Account;
2. Requests the Consultants and the Expert Panel engaged for Activity PA/29-98 on the New ITTO Action Plan [Decision 11(XXIX)] to review the priority actions identified by the Council in Decision 8(XXV) and in the ITTO Libreville Action Plan to ensure their continued relevance in future ITTO Action Plans. The revised priority actions identified are to be utilized as the criteria by the Panel, for the determination of priority funding; and
  3. Strongly encourage Members to make contributions to the Bali Partnership Fund and in particular to its Sub-Account B.

## ANNEX

### Criteria and Priorities to Finance Actions/Activities, Pre-Projects and Projects under Sub-Account B of the Bali Partnership Fund

The Panel on Sub-Account B of the Bali Partnership Fund (BPF) shall consider and recommend non-country specific actions/activities, pre-projects and projects designed to directly assist tropical timber producing members to achieve the Objective of Article 1(d) of the ITTA, 1994 – “To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000”.

Eligible activities \* shall meet the following criteria:

- (i) Be designed and related to the implementation of those activities captured under the goals of the ITTO Action Plan that are non-country specific.
- (ii) Be of global or regional benefit.

Within eligible activities highest priority will be given to:

- (i) Activities approved in Council Decisions directly related to the promotion of sustainable forest management through one or more of the priority areas established through the Council decisions and the ITTO Action Plan \*\* as shown below:
  - To adopt a forest policy and enforce legislation,
  - To establish and secure a Permanent Forest Estate,
  - 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,
  - To secure the production of the optimal mix of goods and services and limit timber harvesting to the sustained yield capacity;

AND

- (ii) Approved pre-projects and projects formulated and submitted in response to the recommendation by the Council, by more than one of the Committees or a Committee;

AND

- (iii) Activities that the Panel by consensus deems urgent.

The Panel shall prioritize the eligible actions/activities, pre-projects and projects and recommend a priority list to the Council for consideration in light of the eligibility and prioritization criteria and requirements detailed above.

The Panel shall also make its recommendations taking into account the resources available in Sub-Account B of the BPF at that Session.

The Panel shall endeavor to take decisions on its recommendations on eligibility and priorities by consensus. If consensus cannot be reached, the Panel shall take decisions and make recommendations by simple majority.

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\* Activities refers to “actions/activities, pre-projects and projects”.

\*\* Priority areas are to be updated to reflect the revised priority areas adopted in new ITTO Action Plans.

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28 May – 2 June 2001  
Yaoundé, Cameroon

## DECISION 7(XXX)

### THE ROLE OF ITTO IN INTERNATIONAL AND REGIONAL ORGANIZATIONS AND FORA

The International Tropical Timber Council,

Recalling Decision 13(XXIV) on the role of ITTO in international and regional organizations and fora;

Welcoming the Report of the Expert Panel on the Role of ITTO in International and Regional Organizations and Fora;

Recognizing that some measures for enhancing ITTO's role in international and regional organizations and fora can be accommodated within existing resources while other measures will require additional funding allocations from Administrative Account, Special Account or Bali Partnership Fund;

Noting that the first substantive session of the United Nations Forum on Forests (UNFF) will convene in New York, from 11 to 22 June 2001, to decide its multi-year program of work, including the plan of action to implement the IPF/IFF proposals for action, and that country led initiatives on issues relevant to ITTO's objectives are likely to be initiated over time;

Also noting the intention of FAO and UNEP to second professional staff to the UNFF secretariat, and urging other members of the Collaborative Partnership on Forests (CPF) to follow suit;

#### Decides to:

1. Request the Executive Director to pursue the measures in Annexes A and B to this decision for effective ITTO involvement in international and regional organizations and fora, in particular in the newly established UNFF and CPF, taking into account the expected benefits and timing of relevant international and regional events, and to provide progress reports to Council on a regular basis during this timeframe;
2. Request the Executive Director to undertake the measures identified in Annex A within the approved budget of the Administrative Account, and to take into account that enhanced ITTO participation in multiple international and regional meetings will have implications for future Administrative Budgets;
3. Authorize the Executive Director to seek voluntary contributions from Member countries to support the measures identified in Annex B, which are expected to require additional financial allocations from the Administrative Account, Special Account or Bali Partnership Fund;
4. Also authorize the Executive Director to offer ITTO co-sponsorship, assuming funds are available, of any UNFF country-led initiatives on issues relevant to ITTO objectives and

urge Member countries to provide voluntary contributions to the Special Account for this purpose;

5. Further authorize the Executive Director to make the necessary arrangements to second as soon as possible a highly qualified professional to the UNFF secretariat for a two-year period, assuming funds are made available, and urge Member countries to provide voluntary contributions to the Special Account for this purpose;
6. Review the effectiveness and benefits of such a secondment at the end of that period prior to considering whether or not to renew or extend the secondment;
7. Incorporate as appropriate the measures contained in Annexes A and B in the ITTO Action Plan for 2002-2006 taking into account the criteria proposed by the Expert Panel; and
8. Review and update as needed the measures contained in Annexes A and B at its Thirty-third Session in Yokohama in October 2002, in view of progress made and relevant international and regional events.

## ANNEX A

### EFFECTIVE ITTO INVOLVEMENT IN INTERNATIONAL AND REGIONAL ORGANIZATIONS AND FORA

#### Measures which Could Be Pursued within Existing Resources

##### *International Organizations and Conventions*

##### **UNFF**

- Be actively involved in UNFF meetings at ED level (especially regarding trade and environmental issues, forest monitoring and forest conservation and sustainable management).
- Prepare papers on issues under the UNFF Multi-Year Programme of Work where ITTO has comparative advantage.
- Be actively involved in UNFF ministerial segments and multi-stakeholder dialogues.
- Host and lead side events at UNFF meetings (with CPF partners as appropriate) on key UNFF topics related to ITTO's mandate and to highlight recent ITTO accomplishments and innovations.
- Participate in relevant *ad hoc* technical expert groups convened by UNFF.

##### **CPF**

- Serve as lead agency on issues where ITTO has comparative advantage.
- Participate in development of the UNFF plan of action on IPF/IFF implementation.
- Advance work within the CPF on using C&I for national forest assessment, monitoring and reporting, including in the context of UNFF.

##### **FAO**

- Continue and enhance coordination and cooperation on trade statistics, including collaborative reporting on statistics.
- Strengthen coordination with FAO regional commissions, including having the three ITTO Technical Committees report on activities of the commissions during Committee sessions, with a view to considering areas for joint project work.
- Strengthen communication and cooperation between Secretariats on areas of mutual interest, such as capacity building, criteria and indicators, FRA, forest contribution to carbon cycles, forest fires, improved harvesting techniques, improved processing techniques, and, when appropriate, certification and mutual recognition.
- Consider development of an MOU on collaboration activities.

##### **CITES**

- Continue to actively participate, preparatory to CITES COP 11, in the Timber Working Group, the listing criteria working group and the bushmeat working group with a view to supporting informed discussions at CITES COP 11 in 2002.

##### **WTO**

- Provide information on ITTO's trade and environment activities.
- Monitor and report to Council developments on WTO's initiative on Accelerated Tariff Liberalization (ATL) in the forest sector.
- Participate in meetings of WTO and WTO's CTE when feasible.

##### **CBD**

- Contribute to CBD deliberations on conservation of forest biodiversity through the *ad hoc* expert meetings in forests, SBSTTA 7 and COP 6 to be held in The Hague in April 2002.

##### **CIFOR**

- Continue cooperation on issues of mutual interest, such as criteria and indicators and low impact logging.

#### **ICRAF**

- Explore the possibility of dialogue and collaborative work in areas of mutual interest.

#### **UNEP**

- Continue and explore the possibility for increased cooperation, including joint sponsorship of workshops in areas of mutual interest related to sustainable forest management, such as forest fires.

#### **COMMON FUND FOR COMMODITIES**

- Request the three ITTO Technical Committees to consider procedures for developing project proposals that meet the requirements of, and can be considered for funding by, the Common Fund for Commodities.

#### **CSD/RIO + 10**

- Collaborate as appropriate with FAO (Agenda 21 task manager for forests and land use) to prepare the Secretary-General's report with respect to Chapter 11 of Agenda 21, as well as the UNFF Secretariat in preparing its report for Rio + 10.

#### **UNFCCC/IPCC**

- Monitor developments in UNFCCC/IPCC discussions regarding forests, including ARD, CDM, LULUCF, and emissions trading and report regularly to Council on these developments and their potential implications for tropical forests and the world tropical timber economy.
- Invite representative(s) of the UNFCCC/IPCC and other relevant institutions to report to Council on the status of forest-related discussions under UNFCCC/IPCC.

#### **CCD**

- Participate in the next COP in Bonn in September 2001.
- Explore opportunities for dialogue and potential cooperation in areas of mutual interest.

#### ***International Financial Institutions***

##### **GEF**

- Recommend to Council areas for increased dialogue and potential collaboration on GEF policy and project funding, including co-financing with GEF implementing agencies of ITTO and producer member projects that may be suitable for funding under the GEF biodiversity and climate change focal areas, and the potential for an ITTO role as an implementing or executing agency under GEF.

##### **World Bank**

- Participate in and contribute to the World Bank hosted Ministerial Conference on Forest Law Enforcement in Asia in September 2001.
- Explore possibilities for increased cooperation with the World Bank with respect to implementing ITTO objectives in member countries, especially the Year 2000 Objective, based on "lessons learned" through ITTO project implementation and evaluation.
- Engage in a dialogue with the World Bank regarding implementation of the World Bank Forest Strategy, once adopted, with a view to promoting synergies where possible, especially in Central Africa and other producing regions.

