



**INTERNATIONAL TROPICAL  
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**FORTY-THIRD SESSION**  
**5 – 10 November 2007**  
**Yokohama, Japan**

**REPORT OF THE**  
**INTERNATIONAL TROPICAL TIMBER COUNCIL**  
**AT ITS FORTY-THIRD SESSION**

**Yokohama, Japan**

**5 – 10 November 2007**

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## REPORT

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

1. The Forty-third Session of the International Tropical Timber Council was opened by the Chairperson of the Council, H.E. Amb. Luis Macchiavello Amoroz (Peru). In his address, the Chairperson welcomed all delegates to the Session and on behalf of the Council expressed gratitude to the Government of Japan, as well as the authorities of the City of Yokohama for their traditional Japanese hospitality and their invaluable assistance to the Organization. The Chairperson also extended a warm welcome to Hon. Osamu Uno, Vice-Minister for Foreign Affairs of Japan, H.E. Mr. Hiroshi Nakada, Mayor of the City of Yokohama and the Ministers in charge of Forests of Côte d'Ivoire, Gabon, Ghana and Cameroon.
  
2. The Chairperson recalled the climax of the Forty-second Session of the ITTC in Port Moresby, Papua New Guinea, when the Council elected Mr. Emmanuel Ze Meka as the third Executive Director of the Organization and reaffirmed that Mr. Ze Meka's professional qualifications and background distinguished him from the rest of the candidates and those qualities would, no doubt, ensure his success in the management of ITTO. The Chairperson also extended his sincere thanks and gratitude to Dr. Manoel Sobral Filho, the immediate past Executive Director for leaving an indelible mark on the Organization during his tenure as Executive Director. He also acknowledged with gratitude the significant achievements made by ITTO in its project portfolio but questioned whether these efforts had been sufficient. He stated that the investments had been limited as compared to the serious problem of deforestation in the tropics and urged the Council to do more. He called on Member Countries to involve local and indigenous communities in the fight against deforestation and climate change. In concluding, the Chairperson remarked "we should address each issue in its true dimension. In the end, we will be judged in history by our actions or lack thereof".
  
3. In his address to the Council, H.E. Mr. Hiroshi Nakada, Mayor of the City of Yokohama welcomed all delegates to the Session. He recalled the establishment of ITTO Headquarters in Yokohama in 1986 and congratulated the Organization on its 21<sup>st</sup> anniversary. He also expressed his delight that under the ITTA, 2006, the Headquarters of the Organization would continue to be located in Yokohama. He noted that from the early 1980s the destruction of tropical forests had become a global problem leading to desertification with profound impact on the global environment as well as flooding in some tropical countries triggering off global debate over the issue of conservation and development of forest resources. He noted that ITTO was established against this historical backdrop with the mission to create harmony between preservation and development of the tropical forests, making ITTO a unique organization compared to other commodity agreements. He emphasized that it was incumbent upon the present generation to sustainably manage and pass on these assets to the future generation in better improved forms. He underlined that ITTO was, therefore grappling with an extremely difficult task of sustainable forest management and the expectations over the role of ITTO would only become greater. He informed the Council that the City of Yokohama would host the Fourth Tokyo International Conference on Africa's Development (TICAD IV) from 28 to 30 May 2008. The mayor stated that in order to promote positive political and economic changes in Africa towards a more vibrant Africa specific global activities for Africa's development would be presented at TICAD IV. He extended a cordial invitation to all African Member Countries of ITTO to attend TICAD IV and underlined that the City of Yokohama would like to deepen its relationship with African Member Countries of ITTO. H.E. Mr. Nakada stated that the City of Yokohama was endeavouring to contribute to the peace and development of the world through the support of international institutions such as ITTO, and emphasized that the citizens of Yokohama were highly interested in the promotion of global peace and development. H.E. Mr. Nakada also noted that apart from ITTO there were five other international organizations based in Yokohama, with ITTO being the first to be located in Yokohama, and the most precious and loved international organization. He informed the Council that the slogan for Yokohama is "City of Action for the Environment". He pledged the City of Yokohama's continued support to ITTO.
  
4. In his address to the Council, H.E. Dr. Elvis Ngolle Ngolle, Minister of Forests and Wildlife of Cameroon noted that the Forty-third Session marked the handing over of the baton from the outgoing Executive Director, Dr. Manoel Sobral Filho, to the new Executive Director, Mr. Emmanuel Ze Meka, who was elected during the Forty-second Session of the Council in Port Moresby, Papua New Guinea. On behalf of the African member countries in general, and Cameroon in particular,

H.E. Dr. Ngolle Ngolle expressed gratitude to Dr. Sobral for the immense work done by him, not only during his tenure as the head of the Organization but also, for most of Dr. Sobral's career period in ITTO, and wished him every success in his future endeavours. H.E. Dr. Ngolle Ngolle, on behalf of Africa in general and Cameroon in particular, expressed gratitude to the Council for the support and confidence the Council gave to Mr. Ze Meka during his election. He was convinced that, following on from his predecessor, Mr. Ze Meka would be able to fly the flag of ITTO even higher.