##### **Regional Development Banks**

- Initiate a dialogue with relevant regional development banks, including the Inter-American Development Bank, African Development Bank and Asian Development Bank on their policy review and project implementation processes relevant to ITTO objectives, including implementation of national forest plans and strategies, research and development and plantation management.



### ***Regional Organizations and Fora***

#### **ATO**

- Work with ATO to build stronger bridges between Francophone countries and ITTO with a view to promoting more active participation in ITTO projects and in implementing ITTO criteria and indicators.
- Participate in IUCN/WCS Workshop on Bushmeat issues in Africa in 2001 and work with ATO to promote expanded ITTO project work on bushmeat and concession management.
- Participate in high level African regional forest law enforcement conference planned for 2002.

#### **ASEAN and ASEAN Foundation**

- Explore possibility of joint projects on training programmes for prevention of forest fires and on co-sponsoring a seminar on sustainable forest management with participation of local communities within the region.

#### **Criteria and Indicators Processes**

- Continue to actively participate in meetings of the Montreal and Pan-European processes on temperate and boreal forests, including as appropriate meetings of their technical advisory committees.
- Consider as appropriate expanding cooperation with ATO to other regional tropical forest criteria and indicators processes (e.g. Tarapoto, Lepaterique for Central America) involving ITTO producer members.

#### **South Pacific Forum**

- Participate as requested in activities of mutual interest.

### ***Non-Governmental and Private Sector Groups***

#### **IUCN**

- Explore strengthening collaboration related to forest rehabilitation and restoration in development of transboundary conservation areas, bushmeat issues, and the IUCN red list of endangered species, consistent with ITTO's mandate.

#### **Environmental NGOs**

- Continue to strengthen outreach to international NGOs such as WWF and Conservation International, and regional NGOs to encourage their greater participation in ITTO policy and project activities and explore opportunities for collaboration in areas of mutual interest, such as transboundary conservation areas.

#### **Trade/Industry Groups**

- Strengthen the Trade Advisory Group (TAG) established pursuant to ITTC Decision 9(XXVIII) to facilitate greater contribution by the trade/industry to the work of ITTO.

ANNEX B

**EFFECTIVE ITTO INVOLVEMENT IN  
INTERNATIONAL AND REGIONAL ORGANIZATIONS AND FORA**

**Measures Requiring Additional Financial Allocations**

**UNFF**

- Second an ITTO professional to the UNFF Secretariat.
- Serve as a co-sponsor for country-led initiatives on issues related to ITTO objectives.
- Develop partnerships with private sector/NGOs in the context of UNFF discussions.

**CPF**

- Implement IPF/IFF proposals for action directed to ITTO.

**FAO**

- Support FAO in organizing the "International Year of Mountains," which will occur in 2002.
- Co-sponsor with FAO the 2nd International Meeting on Criteria and Indicators tentatively scheduled for early 2002.
- Collaborate on preparation of guidelines for management of secondary forests and on forest restoration activities, including with IUCN.

**CITES**

- Propose for Council consideration cooperative work, including the benefits of joint workshops, on issues related to the high volume commercial trade in tropical timber species, such as market transparency, species conservation status, sustainable forest management, export/import data, and CITES listing criteria.

**CBD**

- Undertake a review of and update as necessary the ITTO guidelines on conservation of biodiversity in tropical production forests and the Secretariat paper on the work of ITTO related to forest biodiversity conservation.

**CSD/Rio + 10**

- Contribute to the preparatory process for Rio + 10, including regional workshops and meetings, as appropriate to advancing ITTO objectives.

**ATO**

- Work with ATO to develop/improve market intelligence within region.
- Facilitate improved information sharing and cooperation between ATO member countries and other ITTO producer members.

**OTHER REGIONAL FORA**

- Explore ways to strengthen collaboration with other relevant regional agreements, processes and organizations such as the Amazon Cooperation Treaty and UNECE, with a view to promoting sustainable forest management and sustainable timber harvesting practices in producer member countries and supporting development of centers of excellence.

**IUCN**

- Consider joint sponsorship of a workshop on protected areas in the context of promoting sustainable forest management and the tropical timber economy.

**TRADE/INDUSTRY GROUPS**

- Facilitate transfer (collection and distribution) of information from the private sector, including international and regional producer and consumer trade organizations (e.g. IWPA, ATIBT, UCBD, ATTO, TTF, IFIA, CADEFOR) to member countries regarding trade statistics, accessing world markets, harvesting and processing methods, and improved consumer awareness and education through, inter alia, sponsoring regional workshops in producing regions.

\* \* \*

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## DECISION 9(XXX)

### REPORTING FORMATS AND TRAINING FOR ITTO CRITERIA AND INDICATORS FOR SUSTAINABLE FOREST MANAGEMENT OF NATURAL TROPICAL FORESTS

The International Tropical Timber Council,

Recalling Article 1, sections (b), (c), and (d) of the International Tropical Timber Agreement, 1994, relating to the objectives of the organization;

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

Further recalling Decision 3(XXVI) on "The Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests" which requested the Executive Director to review the Manual on the basis of the report of the consultants;

Welcoming the report of the Consultants [ITTC(XXX)/5] on the Four Regional Training Workshops and Field testing of the Manual;

Also welcoming the report prepared by the Executive Director [ITTC(XXX)/12] for this Session containing draft reporting formats for the National and Forest Management Unit levels;

Recognizing the importance of the application of ITTO Criteria and Indicators as a basis for reporting on the progress towards achieving Objective 2000 by Member countries;

#### Decides to:

1. Request the Executive Director to arrange, on request by Member countries, national level workshops in ten major producer Member countries to train officials, forest managers, forest concessionaires and others directly involved in sustainable forest management, in the effective use of the ITTO Reporting Formats at both the national and forest management unit levels. The training workshops need to cover ITTO Criteria and Indicators and Reporting Formats, and as far as possible, use trainers trained during the Regional Workshops conducted under Decision 3(XXVI) to assist in the task;
2. Strongly encourage producer Member countries to submit their first National level report, including the Summary of Highlights, by 31 December 2001, using the reporting format presented in document ITTC(XXX)/12;

3. Authorize the Executive Director to render assistance to producer Member countries to complete their national level reports, either through the workshops provided for in paragraph 1 and/or by financing appropriate expertise;
4. Authorize the Executive Director to retain two consultants (one from a producer Member country and one from a consumer Member country) to summarize the National level reports into a "Status of Tropical Forest Management Report";
5. Authorize the Executive Director to obtain appropriate expertise to prepare and publish the "Status of Tropical Forest Management Report", based on available evidence, including:
  - (i) An examination of country reports;
  - (ii) Meetings with government officials, professional foresters, industry, concessionaires, NGOs and people's organizations; and
  - (iii) Field visits to a random sample of forest management units;
6. Request the Executive Director to direct the consultants engaged under paragraphs 1, 3, 4, and 5 of this decision to make recommendations based on the findings of their work for future revision of the ITTO Criteria and Indicators for Sustainable Management of Natural Tropical Forests; and
7. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision, not exceeding US\$832,500.00. If sufficient contributions are not received by 31 October 2001, the Executive Director is requested to make up any shortfall by using funds from the Sub-Account B of the Bali Partnership Fund.

**ANNEX****BUDGET FOR DECISION ON  
“REPORTING FORMATS AND TRAINING FOR ITTO CRITERIA AND INDICATORS FOR  
SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS”**

Item	Unit Cost (US\$)	Total (US\$)
1. National Training Workshops (10)	50,000	500,000
2. Assistance to Member Countries to Complete Reporting Formats (10 – 20)	5,000 - 10,000	100,000
3. Consultancy, Publication and Dissemination of “Status of Tropical Forest Management” Report	—	150,000
4. ITTO Programme Support (11%)	—	82,500
<b>TOTAL</b>		<b>832,500</b>

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28 May – 2 June 2001  
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## DECISION 10(XXX)

### CERTIFICATION

The International Tropical Timber Council,

Reaffirming the commitment of Members to the process of advancing ITTO Objective 2000;

Recognizing that ITTO has developed and adopted Manuals, Guidelines and Reporting Systems for Criteria and Indicators for sustainable forest management;

Recognizing the IPF and IFF conclusions and proposals for action related to certification;

Recognizing forest certification as an important voluntary market-based tool to encourage and create incentives for sustainable forest management;

Underscoring that certification schemes should be voluntary, non-discriminatory, transparent and market-oriented;

Recognizing the many uncertainties surrounding both positive and negative aspects of certification, including its potential impact on trade;

Recognizing the need for further clarification on the impact of certification on sustainable forest management and trade as well as its relationship to criteria and indicators processes;

Recognizing the potential role of certification for ITTO Members in improving market transparency, taking into account the role of the private sector, and in helping to promote responsible producer and consumer choices in supply and demand for forest products;

Noting the growing demand in the market for certified timber and the need in Member countries for assistance in implementing ITTO's Criteria and Indicators, and in building capacity and institutional strengthening to implement auditing systems to assess sustainable forest management, which may support certification schemes;

Noting the proliferation of certification systems in the market place and the need to facilitate Members' understanding of these various schemes;

Recognizing that while ITTO's Criteria and Indicators were developed to assess progress towards sustainable forest management, performance standards will be required for the purposes of certification;

Recognizing the role of ITTO in promoting market access as provided for in the objectives of the ITTA, 1994, and the Libreville Action Plan;

Noting the need for ITTO as a commodity organization to pro-actively collaborate with other relevant bodies on certification;

Recognizing that ITTO as an international organization should not endorse, or be perceived to endorse, any particular certification approach or scheme, including any accompanying standards developed for the purpose of certification;

Appreciating the desire of producer countries to implement voluntary certification schemes as a means to enhancing market access and generating sufficient income to finance sustainable forest management;

Decides to:

1. Request the Executive Director to facilitate discussions between ITTO Members and relevant interested parties on the principles, frameworks and elements of certification schemes;
2. Encourage producer Member countries to submit project proposals to implement ITTO's Criteria and Indicators and build capacity for internal auditing of sustainable forest management;
3. Request the Executive Director to assist Member countries to build capacity to engage in voluntary certification to enhance market acceptance of tropical timber and tropical timber products;
4. Authorize the Executive Director to convene a workshop prior to the Thirty-second Session with broad based participation on progress being made regarding the comparability and equivalence of certification schemes;
5. Authorize the Executive Director to engage two consultants, one from producer and the other from consumer country to develop in consultations with relevant interested parties a program for the workshop and prepare an overview paper for consideration at the workshop with the attached terms of reference; and
6. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision, not exceeding US\$172,380.00. If sufficient contributions are not received by 31 October 2001, the Executive Director is requested to use funds from the Sub-Account B of the Bali Partnership Fund.