5. H.E. Dr. Elvis Ngolle Ngolle noted that ever since the first ITTA was signed in 1983, many initiatives had been taken to ensure a timber trade which respects the environment. He indicated that the problem of forests was so high on the agenda of many international forums and had become a major theme of sustainable development, as recommended by the Rio Earth Summit. H.E. Dr. Ngolle Ngolle stated that at a moment when the world was grappling with the challenge of climate change with devastating effects on human development, the time was ripe for greater synergy of pragmatic actions, by various organizations to tackle problems of forests without complacency. He implored ITTO to move in that direction.
6. In her address to the Council, Hon. Esther Obeng Dapaah, Minister of Lands, Forestry and Mines of Ghana affirmed Ghana's commitment to the objectives of ITTO and informed the Council that Ghana was taking the necessary steps towards the ratification of the ITTA, 2006 by the end of January 2008. She hoped that with the coming into force of the ITTA, 2006 and the establishment of the Thematic Programme Sub-Account new and additional resources would become available to Producer Member Countries to support projects and activities geared towards the achievement of the objectives of the Organization. She cautioned that the Thematic Programmes should not be a conduit to drain resources from projects but serve as a guide to Producer Countries on which projects, pre-projects and activities were likely to receive funding. She regretted that many projects that had been submitted by Member Countries with great pain and scarce resources and had been approved by the Council did not receive funding due to lack of resources in the Special Account and the Bali Partnership Fund. Hon. Esther Obeng Dapaah stated that the rural livelihood in sub-Saharan Africa was inextricably linked to forest resources and therefore the potential role of forestry in poverty alleviation and improving livelihood of local population could not be over-emphasized. She cautioned that unless the Council committed additional resources for the sustainable management of forests, deforestation and forest degradation would continue in the tropics. She expressed gratitude to the Governments of the Netherlands and U.S.A. for their voluntary contributions towards tropical forest law enforcement and trade and hoped other donors would follow suit. The Hon. Minister also congratulated Mr. Emmanuel Ze Meka on his appointment as the third Executive Director of ITTO and expressed confidence in the ability of Mr. Ze Meka to lead ITTO into higher levels. She also expressed her appreciation to Dr. Manoel Sobral Filho, the outgoing Executive Director for his tremendous contributions to ITTO.
7. In his statement to the Council, H.E. Dr. Daniel Ahizi Aka, Minister of Environment, Water and Forests of the Republic of Côte d'Ivoire expressed his appreciation to Dr. Manoel Sobral Filho, the immediate past Executive Director of ITTO for his great leadership of ITTO which had enabled ITTO to attain its position of reference among forest-related international organizations. Dr. Ahizi Aka also congratulated Mr. Emmanuel Ze Meka, on his election to the leadership of ITTO and noted that the election of Mr. Ze Meka was an honour to the entire continent of Africa and pledged Côte d'Ivoire's unfailing support to the new Executive Director. H.E. Dr. Ahizi Aka stated that in spite of the socio-political problems that affected Côte d'Ivoire since 2002, ITTO had continued its cooperation with the country and underlined the need for technical and financial support to rebuild the country's economy, especially its forest estate. He expressed his government's appreciation to the Council for this continuous support. He mentioned that with the Ouagadougou Agreement and the assistance of the international community, the socio-political situation of Côte d'Ivoire was returning to normalcy. H.E. Dr. Ahizi Aka reaffirmed Côte d'Ivoire's commitment to the ITTO Year 2000 objective, aiming at undertaking vigorous actions to implement the sustainable management of its forests, whose integrity had been compromised by over half a century of intensive exploitation. He also stated that since the 1980s, the Government had undertaken and amplified vigorous remedial actions to reduce the pace of degradation through the enactment of new laws and regulations as well as awareness raising actions which had resulted in the emergence of a collective awareness among all stakeholders in the sector for forest conservation and management.
8. In his statement to the Council, H.E. Mr. Emile Doumba, Minister of Forest Economy, Water and Fisheries of Gabon stated that for a long time now, our planet had been subjected to climate



changes whose effects had been exceptionally violent and noted that fortunately, human responses were emerging to provide solutions compatible with a healthy and peaceful life. He underlined that it was in that context that forest policies were being conducted in the countries of the Congo Basin based on the sustainable management of the entire ecosystem. He reaffirmed the Government of Gabon's support to AFLEG/FLEGT initiative and expressed gratitude to all the thirty-five partners of the Congo Basin Forest Partnership. H.E. Mr. Doumba referred to the Yaoundé Declaration and underlined that in that declaration the Heads of States of Central Africa asserted the rights of their people to rely on their own forest resource base to sustain their economic and social development efforts. He also mentioned that in Gabon the forestry sector contributed around 4% of the GDP, with a 43% industrial processing rate and attributed this low performance to the low capacity levels as well as the difficulty to find appropriate financing. He expressed his appreciation to the Council for assisting to overhaul the Network of Forest Training Institution in Central African States (RIFFEAC), especially the Ecole Normale des Eaux et Forêts (ENEF) of Gabon which would most likely enable the countries to solve the intractable problem of capacity building. He also informed the Council that Gabon would soon ratify the ITTA, 2006 and hailed the establishment of the Thematic Programmes in the ITTA, 2006 to address the needs of developing countries.

9. H.E. Mr. Emile Doumba expressed appreciation to Dr. Manoel Sobral Filho, the immediate past Executive Director for the work accomplished during the past eight years under his leadership of ITTO. He also congratulated Mr. Emmanuel Ze Meka on his election as the third Executive Director of ITTO and was confident that under his leadership ITTO would reach higher levels of performance.
10. In his keynote address to the Council, Hon. Osamu Uno, Vice-Minister for Foreign Affairs of Japan welcomed all delegates to the Session. He congratulated Mr. Emmanuel Ze Meka on his assumption of duties as the third Executive Director of ITTO. He stated that under the able leadership of the new Executive Director, he was confident that ITTO would strive for further development and success. Hon. Osamu Uno noted the rapidly changing international situation of ITTO and tropical forests. He mentioned that the biggest challenge was climate change which had brought considerable attention of the world to the issue of sustainable management of forests. He cited the just concluded APEC Summit in Sydney, Australia which adopted the APEC Leader's Declaration on Climate Change where the importance of sustainable forest management was clearly mentioned. Hon. Uno also informed the Council that in 2008 there would be a series of important international conferences to be held in Japan. He cited the G8 Summit in Toyako, Hokkaido where environmental issues including climate change would be one of the main topics. He also cited the Fourth Tokyo International Conference on African Development (TICAD IV) to be convened in May 2008 in Yokohama, where environmental issues including forestry would be one of the priorities as well. He urged ITTO to actively contribute and give valuable inputs to these various processes, by making full use of its expertise and experiences in sustainable management of tropical forests.
11. Hon. Osamu Uno noted that ITTO was in transition with only four countries, namely Switzerland, U.S.A., Japan and Malaysia, concluding the ITTA, 2006. He urged all other Member Countries to conclude the new Agreement as soon as possible so that it would enter into force by February 2008, as expected. Hon. Osamu Uno acknowledged that one of the strengths of ITTO was the implementation of concrete projects and noted that Japan had strongly supported ITTO activities as a top donor since its establishment, in spite of severe financial difficulties in recent years. He welcomed the introduction of new measures in the ITTA, 2006 in order to expand the donor community and called on all Member Countries to make more financial contributions to ITTO. He also pointed out that it was important for ITTO to implement its projects effectively and efficiently and increase its reliability and openness.
12. In his address to the Council, Ambassador Ali Mchumo, Managing Director for the Common Fund for Commodities (CFC) stated how pleased he was to attend the ITTC Session for the first time. He briefed the Council on the mandate of the Common Fund, an autonomous intergovernmental financial institution established in 1989 within the framework of the United Nations and comprising 106 Member States and five intergovernmental organizations, namely the African Union, the European Community, COMESA, the East African Community and CARICOM. The mandate of the Fund, in general terms, is to contribute to poverty alleviation through commodity development in countries highly dependent on commodities, particularly in LDC's and among the poorer strata of the population in other developing countries. Amb. Mchumo stated that many developing

countries, and in particular the least developed among them, have substantial sections of their economic activity invested in commodities. Amb. Mchumo also briefed the Council on the new CFC Five Year Action Plan for 2008-2012. He mentioned that the new Action Plan was developed with the full participation of stakeholders through the International Commodity Bodies (ICBs) and Regional Economic Communities (RECs). He also noted that the process of consultations to identify areas for joint ITTO/CFC interventions, started about a year ago. He cited the international ITTO Expert Panel meeting in August 2007 in Yokohama and the CFC Roundtable meeting in Lima, Peru in September 2007 as meetings where both organizations had participated.

13. Amb. Mchumo mentioned that since CFC started financing commodity projects in 1991, the Fund had approved 265 projects at a total cost of about USD485.8 million. He noted that to date the Fund had supported fifteen (15) ITTO projects at a total project cost of USD13,562,785 out of which the CFC contribution amounted to USD5,547,665. Amb. Mchumo stated that although there was a strong convergence between CFC's priorities and those of ITTO, it had not always been easy to find common intervention areas, partly because the CFC had been operating under a novel approach of commodity focus instead of the traditional country focus followed by ITTO. CFC concentrates on generic problems of particular commodities, which cut across national boundaries and as such can benefit many countries at the same time. He proposed three broad areas for joint ITTO/CFC interventions under the CFC new Five Year Action Plan, including small-scale processing and value addition of tropical timber and other forest products, marketing and trade of sustainably produced timber and non-timber forest products and applied Research and Development. Amb. Mchumo stated that the next step would be to identify a pipeline for future cooperation under the FYAP. ITTO would present proposals in the above mentioned areas to CFC for consideration and financing. Another alternative would be to develop larger regional projects based on the demands of Member Countries.
14. In her statement to the Council, Dr. Coosje Hoogendoorn, Director-General for the International Network for Bamboo and Rattan (INBAR) congratulated Mr. Emmanuel Ze Meka on his assumption of duties as the Executive Director of ITTO. She expressed gratitude to the Council for the opportunity to share with the Council some thoughts on the occasion of INBAR's 10<sup>th</sup> Anniversary. She informed the Council about the membership of INBAR, its focus on the three (3) of the Millennium Development Goals: Poverty Eradication, a Global Partnership for Fair Development and Environmental Sustainability. She stated that INBAR had directly contributed to the improvement of the lives of thousands of people in Africa, Asia and Latin America through INBAR's development projects. INBAR had also provided training to over 4,000 people in bamboo and rattan production and processing. INBAR also fostered institutional systems to support development based on bamboo and rattan in six (6) countries, and supported the development of standardized international custom codes for more accurate reporting of bamboo and rattan trade. INBAR had developed building codes for bamboo construction, and facilitated five (5) regional projects through the Common Fund for Commodities for INBAR member countries. Dr. Hoogendoorn also mentioned that INBAR had demonstrated the use of bamboo for rehabilitating degraded lands and for preventing soil erosion. INBAR in collaboration with FAO initiated the inventory of the world's bamboo resources and had embarked on work to safeguard biodiversity in bamboo forests. Dr. Hoogendoorn stated that there could be no environmental sustainability without poverty reduction and no sustainable poverty eradication without a partnership for fair development and no fair development without a healthy environment. She stated that INBAR's goal is to focus its work on the integration of these three goals: environmental sustainability, poverty eradication and fair development. She mentioned that ITTO's integral approach to sustainable forest management, which includes non timber forest products such as bamboo and rattan, opens up many opportunities for more collaboration between ITTO and INBAR and looked forward to working closely with ITTO in the coming years, as part of a successful partnership for a better world.
15. In his statement to the Council, Prof. Don Koo Lee, President of the International Union of Forest Research Organizations (IUFRO) informed the Council that on 29 September 2007, IUFRO and ITTO signed a Memorandum of Understanding for the purpose of strengthening the partnership between IUFRO and ITTO as well as promoting cooperation in research projects on forest-related issues. He noted that IUFRO and ITTO, as members of the Collaborative Partnership on Forests (CPF) shared common principles of promoting international cooperation and scientific excellence. He hoped that ITTO and IUFRO would continue to share each other's experiences and enhance collaboration through future joint initiatives of the CPF. Prof. Lee also hoped that the Forty-third Session of the ITTC would serve as a venue for an active exchange of scientific and technical information among delegates. He was optimistic that the ITTC Session would become an

intellectually satisfying and meaningful opportunity, especially in identifying new approaches and strategies for managing tropical timbers. Prof. Lee congratulated Mr. Emmanuel Ze Meka on his assumption of duties as Executive Director of ITTO. He also paid tribute to Dr. Manoel Sobral Filho, the immediate past Executive Director for his remarkable accomplishments in the development of ITTO through his outstanding leadership and timeless dedication during his directorship.

#### **ASCERTAINMENT OF THE QUORUM (Agenda Item 2)**

16. The Executive Director reported that the quorum for the Forty-third Session of the Council had been met. The list of participants is contained in Annex 1.

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

17. The Chairperson referred to document ITTC(XLIII)/1 and invited comments from the Council on the provisional agenda. In the absence of any comments, the provisional agenda was adopted as contained in Annex II.

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

18. The Executive Director informed the Council that there had been no change in the membership of the Council. The membership of the Organization stood at sixty (60), comprising thirty-three (33) producing and twenty-seven (27) consuming members, including the European Community. The list of membership of the Council is attached to the agenda.