## TERMS OF REFERENCE FOR WORKSHOP

The consultants will develop in consultation with the Executive Director and relevant interested parties a program for the workshop, taking into account the outcome of the GTZ/FAO/ITTO meeting which took place in February 2001, in Rome, and other relevant developments in the area of certification. The purpose of the workshop shall be:

- to invite Member countries and relevant interested parties to participate in a discussion of the principles, frameworks, and elements of certification schemes;
- to identify principles and critical elements relevant to the development of standards for certification;
- to review progress being made towards comparability and equivalence of certification schemes;
- to obtain the perspective of buyers groups towards certification; and
- to recommend relevant actions for ITTO and its Members

The duration of the workshop should be two days.

The workshop attendees should include:

- Member countries;
- relevant international organizations;
- representatives of certification schemes;
- relevant private sector groups;
- relevant Non-governmental organizations; and
- buyers groups

### Overview Paper

The consultants will prepare an overview paper regarding the comparability and equivalence of certification schemes, including identifying principles and critical elements necessary for the development of standards for certification. The consultants will take into account recent international efforts and initiatives on mutual recognition.



### ITTO Workshop on Certification and Certification Schemes

(A) Moderator	
(1) Moderator's Travel Expense (1 at US\$5,000)	5000
(2) DSA (US\$200x1x4 days)	800
(B) Speakers	
(1) Speakers' Travel Expense (8 at US\$5,000 each)	40000
(2) DSA (US\$200x8x4 days)	6400
(C) Participants	
(1) Participants' Travel Expense (3 per region at US\$5,000 each)	45000
(2) DSA (US\$200x9x4 days)	7200
(D) Secretariat Support	
(1) Secretariat Travel Expense (2 at US\$5,000 each)	10000
(2) DSA (US\$200x2x4 days)	1600
(E) Meeting Logistics	10000
(F) Documentation, Translation and Dissemination of Reports	10000
(G) Consultancy	10000
(H) Contingencies	10000
<b>Sub-Total</b>	<b>156000</b>
ITTO Programme Support Cost	16380
<b>Grand Total</b>	<b>172380</b>

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TWENTY-NINTH SESSION  
30 October – 4 November 2000  
Yokohama, Japan

## DECISION 2(XXIX)

### ITTO OBJECTIVE 2000

The International Tropical Timber Council,

Recalling Article 1 (d) and Article 21 of the ITTA, 1994, and the Libreville Action Plan;

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

Noting the debate on the basis of the consultants' report on the review of progress made towards this objective;

Recognizing that progress towards meeting this objective has not been sufficient;

Recalling Decisions 3(XXIV) and 10(XXVI) which encourage countries to apply the revised ITTO Criteria and Indicators for reporting to ITTO in relation to the Year 2000 Objective;

Decides to:

1. Reaffirm its full commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources (ITTO Objective 2000);
2. Strongly encourage Member countries to use the ITTO Criteria and Indicators for reporting on progress made towards this objective;
3. Request the Executive Director to develop a format to facilitate the reporting of progress in implementing the ITTO Criteria and Indicators. This format should be consistent with and supportive of any future requirements for reporting under the United Nations Forum on Forests;
4. Invite Member countries to take concrete measures to enhance market access for tropical timber from sustainably managed sources;
5. Authorize the Executive Director to render assistance to producer countries, on request, to identify, in each country, those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management and to formulate an action plan to overcome these constraints. The Terms of Reference for these activities are contained in the Annex to this Decision;
6. Facilitate the implementation of these action plans through intensifying international collaboration and strengthening of national policies and programmes by measures such as demonstration projects and reduced impact logging training facilities;

7. Authorize the Executive Director to assist individual producer countries, on request, in setting up an ITTO Objective 2000 Board or nationally appropriate focal group to build both broad based support and high level commitment in:
  - providing a focus for efforts in achieving Objective 2000; and
  - marshalling internal resources so as to ensure their optimal application in achieving Objective 2000;
8. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of paragraphs 3 and 5 of this decision. If sufficient contributions are not received by 31 December 2000, the Executive Director is requested to use funds from Sub-Account B of the Bali Partnership Fund;
9. Urge donor Member countries to make increased financial contributions to the Bali Partnership Fund to facilitate the attainment of Objective 2000 and sustainable forest management in producing countries; and
10. Authorize the Executive Director to seek earmarked funds to meet the financial requirements of paragraph 7 of this Decision.

## ANNEX

### **Terms of Reference for assistance activities connected to the ITTO Objective 2000**

In organising assistance to countries the Executive Director shall:

1. ensure cooperation with the relevant authorities, industries and other stakeholders;
2. take into account national forest plans as well as on-going strategic planning processes and programmes in the country concerned;
3. ensure that the cost of each individual programme of assistance does not exceed \$100,000;
4. authorise a maximum of 5 programmes of assistance per calendar year.

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## DECISION 3(XXVIII)

### EX-POST EVALUATION OF PROJECTS

The International Tropical Timber Council,

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

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

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

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

Decides to:

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

6. Request the Executive Director to synthesize and disseminate the results of the ex-post evaluations for example through posting on the ITTO website, articles in the Tropical Forest Update and otherwise take active steps to make the lessons learned from the project(s) broadly available to stakeholders and the interested public; and
7. Request the Executive Director to convene at appropriate intervals an Expert Panel comprised of ITTO stakeholders to synthesize the lessons learned from the outcome of these evaluations and to provide recommendations to the Council accordingly.

## ANNEX I

### Ex-post Evaluation of Projects

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

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

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

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

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

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

- (i) Phased project evaluation. Several ITTO projects have been implemented over several years in two or more phases. Due to the length, budgets, and general complexity of such phased projects, they generally fit the criteria for ex-post evaluation and could be considered as a whole for evaluation following completion of the final phase.
- (ii) Country-group evaluation. The evaluation of multiple projects at the country level would determine the impacts of ITTO activities in the country. The findings of this grouping

approach could be utilized to improve the methods employed in formulation and implementation of future projects in that country.

- (iii) Thematic group evaluation. This grouping approach would take a broad perspective on a category of project work (e.g. secondary processing of forest products, lesser-used species, etc.). This type of thematic grouping for ex-post evaluations could identify common problems associated with implementation of projects related to a defined theme. These findings could assist in the formulation and implementation of future projects.
- (iv) ITTO goal evaluation. There is a need for ITTO to evaluate how its project work is contributing to the organization's goals as spelled out in the Action Plan. The work currently being carried out by Council to assess progress towards the Year 2000 Objective should provide useful groupings of projects to be considered for evaluation in this regard.



## ANNEX II

### Financial Procedures

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

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## DECISION 4(XXVII)

### IMPROVEMENTS TO THE ITTO FELLOWSHIP PROGRAMME

The International Tropical Timber Council,

Recalling Project Document PD 1/93 Rev.1 (M,F,I) to promote human resource development and institutional strengthening in the forestry sectors of Member countries through the establishment of an ITTO Fellowship Programme,

Also recalling Decision 2(XXIV) requesting the Chairman of the Fellowship Selection Panel to report directly to Council and Decision 4(XXIV) on adoption of the Libreville Action Plan,

Further recalling the Twenty-fourth Report of the Committee on Forest Industry requesting the convening of an Expert Panel to review the history and experience of the Fellowship Programme with a view to proposing improvements in its promotion, development and management,

Welcoming the Report of the Expert Panel on the Review of the ITTO Fellowship Programme [CFI(XXV)/5],

Underscoring the substantial benefits provided by the Fellowship Programme to the professional development of qualified individuals in ITTO Member countries and the Organization as a whole,

Recognizing the comparative advantage of the Fellowship Programme lies in developing the expertise of individuals, rather than providing grants to support activities more appropriately undertaken as ITTO projects or pre-projects or through home institutions or governments,

Welcoming the voluntary contributions to the Fellowship Programme made to date by the Governments of Australia, Japan, the Netherlands and the United States,

Noting the excellent work of the Secretariat in administering the Fellowship Programme,

Decides to:

1. Revise the objective, eligible activities, priority areas, selection criteria and screening process of the ITTO Fellowship Programme as contained in **Annex 1** to this Decision;
2. Request the Executive Director to implement these revisions, including with respect to the Fellowship Programme Advertisement and Application Form, in time for the Fellowship application round which concludes with selections by Council at its Twenty-ninth Session;
3. Also Request the Executive Director to further revise the Application Form to include an Information Note as contained in **Annex 2** to this Decision;

4. Establish: (a) a temporary budget maximum of US\$150,000.00 per Council session for Fellowship awards until such time as appreciable increases in funding become available, (b) a maximum of US\$10,000.00 for any one award, and (c) an indicative number of 25-30 awards made per Council Session, depending on funds available and amounts of individual awards;
5.
  - i. Eliminate PD 1/93 as the Programme's funding source and establish instead a special fund as a sub account of the Special Account, known hereafter as the "Freezailah Fellowship Fund," to be financed through voluntary Contributions from member countries;
  - ii. Consider at the Twenty-eighth session the possibility of the use of income earned as a result of activities to the Special Account, to fund the Fellowship Programme;
6. Authorize the Executive Director to seek funding from Members and other sources for the Freezailah Fellowship Fund and encourage Members to contribute to the Fund;
7. Request the Executive Director to regularly publish in the Tropical Forest Update (TFU) a subject list of selected reports available from the ITTO Secretariat, as well as brief articles relevant to themes of TFU issues, on recent Fellowship activities;
8. Also request the Executive Director to prepare progress reports on implementation of the ITTO Fellowship Programme for Council review during its regular sessions, beginning with a progress report at the Twenty-eighth Session on implementing improvements in the Programme as called for in this Decision; and
9. Review the effectiveness of the improved ITTO Fellowship Programme two years following commencement of its full implementation in order to assess: (a) the need for further improvements, and (b) the desirability of expanding the Programme through promotional activities to attract more applicants and additional sources of funding, including the implications of expansion on the Administrative Budget.

## ANNEX 1

### Improved ITTO Fellowship Programme

The objective, eligible activities, priority areas, selection criteria and screening process of the ITTO Fellowship Programme are as follows:

#### **1. Objective**

"To develop human resources and enhance professional expertise in member countries in tropical forestry and related disciplines, with a view to promoting sustainable management of tropical forests, efficient utilization and processing of tropical timber, and better economic information on the international trade in tropical timber. "

#### **2. Eligible Activities (in no priority order):**

- a. Participation in short term training courses, training internships, study tours, lecture/demonstration tours and international/regional conferences;
- b. Technical document preparation, publication and dissemination, such as manuals and monographs;
- c. post graduate studies.

#### **3. Priority Areas**

Based on the goals and cross-cutting strategies identified in the ITTO Libreville Action Plan eligible activities will aim at developing human resources and professional expertise in one or more of the following areas (in no priority order):

- a. Improving the transparency of the tropical timber market;
- b. Improving marketing and distribution of tropical timber species from sustainably managed sources
- c. Improving market access for tropical timber exports from sustainably managed source ;
- d. Securing the tropical timber resource base;
- e. Improving the tropical timber resource base, including through the application of criteria and indicators for sustainable forest management;
- f. Enhancing, technical, financial and human capacities to manage the tropical timber resource base;
- g. Promoting increased and further processing of tropical timber from sustainably managed sources;
- h. Improving marketing and standardization of tropical timber exports;
- i. Improving efficiency of processing tropical timber from sustainable sources; and
- j. In any of the above areas (a-i), the following are relevant:
  - i. Enhancing public relations, awareness and education;
  - ii. Improving statistics;
  - iii. Research and development; and
  - iv. Sharing information, knowledge and technology.

#### **4. Selection Criteria**

Fellowship applications will be assessed against the following selection criteria (in no priority order):

- a. Consistency of the proposed activity with the Programme's objective and priority areas as outlined respectively in 1 and 3 above;
- b. Qualifications of the applicant to undertake the proposed Fellowship activity;
- c. The potential of the skills and knowledge acquired or advanced under the Fellowship activity to lead to wider applications and benefits nationally and internationally;
- d. Reasonableness of costs in relation to the proposed Fellowship activity.

### **5. Selection Screening Process**

- a. The Secretariat will consider only applications that:
  - i. are from a national of an ITTO member country;
  - ii. are received via mail by the advertised deadline;
  - iii. are complete;
  - iv. qualify as an eligible activity under 2 above;
  - v. clearly meet the selection criteria under 4 above;
  - vi. are typed or neatly printed in dark ink.
- b. The Secretariat will undertake and forward to the Fellowship Selection Panel a pre-evaluation of all applications not eliminated under 5 (a), ranking them as "high," "medium" or "low" in quality relative to each of the selection criteria in 4 above and provide a brief justification for the ranking level;
- c. The Fellowship Selection Panel will review all applications forwarded to it by the Secretariat and recommend a final selection of awardees, drawing on the Secretariat's pre-evaluation and taking into account the importance of regional, country and gender balance, as well as their own experience and perspectives;
- d. The Council will approve the final selection of awardees based on the report of the Chairman of the Fellowship Selection Panel;
- e. In the interval between regular Council sessions, the Executive Director may consider, on an exceptional basis, applications for Fellowship awards for short term training opportunities that arise unexpectedly and/or were not scheduled sufficiently in advance by organizers to allow for submission of applications in time for consideration by the Fellowship Selection Panel;
- f. The Fellowship Selection Panel will be comprised of representatives of three producer and three consumer member countries selected by respective caucuses at the first meeting during a regular Council session, taking into account the need for and benefits of continuity and experience. The Panel will continue to be chaired by the Vice-Chairman of the Council.

## ANNEX 2

### Information Note to the ITTO Fellowship Programme Application Form

The Application Form for the ITTO Fellowship Programme will contain an "Information Note" which clearly indicates (in no priority order):

1. That in selecting Fellowship awards, consideration will be given to:
  - a. geographic and gender balance;
  - b. balance among the ITTO priority areas (contained in Annex 1); and
  - c. competency in the language in which the training will be given, where applicable (e.g. courses, conferences, study tours).
2. That Fellowship awardees may not again apply for an ITTO Fellowship Award, within two years of receiving an award and submitting to the Secretariat his/her final report on the activity for which the award was made.
3. That applications missing the deadline for Secretariat receipt for a particular Council Session will not be automatically forwarded to the Fellowship Selection Panel for consideration at the next round of Fellowship awards. If an applicant is interested in having his/her application considered for a subsequent round(s), having been informed by the Secretariat that he/she missed the deadline, he/she will need to resubmit his/her application.
4. The budgetary information needed from applicants to allow an assessment of the proposed activity against Selection Criteria 4 on "Reasonableness of Costs. "
5. "Non-allowable costs, such as equipment purchase, personnel hiring and health insurance."

\* \* \*

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## DECISION 8(XXVII)

### RULES AND PROCEDURES APPLYING TO ITTO PROJECTS

The International Tropical Timber Council,

Recalling Decision 2(XXVI) on the revision of project related guidelines and manuals which requests the Executive Director to assess the new Manual on Rules and Procedures for Project Implementation and to propose any modifications, which are deemed necessary at the next Council Session,

Considering the Document ITTC(XXVII)/6 "Report on the Draft Rules and Procedures Applying to ITTO Projects",

Further considering the comments and the advice of the open-ended informal working group which evaluated the report during the Twenty-seventh Session of the Council,

Recognizing the need to provide guidance for the project cycle,

Decides to:

1. Delete paragraph (b) on page 6, in the section: "Exclusions" of the Guidelines for the Selection and Employment of Consultants and Guidelines for the Procurement and Payment of Goods and Services financed from the Special Account;
2. Apply these Guidelines to the Bali Partnership Fund *mutatis mutandis*;
3. Adopt the "Rules and Procedures Applying to ITTO Projects", in the Annex to this Decision; and
4. Request the Executive Director to arrange for the publication and distribution of the adopted "Manual on Rules and Procedures Applying to ITTO Projects".

**ANNEX**

**DRAFT**

**RULES AND PROCEDURES APPLYING TO ITTO  
PROJECTS**

**November 1999**



## **FOREWORD**

**(to be completed)**

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## **I. Introduction**

This document sets out the ITTO working procedures and guidelines approved by the International Tropical Timber Council (ITTC) which are directly linked to the various stages of the Project Cycle - formulation of proposals, appraisal, approval, implementation, monitoring and evaluation of Projects. The content of the relevant updated Decisions is indicated hereafter.

## **II. The ITTO Project Cycle**

The following procedures are related to the ITTO Project Cycle, from submission of proposals to Project completion:

- Submission of Project and Pre-Project proposals from Member countries through the ITTO Official Contact Points. The deadline for the submission of Project and Pre-Project proposals for consideration at the following Council Session is two weeks after the end of each Council Session.
- Examination of the proposals by the Expert Panel, its categorization and conveyance of its views to the originating member(s). The technical recommendations of the Expert Panel are brought to the relevant Committee.
- The Committees are responsible for "ensuring the effective appraisal of Projects and Pre-Projects" and making "recommendations to the Council relating to Pre-projects and Projects".
- Revision of the Project proposal. It may be necessary for the revised Project proposal to come back to the next Expert Panel meeting, depending on the categorization of the proposal.
- Appraisal of Project and Pre-Project proposals by the relevant Committee and submission of recommendations to the Council. Project Ideas may be presented directly to the Committees and if appropriate, to the Council for discussion and encouragement of the proposing member(s) in developing a Project proposal.
- Council approval of Projects and Pre-Projects for financing.
- Pledging of financing for Projects and Pre-Projects at Council Session or between Sessions.
- Preparation and signature of Project Agreements.
- Project implementation - monitoring by the ITTO staff and Steering Committee (depending on Project's cost and duration) and mid-term evaluation (optional).
- Project completion - evaluation at Project completion or ex-post evaluation (optional).

Actual dates and deadlines are announced in the ITTO Project Cycle Calendar circulated before each session of the Council.

## **III. Identification and Formulation**

ITTO Members may submit Project Ideas to the Committees or to the Expert Panel for Technical Appraisal of Project Proposals for assessment and advice as the first step in the project cycle. Countries should be reminded that cooperation between member countries can improve the quality of the identification process. Project proposals submitted to ITTO should be consistent with the current ITTO Action Plan and the national forestry policy of the submitting member countries [Decision 4(XXV), Annex A].

### Article I.

The format of Project and Pre-Project proposals and of Project Ideas is provided in the ITTO Manual for Project Formulation (Second Edition), 1999, approved by Decision 2(XXVI). The length of Project proposals to the ITTO should not exceed 30 single-sided pages, while Pre-Project proposals should not exceed 15 single-sided pages. If it proves necessary to present additional supporting information, Project formulators should prepare concise annexes to the main body of the proposal [ITTO Manual for Project Formulation, Second Edition, 1999]. Projects requiring funding of US\$ 150,000 or less may be presented in less detail [Rule 29 of the Financial Rules and Rules Relating to Projects of the ITTO].

Members are encouraged to use the mechanism provided by project PD 73/89 Rev.3 (M,F,I), in particular through project formulation workshops, to support Project formulation and to use Pre-Projects to prepare high quality project proposals, whenever necessary [Decision 4(XXV), Annex A].

All pre-project and project proposals must be directly submitted by the "Official Contact Point" of an ITTO Member [Decision 4(XXV), Annex A, Section III]. Any pre-project and/or project proposal not channeled through the "ITTO Contact Point" will not be accepted.

In view of the limited number of project proposals that the Expert Panel for Technical Appraisal of Project Proposals can appraise, the Official Contact Point responsible for ITTO shall provide a list of project proposals in order of priority for consideration by the Expert Panel, if the Member is submitting more than one (pre)project proposal [Decision 4(XXV), Annex A, Section III].

The timetable for the ITTO Project Cycle establishes that the deadline for the submission of Project and Pre-Project proposals for consideration at the following Council Session is two weeks after the end of each Council Session [Decision 7(XXI)]. Project Ideas should arrive at the Secretariat at least four weeks before each Council Session [Decision 2(X), Annex 2].

#### **IV. Project Appraisal**

Final appraisal of Projects, Pre-Projects and Project Ideas is the responsibility of the Committees [ITTA 1994].

The Expert Panel for Technical Appraisal of Project Proposals was established by Decision 6(IX), and continued by Decision 2(X), considering the increase in the operational activities of the Organization and the need "to strengthen the capacity of the Secretariat in the technical appraisal of Project proposals prior to their presentation to the Committees." The Expert Panel members are appointed by the Council on the basis of their technical expertise with due regard to the principles of geographic balance and rotation of Panel membership. Six members are from producing countries and six members from consuming countries. The appointment of members to the Panel is for a period of two years with the possibility of extending to three years if desired by the relevant region [Decision 7(XXI) and Decision 7(XXII)]. Due consideration is taken of the benefits of some continuity in Panel membership.

The Expert Panel adopts standard Categories of Decision to make recommendations to the Committees on the Projects and Pre-Projects. The Panel is expected to "screen the Project proposals for their relevance to ITTO's Action Plan and Work Programs ... but not otherwise prioritize them. ... If reformulations involving major amendments or reformulation are recommended, (the Panel shall) request to carry out a final appraisal of the revised versions of Project and Pre-project proposals, prior to their presentation to the relevant ITTO committees." [Decision 7(XXII), Annex].

Immediately after the meeting of the Expert Panel, a brief report on each Project proposal is forwarded by the Secretariat to the submitting Government. The submitting Government may subsequently amend or revise its Project proposal(s) as recommended by the Expert Panel before consideration by the Committees or reconsideration by the Expert Panel.

Project Proposals requiring essential modifications or reformulation will be subject to a reassessment by the Expert Panel for Technical Appraisal of Project Proposals and the Panel will forward to the Committee only those proposals requiring minor or no amendments. The only exception to this will be in case of Proposals where the proposer is unable to agree with the Panel after three revisions [Decision 4(XXV), Annex A].

#### **V. Project Approval**

Approval of Project and Pre-Project proposals is a function of the International Tropical Timber Council [ITTA 1994].

Urgent proposals which rise unexpectedly and therefore cannot follow the full Project Cycle are considered by the Council/Committees only if they are sponsored by at least three producer and three consumer member countries, are justified by a written proposal conforming to the Project document format, and are accompanied by reasons why the proposal cannot await scrutiny by the next Expert Panel meeting [Decision 5(XII), Annex].

Small Project or Pre-Project proposals of US\$ 75,000 or less can be approved by the Executive Director with the proviso that these proposals are submitted to the Expert Panel and via Committees are reported on at the next Council Session [Decision 5(XII), Annex].

Approved Projects which have not been funded within a validity period of 20 months may be revised and resubmitted to the Council. Failing resubmission, the Project will lose its status as an approved Project. Approved Projects for which funds have been committed, but for which implementation has not yet begun, shall be valid for a period of 26 months [Decision 2(X), Annex 2].

## **VI. Project Agreement**

Project Agreements will be effective with signature of the Agreements by all the parties concerned.

Project Agreements shall include:

- Provisions for the Executing Agency and ITTO to recover costs that were spent on activities or materials not provided for in the agreed project document. Project Agreements must also provide for interruption of disbursement of project funds, in the event of violations of the project agreement [Decision 2(X), Annex 2].
- At project completion or as requested by ITTO, project accounts shall be audited by duly recognized independent auditors appointed by the Executing Agency in consultation with ITTO [Decision 6(XIII), Annex B].
- The Executing Agency shall arrange for an external annual financial audit of all projects with a duration of two years or more and a budget above US\$200,000 [Decision 4(XXV), Annex A].
- The Executing Agency shall report the outcome of the project and lessons learned as well as any publications produced for inclusion in the Tropical Forest Update (TFU) [Decision 4(XXV), Annex A].

## **VII. Project Implementation and Monitoring**

There should be a Project Steering Committee (PSC) for all Projects in which the ITTO share is at least US\$ 400,000 and with an implementation period greater than 24 months. Composition of the Project Steering Committee includes one representative of the ITTO, at least one representative of the government or government(s) which implement(s) the Project and optionally a representative of the government(s) providing funds to the Special Account of the ITTO. Project Steering Committee decisions are taken by consensus and subject to review by the Council at the option of any Committee member or members [Decision 2(X), Annex 2]. The PSC will meet once or twice each year to review progress in project implementation. The date at which meetings are to be held should be determined after consultation among all the concerned parties.

On the advice of the Project Steering Committee, the Executive Director may modify the ITTO contribution to the Project or Pre-Project budget with the formal consent of donors for earmarked funds, by not more than US\$ 50,000 per year or ten percent of the ITTO contribution approved by the Council, whichever is less [Decision 2(X), Annex 2]. Where there is no Project Steering Committee, and upon request of the submitting member, the Executive Director has the authority to modify Project and Pre-Project budgets, with the formal consent of donors of earmarked funds, by US\$ 50,000 per year, or 5% of the Project budget, whichever is less [Decision 5(XII)].

Specific procedures which apply to the financing of activities through the Special Account are set out in the "ITTO Guidelines for the Employment of Consultants and the Guidelines for the Procurement and Payment of Goods and Services Financed from the Special Account", approved by Decision 5(XIV).

The ITTO Financial Rules and Rules Relating to Projects approved under Decision 6(XXIII) should be the source of reference for all financial matters relating to projects.

### **VIII. Project Reporting**

The Executing Agency shall submit to ITTO bi-annual progress reports not later than 28 February and 31 August in each year during the implementation of the project.

Specific instructions on the preparation of Project Progress Reports, Project Completion Reports and Project Technical Reports are provided in the ITTO Manual for Project Monitoring, Review and Evaluation (Second Edition), 1999, approved by Decision 2(XXVI). Project Progress Reports and Completion Reports should include information on the use of the project financial resources as related to the Project's budget components.

### **IX. Project Evaluation**

It is a function of the Committees to identify Projects for ex-post evaluation, through which important lessons can be learned.

Decision 4(XXV), Annex A, Section VII requires the Secretariat to prepare for each Committee a document on completed pre-projects and projects. The document will consist of a report of not more than two pages per completed pre-project or project based on the reports and information received from the implementing agencies and the project steering committees. The Committee will decide upon the necessity of ex-post evaluation on the basis of the document prepared by the Secretariat which will include a mention of the financial resources available for ex-post evaluation.

Decision 2(X), Annex 2 establishes that ITTO ex-post evaluations will be undertaken by a team composed of at least three independent persons, selected by the relevant Committee. Donor countries may wish to participate as observers in the evaluation of Projects (co-)financed by them. The evaluation team should report its findings to the Council through the relevant Committee. The Secretariat should ensure that lessons learned, both positive and negative, are made available to Members.

Internal evaluations, both by trainees and teachers, should be carried out for all ITTO financed Projects which envisage training activities. The model questionnaires to be applied, and which may be adapted as necessary, are provided by the Organization [Decision 7(XXI), Annex].