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

19. The report of the Credentials Committee was presented by the Chairperson of the Committee, Mr. Marco Antonio Villalón Chávez (Mexico). The Committee was composed of representatives from Australia, Côte d'Ivoire, France, Ghana, Mexico, New Zealand, Philippines, Portugal, Togo and the United States of America. The Committee convened on 9 November 2007 and accepted the credentials of forty-four (44) countries and the European Community which participated in the Forty-third Session of the Council and the Sessions of the Committees.

#### **DISTRIBUTION OF VOTES FOR 2007 (Agenda Item 6)**

20. The Chairperson referred to the document ITTC(XLIII)/1 containing the distribution of votes for 2007. He informed the Council that the distribution of votes for 2007 was adopted by the Council in accordance with Article 10(b) of the ITTA, 1994 at its Forty-second Session. In accordance with Article 19(4) of the ITTA, 1994, the approved distribution of votes had been used for the assessment of the contribution of each member to the Administrative Budget for 2008.

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

21. The Chairperson drew the Council's attention to document ITTC(XLIII)/Info.3 which lists states, inter-governmental and non-governmental organizations applying for observer status and invited comments from the Council. In the absence of any comments, the Council admitted all the observers.

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

22. The Executive Director, Mr. Emmanuel Ze Meka welcomed all delegates to the Forty-third Session of the Council. He stated that he was greatly honoured and humbled at the opportunity to address the Council for the first time as the third Executive Director of the Organization. He expressed his gratitude to the Government of Japan and the City of Yokohama, in particular, for the continuous support to the Organization. Mr. Emmanuel Ze Meka also expressed his gratitude and appreciation for the participation of Hon. Osamu Uno, Vice-Minister for Foreign Affairs of Japan and H.E. Mr. Hiroshi Nakada, Mayor of the City of Yokohama. He noted that their gracious presence was a testimony to the support and hospitality that the Organization had been receiving from the Government of Japan. Mr. Ze Meka also acknowledged with gratitude and appreciation the participation of H.E. Dr. Elvis Ngolle Ngolle, Minister of Forests and Wildlife of Cameroon; H.E. Dr. Daniel Ahizi Aka, Minister of Environment and Forests of Côte d'Ivoire; H.E. Mr. Emile

Doumba, Minister of Forest Economy, Water, Fisheries and National Parks of Gabon; H.E. Madam Esther Obeng Dapaah Minister of Lands, Forestry and Mines of Ghana; Dr. Coosje Hoogendoorn, Director-General of the International Network of Bamboo and Rattan (INBAR); H.E. Amb. Ali Mchumo, Managing Director of the Common Fund for Commodities; and Prof. Don Koo Lee, President to the International Union of Forest Research Organizations (IUFRO).

23. Mr. Ze Meka reported to the Council on progress in the implementation of the ITTO 2006-2007 Biennial Work Programme. He noted that although the programme was ambitious almost all the activities had been carried out satisfactorily and highlighted a few of the most strategically important activities, including:
  - The organization of forums to promote investment in natural tropical forests;
  - International conference on wood-based bioenergy organized by ITTO in collaboration with FAO and the German Federal Ministry of Economics and Technology;
  - Collaboration with CITES on the effective implementation of regulations governing trade in threatened or endangered tropical timber species;
  - International conference on community forest management and enterprises organized by ITTO in collaboration with several partners, including the Rights and Resources Initiative, the Global Alliance of Community Forestry and IUCN;
  - Revision of the ITTO Guidelines for the Conservation of Biological Diversity in Production Forests;
  - Workshops organized by ITTO to exchange experiences on the implementation of sustainable forest management projects in the three tropical regions of Asia, Latin-America and Africa.
24. Mr. Ze Meka noted that the Thematic Programmes and the Thematic Sub-Account within the Administrative Account in the ITTA, 2006 were established to, among other things, encourage additional funds with which to carry out the priority activities of the Organization. He stated that with these expectations, the early ratification of the ITTA, 2006 was highly desirable. He further noted that some donor countries were already eager to finance certain activities within thematic programmes. He reported that the European Commission in cooperation with the Government of the United States had committed nearly US\$4 million to finance projects, pre-projects and activities related to CITES. He also mentioned that the Government of the Netherlands had signed an agreement with ITTO specifying activities valued at US\$4.3 million, of which US\$3 million would be financed by the Government of the Netherlands and the balance by interested donors, with a view to implementing a programme on tropical forest law enforcement and trade. Mr. Ze Meka mentioned the 2008-2013 ITTO Action Plan and the ITTO 2008-2009 Biennial Work Programme as important issues to be considered by the Council at the Session.
25. The Executive Director highlighted climate change as an issue of critical global concern and stated that climate change had become the subject of debate and policy development at the highest levels of politics and business. He called on ITTO to play a major role in forest-related strategies aimed at combating and mitigating the effects of climate change and stated that Avoided Deforestation (AD) and Reduced Emissions from Deforestation and Forest Degradation (REDD) had been proposed as one of four key elements of a global climate change mitigation strategy. He called on the Council to define more clearly ITTO's role in this strategy. He also stated that ITTO should promote and support the adoption of AD/REDD as a major element in combating climate change. Mr. Ze Meka informed the Council about ITTO's involvement in discussions related to the establishment of the Forest Carbon Facility Partnership, under the leadership of the World Bank, as well as preparations being made by ITTO to participate in COP-13 of the United Nations Framework Convention on Climate Change to be convened in Bali, Indonesia in December 2007, including the organization of two side-events and invited members of the Council and other interested parties to participate in these side-events. He further proposed that while continuing earnestly to raise awareness and develop strategies to combat and mitigate the effects of climate change, ITTO should also boost environmental education for children.
26. The Executive Director noted that one of ITTO's strengths is its ability to translate policy decisions into action in the field with the implementation of more than 800 projects, pre-projects and activities worth about US\$300 million. He expressed his sincere gratitude to donors for their generosity. He, however, pointed out that simple mathematics would reveal that this contribution represents only 21 cents per hectare of tropical forests in member countries over the 20-year period of ITTO, or about 1 cent per hectare per year, in monetary terms. He also stated that if the total contribution

was spread over the 2.4 billion people living in tropical Member Countries, we would derive a ratio of 12 cents per person over the 20-year period or about half a cent per person per year. He noted the unique nature of ITTO among other international forestry-related organizations and urged the Council to do much more and not to go about business as usual. Mr. Ze Meka also called on the Council to re-double its efforts and to build steeply on the foundations established in the last two decades. He stated that to do so would require an increase in funding for projects dealing with poverty, deforestation and forest degradation, timber trade promotion and governance. "The need has never been stronger, nor our capacity to deliver greater", Mr. Ze Meka said.