### **X. Project Completion**

Upon completion of the project, the Executing Agency shall make an early assessment of its outcome and report to ITTO. The Executing Agency shall submit a completion report and technical report(s) resulting from the project. Completion reports will be used as the basis for the Secretariat's reports to the Committees on completed projects. If it is decided subsequently to arrange an ex-post evaluation or such an evaluation has already been specifically provided for in the Project Agreement, the completion report will be one of the inputs provided to such an evaluation.

A final audited financial statement shall be submitted within four months of the completion of the project [Decision 6(XIII), Annex B].

### **XI. Project Results Dissemination**

The project technical reports should be the main means for the dissemination of project results. Project evaluations are also an important source of information for identifying and disseminating lessons learned.

The ITTO also disseminates results achieved through its operational activities through publications which include the "Tropical Forest Update"(TFU), "Technical Series", "Policy Development Series", "Serial Publications", "Information Papers", "Report of Seminars, Workshops and other Meetings" and "Project Reports", among others.

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## DECISION 2(XXV)

### ORGANIZATION OF WORK UNDER THE ITTA, 1994

The International Tropical Timber Council,

Recalling Decisions 2(XXIV) and 3(XXII) on the Organization of Work under the ITTA, 1994;

Welcoming the reports on Review and Classification of Council Decisions [ITTC(XXV)/5] and Exploring Possible Ways to Reduce Costs of Preparation, Translation and Distribution of ITTO Documents [ITTC(XXV)/11];

Noting the Report of the Chairperson on the Third Session of the Informal Advisory Group (IAG);

Decides to:

1. Request the Executive Director to archive Council decisions classified in ITTC(XXV)/5 as "implemented", "superseded" or "of no further relevance to the Organization;"
2. Also request the Executive Director to compile a report by subject of Council decisions classified as "under implementation" or "still relevant" for consideration by the Council at its Twenty-sixth Session;
3. Authorize the Executive Director to establish a Document Network System as described in ITTC(XXV)/11 which enables the protected distribution of "restricted" ITTO documents to interested Members and to seek funding from Members for this purpose;
4. Request the Executive Director to routinely translate and distribute to Members all reports and documents needed for the work of the Council and Committees as contained in the Annex to this Decision and make available on request non-essential reports and documents, such as those prepared by project implementing agencies, to Members in the working language of the ITTO in which they were prepared.

## ANNEX

### ESSENTIAL DOCUMENTS FOR THE COUNCIL AND COMMITTEES

#### Council and Committees

- Information Notes related to their Sessions
- Project Cycle Calendar
- List of Participants
- List of Observers
- Credentials Committee Report

#### Council

- Council Agenda
- Draft Report of the preceding Council Session
- Annual Report
- Elements for the Annual Review of the World Timber Situation
- Special reports and studies prepared in response to Council Decisions
- Council Decisions

#### Committees

- Committees Agendas
- Report of the Expert Panel for Technical Appraisal of Project Proposals
- Secretariat reports on implementation of approved Projects and Pre-Projects
- Secretariat reports on completed Projects and Pre-Projects
- Project Ideas
- Project and Pre-Project proposals commended by the Expert Panel for final appraisal by the Committees
- Executive summaries of independent evaluations of projects requested by Committees
- Requests from implementing agencies for significant modifications in approved Projects and Pre-Projects
- Reports of the Sessions of the Committees
- Budget proposals and reports (Committee on Finance and Administration only)
- Audited reports (Committee on Finance and Administration only)

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### DECISION 3(XXV)

#### MATTERS RELATED TO ARTICLE 16 OF ITTA, 1994

The International Tropical Timber Council,

Recalling Article 16 of the ITTA, 1994;

Noting Decision 4(XXIV), on matters related to Article 16 of the ITTA, 1994, including the transitional rules in Annex 2 of the Decision;

Also noting the Report of the Meeting of the Working Committee to Undertake Work on the Procedure for Appointing the Executive Director of ITTO pursuant to ITTC Decision 4(XXIV) [Document ITTC (XXV)/9];

Stressing the need for open and transparent procedures for identifying qualified candidates for the Council to appoint an Executive Director;

Decides to adopt the procedures for selection and appointment of an Executive Director as contained in the Annex of this Decision and that the procedures are not applicable to the current Executive Director.

## ANNEX

### SELECTION PROCEDURES FOR AN EXECUTIVE DIRECTOR

#### I. Qualifications

1. Professional experience

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

2. Academic Background

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

3. Language

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

4. Nationality

Candidates should be a national of an ITTO member country and should be endorsed by their respective government. Only one candidate per country can be endorsed.

#### II. Tenure

Appointment will be for a 4-year term, renewable only once. In the case where the Executive Director is not eligible for renewal of his/her mandate, the selection process will commence twelve months before expiry of the mandate. Otherwise the selection process will commence when the Executive Director declares his/her intention, no later than six months before the expiry of his/her mandate, not to seek renewal of his/her mandate.

#### III. Vacancy Announcement

The position is to be advertised in the ITTO Newsletter, on the ITTO Internet home page, in professional journals, general publications and through national governments. The advertisement will include the information that a formal endorsement by the government of the country of which the prospective applicant is a national will be needed before his/her candidature can be considered by Council.

#### IV. Short-listing

A Panel, comprising an equal number of producer and consumer members – with no more than one per country - will be selected by Council. The Panel is to examine the applications from candidates and agree on an indicative short list of no more than six names, with at least half of these to be from producer members and all must be government endorsed candidates. The Panel will present this short list, and the basis for its selection, to Council. Technical support for the Panel will be provided by the Secretariat.

The short list of candidates will be discussed by the Producer and Consumer Caucuses with each Caucus presenting the conclusions of its debate to Council as an element for an informed decision by Council.

#### V. Final selection

The final selection will be made by Council, if not by consensus then by a Special Vote, according to Articles 16 (1) and 2 of ITTA 1994.

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**DECISION 3(XXII)**  
**ORGANIZATION OF WORK UNDER THE ITTA, 1994**  
**PART I**

**INFORMAL ADVISORY GROUP (IAG)**

The International Tropical Timber Council,

Recalling Decision 4(XXI), requesting the Executive Director to convene an Expert Panel on the Organization of Work under the ITTA, 1994;

Welcoming the report of the Expert Panel on the Organization of Work under the ITTA, 1994;

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

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

Aware that effective participation will ensure commitment by member countries as well as better implementation of Council decisions;

Committed to the need for consensus building and full and effective transparency among all parties;

Decides to:

1. Establish an Informal Advisory Group (IAG);
2. Request the IAG to provide advice to the Council on the strategic priorities and policy options of the ITTO in the context of the objectives of the ITTA, 1994;
3. Adopt the attached Terms of Reference for the IAG;
4. Convene the first meeting of the IAG in Yokohama, Japan, in conjunction with the Twenty-third Session of the Council and reassess its role and continued existence at the Twenty-sixth Session of the Council;
5. Request the Committee on Finance and Administration (CFA) to assess the management and staffing needs of the ITTO in the light of priorities determined by the Council with the advice of the IAG in the context of ITTA, 1994.

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

### Composition of the IAG

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

### Roles and Responsibilities of the IAG

Under the direction of the Council, the IAG shall:

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

### Mode of Operation

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

### Relationship to other ITTO Organizational Entities

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

### Financial Implications

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

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## DECISION 7(XXII)

### EXPERT PANEL FOR THE TECHNICAL APPRAISAL OF PRE-PROJECT AND PROJECT PROPOSALS

The International Tropical Timber Council,

Recalling Decision 7(XXI) on strengthening the Project Cycle, and recalling Decisions 6(IX) and 2(X) on the establishment and continuation of the Expert Panel for technical appraisal of project proposals;

Stressing the importance of the Expert Panel for the Technical Appraisal of Project and Pre-project Proposals for the work of the organization;

Welcoming the report by the Executive Director "Proposed Terms of Reference for the Expert Panel for the Technical Appraisal of ITTO Project and Pre-Project Proposals," [Document ITTC(XXII)/8],

Decides to:

1. Assign the Expert Panel the task of technically assessing projects and pre-project proposals submitted by members to ITTO, in accordance with the terms of reference contained in the Annex to this Decision;
2. Request producer and consumer member countries, respectively, to identify experts to the Expert Panel for periods of two years, with a possibility of an extension to three, and in accordance with the criteria listed in Decisions 6(IX) and 2(X);
3. Further request member countries to take into account the following criteria in selecting experts:
  - (a) fluency in the Panel language;
  - (b) experience in project formulation and technical assessment of project proposals;
  - (c) expertise in one or more of the three ITTO operational areas (Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry).

## ANNEX

### TERMS OF REFERENCE OF THE EXPERT PANEL

The Panel shall:

- (i) Assess new Project and Pre-project proposals submitted to the organization. The recommendations for amendments to these proposals shall be made by the Expert Panel exclusively for the purpose of ensuring their technical soundness.
- (ii) Screen the Project proposals for their relevance to ITTO's Action Plan and Work Programs (in the areas of Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry), and consistency with ITTO decisions and policy guidelines, but not otherwise prioritize them.
- (iii) If reformulations involving major amendments are recommended, request to carry out a final appraisal of the revised versions of Project and Pre-project proposals, prior to their presentation to the relevant ITTO Committees.
- (iv) Report on the results of the technical assessment of Project and Pre-project proposals to submitting governments and the ITTO Council and Committees, through the ITTO Secretariat.
- (v) The Expert Panel shall take into consideration previous Expert Panels' reports.