27. The Executive Director proposed to the Council the creation in the Secretariat of a position of Assistant Director for Strategic Planning, Monitoring and Evaluation. He said the position would help develop a clear picture of the activities implemented by the Organization against the objectives of the ITTA, 2006, the Action Plan and priorities established by the Council. It would also strengthen the project monitoring and evaluation system and assist the development, implementation, monitoring and evaluation of thematic programmes. Mr. Ze Meka also appealed to the Council to grant debt relief to the Government of Liberia for the period that the country suffered from civil unrest and was unable to meet its financial obligations to the Organization.
28. In conclusion, the Executive Director reiterated that ITTO was at a critical moment in its development. He called on the Council to be proud of what ITTO has achieved and also ambitious about what the Organization could do in the future. He praised the strong spirit of cooperation between Members of the Council and their common desire to do good work on behalf of the world's citizens.

#### **REPORT OF THE INFORMAL ADVISORY GROUP (IAG) – DECISION 5(XXVI) (Agenda Item 9)**

29. The Chairperson presented the report of the Informal Advisory Group (IAG), as contained in document ITTC(XLIII)/2. He reported that the IAG held its twenty-first meeting on 4 November 2007. The meeting was attended by the Chairperson and Vice-chairperson of the Council, the Chairpersons of the Committees, the spokesperson of the Producer Group, a representative of the Government of Japan and the Executive Director.
30. Issues considered by the IAG included frequency, duration and financing of Council Sessions; Council decision-making process – ITTC Decision 7(XXXIII); a list of possible decisions for the Forty-third Session: (i) projects, pre-projects and activities; (ii) Liberia Debt Relief Request; (iii) ITTO Yaoundé Action Plan 2008-2013; (iv) ITTO Biennial Work Programme 2008-2009; (v) Thematic Programmes; (vi) Revised ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests; and (vii) Revised ITTO Rules and Procedures and Revised ITTO Financial Rules and Rules Relating to Projects.
31. Other issues discussed by the IAG included a ban by the Government of Norway on the use of all tropical wood, in all public buildings and the slow progress in the process of signature and ratification of the ITTA, 2006.
32. Ms. Sri Murniningtyas (Indonesia) expressed appreciation to the Government and people of Japan for graciously hosting the Forty-third Session of the Council. She noted that with the commencement of the Forty-third Session, ITTO was entering a new phase of leadership and management at the Secretariat and called on the Council to focus more on the required adjustments in anticipation of the entry into force of the ITTA, 2006. She stated that the Organization was consequently, confronted with much greater challenge in implementing the broadened scope and mandate of the ITTA, 2006. Ms. Murniningtyas also stated that with the rapid development of global environmental issues, ITTO should always remain relevant and effective with a common vision and goal. She stated that the report of the Forty-second Session of the Council on "Matters related to Article 16 of the ITTA, 1994" was commendable and acceptable to the Government of Indonesia. She, however, indicated that there were lessons to be learnt that were most useful for future elections of the Executive Director, particularly in the preparatory process to ensure clarity of the process to all Members. On behalf of the Government of Indonesia, Ms. Murniningtyas congratulated Mr. Emmanuel Ze Meka as the third Executive Director of ITTO and pledged her government's support to Mr. Ze Meka. She stated that the Government of Indonesia had every confidence that Mr. Ze Meka's leadership would bring progress to the Organization and would enhance further the effectiveness and efficiency of the Secretariat. Ms. Murniningtyas also placed on record her government's appreciation to Dr. Manoel Sobral Filho,

the outgoing Executive Director for his outstanding contributions to ITTO. Ms. Murniningtyas also expressed her appreciation for the painstaking efforts of the Working Group and the Secretariat to develop the New Action Plan and the ITTO Biennial Work Programme 2008-2009. She urged the Council to take into account all the potential financial resources available to the Organization in reviewing these documents in order to ensure that the scope of work of the Organization remained realistic. She expressed her government's appreciation and recognition for the contributions made by the Netherlands and the European Community to the ITTO. She also acknowledged and expressed gratitude to the Governments of Japan, Switzerland, U.S.A. and other donor countries for their generosity towards the implementation of policy work of ITTO. She also called on the Council to work in synergy with relevant partners to effectively deal with the issue of forests and climate change. Ms. Murniningtyas also informed the Council that Indonesia would be hosting COP13 of UNFCCC in December in Bali and was pleased that ITTO would be taking part in that meeting.

33. Mr. John Woods (Liberia) expressed his gratitude to the Executive Director for making a passionate plea to the Council to grant Liberia's request for debt relief. He recalled that at the Thirty-eighth Session of the Council held in Brazzaville, Republic of Congo, the Council recognized that the situation of Liberia's indebtedness to ITTO was serious and that Liberia would be considered for debt waiver if they made their case to the Council. He also recalled that one of the conditions the Council laid down at that time was that Liberia should fully participate in the activities of ITTO. He mentioned that since 2006 Liberia had attended every ITTO Session, including conferences organized by ITTO in Beijing, China and Accra, Ghana. He also stated that Liberia had taken several steps to ensure sustainable forest management in accordance with ITTO Criteria and Indicators. He emphasized that these were indications of the commitment of Liberia to the objectives of ITTO. He informed the Council that Liberia still holds 43% of the remaining tropical forests in Upper Guinea region of West Africa and that Liberia was very serious about the management of this forest resource. Mr. Woods also mentioned that Liberia had fully paid its assessed contributions up to the 2007. He reiterated Liberia's commitment to ITTO and pleaded with the Council to grant a sympathetic hearing to Liberia's request for debt relief. Mr. Woods stated that the request for debt relief was consistent with Liberia's national policy and development, and that the Government of Liberia was requesting for debt relief all around the world because the country was not in the position to pay its debts and at the same time re-construct the economy.
34. Dr. David Brooks (U.S.A.) congratulated Mr. Emmanuel Ze Meka for assuming the post of Executive Director of the Organization. He referred to the report of the IAG and stated that the United States had some comments on some of the items listed as possible decisions to be adopted by the Council as well as some of the recommendations and sought clarification as to whether the issues would be revisited by the Council.
35. Mr. Enzo Barattini (European Community) expressed his warm congratulations to the new Executive Director, Mr. Emmanuel Ze Meka and also thanked Dr. Manoel Sobral Filho, the outgoing Executive Director for his contributions to the Organization during his tenure as Executive Director. He noted that the departure of Dr. Sobral marked a fundamental step in the Organization. However, the presence of Mr. Ze Meka had given the Council hope that the Organization would continue in the path of Dr. Sobral and maintain its high standard among other international organizations. Mr. Barattini also indicated that there were issues in the report of the IAG which would have to be revisited by the Council at the appropriate time.
36. Mr. Li Qiang (China) expressed warm congratulations to Mr. Emmanuel Ze Meka on his appointment as the new Executive Director of ITTO. He stated that under the guidance of Mr. Ze Meka ITTO would enhance its role in the future and strengthen the relationship between ITTO and the Government of China. Mr. Qiang also expressed his appreciation to the outgoing Executive Director, Dr. Manoel Sobral Filho for his great contributions to ITTO during his tenure as Executive Director.