The Expert Panel, in assessing Projects and Pre-projects, shall also take into account:

- (a) their relevance to the objectives of the ITTA, 1994 and the requirement that a Project or Pre-project should contribute to the achievement of one or more of the Agreement objectives;
- (b) their environmental and social effects;
- (c) their economic effects;
- (d) their cost effectiveness;
- (e) the need to avoid duplication of efforts;
- (f) if applicable, their relationship and integration with ITTO policy work and their consistency with the ITTO Objective 2000 and ITTO approved guidelines including:
  - ITTO Guidelines for Sustainable Management of Natural Tropical Forests, 1990;
  - Guidelines for the Establishment and Sustainable Management of Planted Tropical Production Forests, 1993;
  - Guidelines for the Conservation of Biological Diversity in Tropical Production Forests, 1993; and
  - ITTO Guidelines on Fire Management in Tropical Forests, 1996.

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### **DECISION 3(XIV)**

#### **ESTIMATING RESOURCES TO ACHIEVE THE YEAR 2000 TARGET**

The International Tropical Timber Council,

Recalling Decision 3(X) which adopted a strategy by which, through international collaboration and national policies and programmes, ITTO Members will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed resources by the Year 2000;

Recalling the Non-Legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of all Types of Forests and Agenda 21 adopted by UNCED in June 1992 in Rio de Janeiro;

Further recalling decisions taken at the XI, XII and XIII Sessions of Council relating to sustainable forest management and the resources required to achieve the Year 2000 Target; in particular Decision 3(XIII) to reconvene a Panel of Experts at its XIV Session to recommend an approach and methodology for estimating resources needed and to collate estimates submitted by Members;

Acknowledging that resources may be required beyond the Year 2000 to maintain the sustainable management of forest resources in producing countries;

Reiterating the sovereignty of Members over their natural resources;

Taking into account the need for producing Members to submit their respective estimates for consideration by the Council as soon as possible;

Urges Members to develop their plans and priorities for achieving the Year 2000 Target;

Commends the guidelines outlined in the Annex to Members with a view to ensuring consistency in approach to the estimation of resources needed to achieve the Year 2000 Target, so far as possible;

Encourages those Members requiring assistance in the estimation of resources needed, to request such assistance from the ITTO;

Recognises that market share and market access for tropical timber will have a bearing on the achievement of the Year 2000 Target;

Agrees to undertake an assessment of international market trends in tropical timber, including market share and conditions of market access;

Requests the Executive Director to convene a Panel of Experts to prepare a proposal for such a study for consideration by the Council at the XV Session.

## ANNEX

### **GUIDELINES FOR ESTIMATING RESOURCES NEEDED TO ACHIEVE THE YEAR 2000 TARGET**

The following guidelines have been provided by the Council to assist Members in estimating the resources needed to achieve the Year 2000 Target based on national plans for achieving sustainable forest management. These guidelines have been developed with a view to ensuring consistency in approach between Members so far as possible. It should be noted that they do not purport to be fully comprehensive but rather to outline Council's suggested approach and to identify some key areas and activities for which resources may be required.

1. Estimates should be provided to the Council of the resources needed to promote the sustainable management of each Member's forest resources to achieve the Year 2000 Target.
2. The establishment of plantations may be necessary to ensure the sustainable management of each Member's forest resources and could be included in the estimates of resources needed to achieve the Target.
3. Members should include information on present and expected future benefits and costs of sustainable tropical timber production.
4. Members should provide information on resources currently being provided to achieve sustainable management of forest resources and, separately, those additional resources required to achieve the Target. Members should deduct assistance already being provided through international cooperation from the estimate of resources required.
5. Projected resources required for future years should be included based on the net present values.
6. Estimates should include disaggregated information to the maximum extent practicable, including quantities and expected resources required to undertake each activity proposed, possible sources, and the nature of the relationship of each activity to the Year 2000 Target.
7. Document ITTC(XII)/7 Rev.1 and the Annexes to the consultants' report attached to document ITTC(XI)/6 identify some key activities within the context of Decision 3(X) for which resources may be required and may provide a useful guide. These are outlined below and divided into the four components as suggested in document ITTC(XII)/7 Rev.1:



(a) Security of forest resources and prevention of unplanned deforestation;

-development and integration of national forest information and monitoring systems, including:

- mapping;
- inventory;
- forest production and consumption studies;

-land use planning;

-policy and legislation;

- legislation to protect the forest resources;
- prescription of harvesting and silvicultural measures;
- establishment of model or pilot projects to facilitate training.

(b) Implementing sustainable forest management in order to produce the optimum sustainable mix of goods and services;

-development and implementation of codes of practice and training personnel;

-establishment of plantations;

-rehabilitation of degraded forests.

(c) Improving the utilization of the resource to give the greatest possible social net benefit;

-more efficient utilisation of logs;

-further processing and value adding;

-improving market access for tropical timber;

- promoting the use of tropical timber.

(d) Improving the social and political environment concerning sustainable management;

-social development;

- research and training;
- social development programs;

-political and consumer awareness;

- public awareness programs.

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### DECISION 3(XII)

#### CRITERIA AND MANAGEMENT OF SUSTAINABLE TROPICAL FOREST MANAGEMENT

Recalling Decision 6(XI) of the Council which recognizes the importance of defining general criteria for and measurement of sustainable tropical forest management;

Noting that the Executive Director published and disseminated the definition, criteria and examples of indicators of sustainable management adopted in that Decision through the Publication of ITTO Policy Development Series, Publication Number 3 in accordance with Decision 6(XI);

Noting further views expressed by some producer and consumer delegations during the Consultative Panel of Producer and Consumer Members convened during the Twelfth Session of the Council that more utility would be gained by refining the text of the criteria on the basis of operational experience and field application;

The Council decides to:

1. Adopt the definition and criteria for sustainable forest management in the above publication and the text of the Annex to Decision 6(XI) as the basis for testing and demonstration of sustainable tropical forest management.
2. Request the Executive Director to disseminate as widely as practicable ITTO Policy Development Series, Publication No. 3.
3. Invite Member countries to encourage, at the national and management unit levels, the application of the criteria in the field, and to share information on their experience with Members of ITTO at the Thirteenth Session of the Council.
4. Request the Executive Director to report by 1995 on the results obtained from items above and other ITTO activities and to elaborate suggestions for the further adaptation of the criteria and indicators, if necessary, with the assistance of one or more international consultants, and provided that funds are available.
5. Invite consumer member countries to make funds available for the activities referred to above, in particular the establishment of demonstration areas for testing and demonstration of sustainable tropical forest management.

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## DECISION 2(X)

### CONTINUATION OF THE EXPERT PANEL FOR TECHNICAL APPRAISAL OF PROJECT PROPOSALS AND ADJUSTMENT OF PROJECT CYCLE

The International Tropical Timber Council,

Affirming the importance of project activities as outlined in Article 23 of the ITTA.

Reaffirming the need to focus, as much as possible, project activities on the priority areas of ITTO as expressed in the ITTO Action Plans and Work Programs, including guidelines for best management practices in forestry.

Having considered Decision 6 of the Council at its Ninth Session, as well as the recommendation to the Council of the Committee of Reforestation and Forest Management, at its Sixth Session in May 1990, "...to evaluate all aspects of the Project Cycle and the mandate of the Secretariat with respect to the different stages of the Cycle and to adjust the Project Cycle wherever desirable, in order to improve the quality and relevance of the project proposals and to streamline the procedure for approval",

Reiterating the wish of Member Countries to strengthen the capacity of the Secretariat to coordinate and assist in the effective implementation of the Project Cycle,

Reaffirming the Organization's determination to pursue cooperation and coordination with other organizations in accordance with Articles 14, 23 and 26 of the Agreement.

Decides to continue the Expert Panel, previously accepted in Council DECISION 6 (IX), to assist the Secretariat in the technical appraisal of project proposals prior to their presentation to the Permanent Committees. The experts on the Panel will be appointed by the Council in accordance with the attached Terms of Reference contained in Annex 1, and will continue to function for at least two sessions of the Council.

Decides to appoint one independent consultant from a producer country and one from a consumer country to prepare for consideration by Committees and decision by the Council at the XI Session:

- a. a detailed manual for submission and approval of project ideas, pre-projects and projects for the Council, taking into consideration the Organization's rules, regulations and manuals and, where appropriate, practices in other international organizations;
- b. procedures for pre-projects and projects covering identification, appraisal, approval, implementation, monitoring and evaluation, and a detailed time table for the project cycle;
- c. a detailed manual for reporting on operational and financial progress of projects;

- d. proposals to strengthen ITTO's Secretariat in order to carry out its obligations under the new project cycle.
- e. make proposals that will ensure local community participation in and consultation about project formulation, implementation, monitoring and evaluation.
- f. make proposals to take full account of environmental impacts of projects.

Decides to adopt the adjustments in the project cycle contained in Annex 2 which will come into force on July 1, 1991.

Requests the Secretariat to examine ITTO's cooperation with other international institutions, with particular attention to the Common Fund, and prepare a report for the XI Council Session.

Requests the Secretariat to prepare and submit to the Council proposals for cooperation from the Special Account to individual members, at their request, towards more effective preparation of pre-projects and project proposals, bearing in mind the continued activities under PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation".

Recognizes that this decision will require adequate financial support from the Special Account to cover the expenses in 1991 of the panel of experts.

Requests the Secretariat to prepare and submit to the next ITTC cost estimates for this activity in 1992 in order to ensure that necessary funds are in the Administrative Budget.