#### **CITES LISTING PROPOSALS BY MEMBERS – DECISION 2(XVI) (Agenda Item 10)**

37. Dr. Steven Johnson (ITTO Secretariat) recalled Decision 3(XVI) which requested Members to inform ITTO at the earliest opportunity of any proposals by them to include internationally traded tropical timber species in the CITES Appendices. He informed the Council that the Secretariat had not been informed by any Member Country on such proposals. Dr. Johnson also reported to the Council on the outcome of the 14<sup>th</sup> Conference of Parties (COP-14) meeting of CITES convened on 3-15 June 2007 in the Hague, Netherlands. He informed the Council that several tropical timber

species were proposed for listing in Appendix II, including all species in the genus *cedrella* and timber species *Dalbergia granadillo*, *Delbergia stevensonii*, *Dalbergia retusa* and *Caesalpinia echinata* (pernambuco). However, only pernambuco eventually got listed in Appendix II of CITES. The annotation of the listing covered the raw materials of the species, including sawnwood blanks. He mentioned that the proposal for the listing of the other species was withdrawn by the proponent, Germany on behalf of the EU due to opposition from the range states who argued that the proposal was incomplete and there was the need for further population assessment and particularly, in the case of *cedrella*, the need to take into account plantation resources. Following the withdrawal of the proposal a decision was adopted by CITES calling on the range states to update information available on the species, to assess the populations and provide information on plantations, including the proportion of trade in those species arising from plantations and to compile trade data generally for the species. Dr. Johnson also informed the Council that as part of that decision, CITES called on the range states to seek technical and financial support from ITTO. He further informed the Council that these same species would again be considered in the next meeting of the Plants Committee scheduled for April 2008 which would inform COP-15 of CITES of any new listing proposals for these species. Dr. Johnson also informed the Council on other developments at COP-14, including a review of Peru's mahogany exports by the Standing Committee of CITES which met just before and after COP-14. He reported that Peru agreed at that meeting that its quota for mahogany exports would only include materials from areas under approved management plans from 2007 onwards. He also stated that COP-14 received the report on a workshop on non-detriment findings for timber species that was financed by ITTO. There was also the establishment of a Working Group on the identification of listed timber species and look-alikes in which ITTO was requested to participate. Dr. Johnson also informed the Council that ITTO organized a side-event at COP-14 of CITES, which was well attended during which details of the capacity building work that was being undertaken in collaboration with CITES Secretariat were presented. There were speakers from the three range states for the main three tropical timber species traded and listed in CITES Appendix II (mahogany, ramin and afrormosia). He also informed the Council that there was a resolution of the COP on ITTO-CITES cooperation which was introduced by the United States appreciating the existing ITTO-CITES cooperation and calling for continued collaboration between the two Organizations. Dr. Johnson, therefore called on Member Countries to inform the Secretariat as soon as possible of any proposal to include internationally traded tropical timber species in the CITES Appendices as called for in Decision 3(XVI) for full discussions within ITTO before proposing to CITES in order to strengthen the ITTO-CITES collaboration. He also informed the Council that the position of a Forest Officer at the CITES Secretariat had received funding. Dr. Johnson further reported on the meeting in Kuala Lumpur, Malaysia hosted by UNEP-WCMC on identifying species of conservation concern in Asia. He also reported on progress in the capacity building project funded by the EU and U.S.A. and informed the Council that the regional coordinators for Latin America had been recruited and plans were underway for the recruitment of the coordinator for Asia and Africa. He reported that the Secretariat was also in consultation with the government of Cameroon to convene a workshop on afrormosia since there was already the Mahogany Working Group in Latin America and the Tri-National Ramin Task Force in Asia but no regional initiative in Africa on afrormosia.

38. Mr. John Bazill (European Community) commended the Secretariat on the collaborative work with CITES authorities. He noted that the collaboration was playing a very useful role in bringing ITTO expertise in sustainable forest management into CITES. The European Community was satisfied with the outcome of the timber species listings during COP-14 of CITES and considered that ITTO could play a very useful role in providing a sound scientific and technical basis for any decisions on future listings of tropical timber species.
39. Mr. Mick George (Australia) informed the Council that Australia had provided some funding for the Forestry Officer position at the CITES Secretariat for a two-year period and the position should be filled by early 2008.

#### **ANNUAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TIMBER SITUATION (Agenda Item 11)**

40. The report was presented by Ms. Frances Maplesden (ITTO Secretariat). She provided a brief background on the preliminary data and analysis for the Annual Review and Assessment of the International Timber Situation. She reported that thirty-nine (39) countries, comprising twenty-four (24) consumer countries (89%) and 15 producer countries (45%) returned the questionnaires, either fully or partially completed. She mentioned that of the thirty-nine (39) countries that provided



data, many countries provided incomplete data – either some parts of the data were missing or not usable for some reasons. She cited reasons like negative consumption (where exports were more than production) and other inconsistencies such as large discrepancies between import and export data sources. On the country level, Ms. Maplesden stated that there were a number of producer countries for which no data was available at all for 2005 and 2006. She cited Papua New Guinea and Myanmar, as important countries in tropical log trade and regretted the non-availability of data from these countries. On the consumer side, Ms. Maplesden stated that China and a few EU countries did not return the Joint Questionnaire and therefore the Secretariat had to rely on data from secondary sources. She urged all Member Countries to examine their country's data in the Annual Review and where necessary assist the Secretariat to obtain revised data by the end of 2007, at the latest.