**ANNEX 1 - TERMS OF REFERENCE OF THE EXPERT PANEL  
FOR THE TECHNICAL APPRAISAL OF ITTO PROJECT PROPOSALS**

1. The Panel shall appraise new project proposals. It may make recommendations for adjustments to these proposals to ensure their technical soundness. The Panel shall also screen the project proposals for their relevance, on the basis of the ITTO Action Plans and Work Programs, including guidelines for best management practices in forestry approved by the ITTO, but it shall not otherwise prioritize them.
2. The Panel will convene in a producing country, selected by the Council on a rotating basis, or Yokohama. Participants will be appointed by the Council on the basis of their technical expertise, with due regard to the principles of geographic balance and rotation of Panel membership. The number of experts will be limited to twelve persons, six from producing members and six from consuming members. The appointment to the Panel shall be for a period of one year. The Council may wish to take note of the benefits of some continuity in Panel membership.
3. A brief technical report on each project proposal will be submitted by the Secretariat to the proposing Government immediately after the meeting of the Panel. The submitting Government may subsequently amend its project proposals before consideration by the Permanent Committees. The presentation should then include clarification of how the Panel's recommendations were taken into account.
4. The Panel's Time Schedule and Work Plan for 1992 shall be decided at ITTC (XI) in Yokohama.

## ANNEX 2 - ADJUSTMENTS TO THE PROJECT CYCLE

### 1. Expedited Procedure

There will be an expedited procedure for (pre-)projects of US\$ 50,000 or less when the substance and implementation of the project is non-controversial in the opinion of the Executive Director. The expedited procedure will allow the Executive Director to circulate a project to member states immediately. If no objection is received to use the expedited procedure, the project may be submitted directly to the Council for a Decision.

### 2. Sunset Provision

Approved projects which have not been funded within a validity period of 20 months, beginning with the month of the Council Session on which they were approved, may be revised and then resubmitted to the Council for decision prior to the end of the validity period for review, at the option of the submitting member state. Failing re-submission, the project will lose its status as an approved project. For approved projects for which funds have been committed, but for which implementation has not yet begun, the validity period shall be 26 months.

### 3. Project Steering Committee

There will be a Project Steering Committee for all projects in which the ITTO share is at least US\$ 400,000 and with an implementation period of greater than 24 months. The Steering Committee will generally be composed of one representative of the ITTO and at least one representative of the government or governments which implement(s) the project. As an option, a representative of the government or governments providing funds to the special account of the ITTO may choose to participate in the Committee. Project Steering Committee decisions shall be by consensus and subject to review by the Council at the option of any Permanent Committee member or members. Project Steering Committees' minutes shall be submitted, for information, to the relevant Permanent Committees.

### 4. Adjustments to Project Budgets

On the advice of the Project Steering Committee, the Executive Director may modify the ITTO contribution to the project budget by not more than US\$ 50,000 or ten percent of the ITTO contribution approved by the Council, whichever is less.

Where there is no Project Steering Committee, and upon request of the submitting member, the Executive Director will have the authority to modify the budget by US\$ 20,000 or five percent of the ITTO contribution approved by the Council, whichever is less. In case of earmarked funding, the consent of the donor country is required.

Such modifications to ITTO project contributions will be reported to the appropriate Permanent Committee.

### 5. Special Provisions for Operational Agreements

Project Agreements must include provisions for the Executing Agency and ITTO to recover costs that were spent on activities or materials not provided for in the agreed project document.

Project agreements must also provide for interruption of disbursement of project funds, in the event of violations of the project agreement.

In case of a dispute, UNCITRAL arbitration rules shall apply.

6. Exchanges of Information

Resources permitting, and pursuant to Article 14 of the ITTA, the ITTO shall organize a regular exchange of information with other relevant agencies, industry and non-governmental organizations on proposed operational activities and project evaluation.

7. Ex-post Evaluation

The Council may decide to carry out ex-post evaluation of a project or projects. The evaluation will be undertaken by a team composed of at least three independent persons, selected by the relevant Permanent Committee. If donor countries wish to participate as observers in the evaluation of projects (co-)financed by them, they will do so at their own expense. The Evaluation Team will report its findings to the Council through the relevant Permanent Committee. Thereupon the Secretariat will ensure that lessons learned, both positive and negative, will be available to members. They in turn will ensure that such information is widely disseminated to officials responsible for project preparation.

8. ITTO Secretariat Costs Related to Projects

Costs to the ITTO Secretariat of monitoring and evaluation of projects shall be charged to the project budget, including remuneration and travel expenses of consultants and experts.

9. Timing of Proposal Presentation

Proposals for pre-projects and projects in excess of US\$ 50,000 shall be submitted so as to arrive at the Secretariat at least six (6) weeks in advance of each Panel meeting. Proposals for project ideas (to be limited to one page) shall be submitted to arrive at the Secretariat at least four (4) weeks before each Council Session. The Secretariat shall not circulate to the Council any proposals which do not meet these deadlines, or which do not conform to the required format.

10. Procurement Rules

General rules shall be adopted for the selection and employment of consultancy firms and individuals, and for the payment and procurement of goods and services for the project from the Special Account.

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### DECISION 3(X)

#### SUSTAINABLE TROPICAL FOREST MANAGEMENT AND TRADE IN TROPICAL TIMBER PRODUCTS

The International Tropical Timber Council,

Noting the report to the Council on the Round Table Discussion on Incentives in producer and consumer countries to promote sustainable development of tropical forests;

Recalling ITTO members' commitments to sustainable tropical forest management and trade in tropical timber products from sustainably managed forests, and to provide for activities to these ends;

Recalling the Council's expressed desire to see the development of forest management practices and regulations taking into account the ITTO Guidelines for the Sustainable Management of Tropical Forests;

Recalling ITTO members' commitments to trade in tropical timber from sustainable managed resources by the Year 2000;

Recognizing the importance of both producers' and consumers' efforts to move towards production and trade from sustainably managed tropical forests;

Decides to adopt and implement the following Strategy by which, through international collaboration and national policies and programmes ITTO Members will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed resources by the year 2000.

1. In developing and implementing this Strategy, Members are invited to:
  - a. continue to develop tropical forest practices and regulations for sustainable management of the tropical forests taking into account the ITTO Guidelines, national and local conditions;
  - b. provide to the XI Council Session a paper on their proposed progress towards the Year 2000 Target;
  - c. enhance their ability to attain the Year 2000 Target by investigating liberalized trade in tropical timber within the framework of the multilateral trading system;
  - d. confer annually on the progress towards the Year 2000 Target;
  - e. support projects leading to the achievement of sustainability and the Year 2000 Target through the Special Account;



- f. inform the ITTO by June 1995 through reviews of progress made towards achieving the Year 2000 Target;
  - g. facilitate the flow of technology that will improve the management of forests, the utilization of tropical timber and value of timber products;
  - h. consider available studies on incentives.
2. Pursuant to this Strategy, the ITTC will:
- a. encourage national strategies which include, amongst others:
    - (i) forest conservation and management;
    - (ii) appropriate economic policies for forest and timber, for example full cost forest accounting and resource pricing regimes;
    - (iii) identifying incentive schemes for attaining sustainable management of tropical forests and regarding operational steps to this effect as ITTO activities;
    - (iv) the investment of revenues from forests in: sustainable forest management; regeneration; and expansion of the forest estate through plantation development;
    - (v) the enhancement of the ability of local communities, particularly those within or near the forest, to obtain appropriate returns, and other benefits from sustainably managed forests;
  - b. undertake in 1995 a major review of progress towards the achievement of the Year 2000 Target, based on national submissions mentioned under 1(f);
  - c. suggest, in light of the 1995 review, any further measures for attaining the Year 2000 Target;
  - d. consider, at its XI Session, the conclusions and recommendations of an expert panel convened by the Executive Director to develop methods of defining and measuring sustainable tropical forest management and decide on any further initiatives to ensure the attainment of the Year 2000 Target;
  - e. convene a workshop on incentives to promote sustainable development of tropical forests as provided for in PD 82/90 (M) which will identify options for members in formulating trade policies and will be based on the guiding principles listed below.
    - (i) Monitoring by members of the international timber trade through timely and accurate information on the market, including prices.
    - (ii) Improved utilization and increased value of forest products through the introduction of improved technology and management practices, making more efficient and better use of tropical forests and forest products.
    - (iii) Market mechanisms to cover the costs of sustainable management of tropical forests.
  - f. undertake assessments of the resources needed by producer countries to attain the sustainable management of tropical forests by the Year 2000 Target. This will be achieved through a systematic approach which will identify the obstacles to and the solutions for attaining sustainable forest management and the time-stream of costs

and benefits in implementation of the Year 2000 Target. This will be coordinated by a panel of experts selected by the Council. The terms of reference and composition of this panel will be agreed at the XI Council Session.

3. In support of the implementation of the Council Strategy, the Executive Director is requested:
  - a. to identify, with assistance from an expert panel, possible methods of defining general criteria for an measurement of sustainable tropical forest management and present them to the XI Council Session;
  - b. to undertake, with the assistance of an expert panel, studies to estimate the resources needed by producer countries to attain sustainability by the Year 2000 and to report on progress at each Council Session;
  - c. to assist member nations, that so request, in undertaking studies and projects which define the most appropriate incentives for sustainable forest management, taking account of the ITTO Guidelines, and trade in timber from sustainably managed resources and to report their findings and progress to Council;
  - d. to work with independent organizations, including industry associations and other non-government organizations, in developing means by which they can help Members to achieve the Year 2000 Target; and
  - e. to explore with other relevant international agencies the possibility of a joint study of the sale and pricing systems for standing timber and their contribution towards sustainable management of tropical forests.

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