41. Ms. Maplesden stated that the tropical log trade declined in 2006 mainly because of a large decline in Malaysian exports. She reported that Malaysia had introduced a new conservation policy restricting supply and had increased value-added processing activities, including further plans to increase its activity in the furniture sector. She also indicated that Papua New Guinea had become the second largest exporter of logs and closely followed by Gabon. China remained the overwhelming importer of tropical logs but declined slightly since 2003 while Russian log exports increased considerably. Japan's share of tropical log imports had dropped rather dramatically since the 1990s mainly reflecting significant changes in the Japanese plywood industry. The review showed that in the last few months prices generally had been stable. The exports of tropical sawntimber dropped overall in 2006 largely because of strong domestic consumption in Malaysia restricting supplies for export and a large increase in domestic secondary processing of sawntimber for furniture and other secondary products. China was the largest importer of tropical sawntimber even though imports declined in 2006 coinciding with a period of increasing coniferous sawntimber imports. Ms. Maplesden stated that in June 2007, Norway may have set a precedent by banning the use of all tropical timbers, including certified wood, in its public buildings and this development might have implications for emerging procurement schemes in other countries and for general public perceptions of tropical timber. She pointed out that the ban appeared to violate Articles 1 and 36 of the ITTA, 1994.
42. Ms. Maplesden reported that there had been some significant changes in the tropical plywood trade over the last few years with Indonesia's exports declining due to the loss of competitiveness of the industry and a restricted log supply due to a reduction in the logging quotas and crackdowns in illegal logging. Malaysia remained the largest exporter of tropical plywood in 2006. China experienced a phenomenal growth in its own plywood processing industry and was the third largest exporter of tropical plywood in 2006. Brazil's tropical plywood exports dipped in 2006. Japan remained the major ITTO tropical plywood importer, followed by the U.S.A. Plywood prices continued to rise although there was some flattening out for some species in the latter part of 2007.
43. Mr. Jan Abrahamsen (Norway) informed the Council that Norway had not placed any ban on the importation of tropical timber. He referred to page 6 of document CEM/CFI(SLI)/6 on the Norway Action Plan on public procurement. He indicated that in the Action Plan it had been stated that tropical timber should not be used in buildings or in building materials during the construction period. He provided background information on this procurement policy of Norway. He informed the Council that there had been an incident in Norway where the state-owned building enterprise company constructed a building with tropical timber and it was revealed that the timber originated from an illegal source and therefore the whole building had to be demolished. This issue drew a lot of political attention in Norway resulting in a decision by the state-owned building enterprise not to buy any more tropical timber until they were satisfied that the timber originated from legal sources. He stated that this policy had been made part of the procurement action plan as a policy for the State buyers. He underlined that the policy had no legal background but only a political and moral request and was, therefore, not binding. Mr. Abrahamsen informed the Council that following the introduction of this policy, Norway received a letter from the Minister of Plantation Industries and Commodities of Malaysia requesting for further explanations on the policy. The Government of Norway also received a letter from the National Timber Importers Association of Norway requesting for explanations on the policy. He informed the Council that Norway had officially responded to the request by the Government of Malaysia and had also invited the Minister of Plantation Industries and Commodities of Malaysia for bilateral talks at the upcoming UNFCCC COP13 meeting in Bali, Indonesia in December 2007. The Government of Norway had also provided clarification to the National Timber Importers Association of Norway that the policy was not a ban on the importation of tropical timber.



44. Mr. Arnaldo de Baena Fernandes (Brazil) expressed gratitude to the delegate of Norway for the explanation on the recent measures adopted by the Government of Norway regarding procurement of tropical timber. However, he expressed some concerns and stated that it appeared awkward that based on one case of timber procurement that was considered to originate from illegal sources, all the imports of tropical timber into Norway could be banned. He also sought further clarification regarding national production and wanted to know whether there was any kind of prohibition. He stated that if there was a prohibition of imports of tropical timber this prohibition should also apply to national products and indicated that if import of tropical timber was being treated differently from national production, that could be considered as contravening WTO rules.
45. Dr. B.C.Y. Freezailah (Malaysia) expressed gratitude to the delegation of Norway for the clarification. He stated that although Norway was a small importer of tropical timber the issue at stake was of great importance which required greater clarity. He expressed surprise at the decision since in the past Norway had never resorted to such unilateral actions on such issues. He referred to a document titled "Norwegian Ministry of Environment: Norwegian Ministry of Children and Quality" and quoted from page 11 of the document which states inter-alia "Do not use tropical timber in any form, either in the building itself or in the materials used during the building period". Dr. Freezailah stated that the implications of such a statement were wide ranging with serious implications for exporters of tropical timber. He further noted that the statement had been quoted in several publications and cited a report on certification to be considered by the Council containing a reference to the Norwegian statement. He underlined the seriousness of the issue and informed the Council that Malaysia had therefore written to the Government of Norway to seek further clarification. He reiterated his appreciation to the delegation of Norway for the clarification but stated that since the document had been circulated worldwide a follow-up clarification by the Government of Norway might be necessary to avoid the issue getting out of control and adversely affecting tropical forestry and tropical timber.
46. Mr. Enzo Barattini (European Community) stated that there was a growing trend to import tropical timber among the Gulf Countries particularly for construction. He sought clarification as to whether there was any monitoring of the trade of tropical timber with the Gulf Countries. Mr. Barattini proceeded to present a statement on the conclusions of the European Union regarding the political situation in Myanmar which was adopted at the General Affairs and Council Meeting held in Luxemburg on 15-16 October 2007. The statement stated inter-alia that: "The EU strongly condemns the brutal crack-down on demonstrators in Burma/Myanmar. It recalls its earlier declarations in which it urged the Burmese authorities to exercise restraint in the face of peaceful protests. The EU regrets that these calls have gone unheeded and regrets that arrests have continued over the recent days. In view of the seriousness of the current situation and in solidarity with people of Burma/Myanmar, the EU deems it necessary to increase pressure on the regime through stronger measures as well as the following additional restrictive measures: an export ban on equipment to the sectors of logs and timber; an import ban of products of the sectors mentioned and an investment ban on these sectors. It will therefore adopt a package of measures that do not harm the general population but that target those responsible for the violent crack-down and the overall political situation in the country. The EU stands ready to review, amend or reinforce these measures, in the light of developments on the ground and the results of the Mission of the United Nations Special Envoy to Burma/Myanmar". Mr. Barattini informed the Council that the declaration was made in the name of the European Union, however, the Government to Norway had associated itself with the declaration.
47. Dr. David Brooks (U.S.A.) stated that the Annual Review and Assessment of the World Timber Situation, including the collection, compilation and the presentation of production and trade statistics was one of the core areas of ITTO's work. He noted that the market report was a significant contribution to market information and transparency, one of the fundamental objectives of the ITTA. He expressed his appreciation to the Secretariat for the presentation. He noted three areas of work that deserved in-depth consideration: (i) China's rapid expansion and its role as a producer, consumer and trader in wood products; (ii) the continuing increase in the importance of secondary processed wood products and noted that the trend was not restricted to tropical timber but something affecting forest products markets in general; and (iii) increasing trend in trade among tropical countries (south-south trade). Dr. Brooks called on the Council to reflect these activities in the Biennial Work Programme for 2008-2009. He noted with concern the continued difficulty with the reporting of statistical information to the Secretariat and reiterated that the provision of data by Member Countries was one of the core obligations of Member Countries and also expressed concern that ITTO was not making progress in the quality of its reporting through the Joint

Questionnaire. He urged the Council to address this deficiency in the Biennial Work Programme for 2008-2009 through capacity building in order to improve the quality of information. Dr. Brooks also shared the concerns expressed by the European Community on the situation in Myanmar and stated that the United States had used the mechanism of a ban on imports of products from Myanmar since 2003 and had recently increased the restrictions on financial flows and travel restrictions on members of the ruling regime.

48. Mr. John Woods (Liberia) expressed gratitude to the Secretariat for the presentation. He noted that Liberia was one of the countries mentioned in the report as not having any data from other sources to cross check the data presented in the Joint Questionnaire. Mr. Woods stated that for the past five years Liberia had not produced nor sold a cubic meter of timber which put it in a unique position as a producing country and that had limited the country's ability to pay its assessed contributions to the Administrative Account. He reiterated that the statistical data of Liberia should, therefore, be very clear and not confusing at all since no timber was produced nor sold.

#### **PREPARATIONS FOR THE ENTRY INTO FORCE OF THE ITTA, 2006 – DECISIONS 2(XXXIX) and 3(XLI) (Agenda Item 12)**

##### **(a) Review of the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006**

49. The report was presented by Mr. Takeichi Ishikawa (ITTO Secretariat). He stated that the ITTA, 2006 was adopted in January 2006 and had been opened for signature at the United Nations Headquarters in New York since April 2006. He informed the Council that so far, Cameroon, Colombia, Ecuador, Greece, Guatemala, Indonesia, Madagascar, Mexico, Norway, Panama and Togo had signed the Agreement. He explained further that signing the Agreement meant an indication of interest which is different from "definitive signature" where a government expresses its consent to be bound by the Agreement. Moreover "ratification", "acceptance" and "approval" also refer to the act where a government establishes its consent to be bound by the Agreement. Mr. Ishikawa reported that as of 29 October 2007, the government of U.S.A. had provided definitive signature while the governments of Malaysia and Switzerland had ratified the Agreement. The government of Japan had also deposited its instrument of "acceptance". He informed the Council that according to Article 39 of the ITTA, 2006 the Agreement would 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 the Agreement and 10 governments of consumers accounting for 60 per cent of the global import volume of tropical timber in the reference year 2005 have signed the Agreement definitively or have ratified, accepted or approved it. He noted that so far, only one producing country and three (3) consuming countries had taken the necessary actions. Mr. Ishikawa called on governments interested in taking action towards the new ITTA, 2006 to contact the Secretary General of the United Nations through its Ministry of Foreign Affairs or its Permanent Representatives to the United Nations in New York.
50. Mr. Carlos Enrique Gonzalez Vicente (Mexico) informed the Council that the senate of Mexico had on 29 October 2007 unanimously approved the accession of Mexico to the ITTA, 2006. He also indicated that the government would publish the decision of the senate and would be followed by a signature by the President and the instrument would then be deposited at the United Nations Office in New York.
51. Mr. Enzo Barattini (European Community) thanked the Secretariat for the report. He informed the Council that the EU had deposited its signature at the United Nations Office in New York. He also pointed out that the signing of the Agreement was the first step in the process and hoped that the final ratification of the ITTA, 2006 would probably take place in January 2008, following the consultations of the European Parliament. He again informed the Council that the member state of the EU were complying with their internal procedures to ensure the final ratification of the ITTA, 2006 by their respective countries and hoped that the process would be completed as soon as possible. He stated that the European Commission would ensure the expedition of the process to enable the member states to deposit their instruments as soon as possible.
52. Ms. Sri Murniningtyas (Indonesia) thanked the Secretariat for the report. She also expressed appreciation to all the countries that had completed their ratification process. She informed the Council that after signing the ITTA, 2006 in April 2007, Indonesia had advanced in the ratification process and would take a longer period to finalize than was expected. However, the government

would further intensify the discussions with forestry stakeholders in order to accelerate the completion of the process and would inform the Secretariat accordingly on any progress made.

**(b) Report of the Inter-sessional Working Group on the Development of the ITTO Thematic Programmes**

53. The report was presented by Mr. Mahboob Hasan (ITTO Secretariat). He recalled that in order to prepare for the entry into force of the ITTA, 2006 with respect to establishing a Thematic programme Sub-Account under Article 20 of ITTA, 2006, the Council at its Forty-first Session established an inter-sessional Working Group on the development of the Thematic programmes. The working group comprising a limited number of consumer and producer representatives held its meeting in Chiang Mai, Thailand from 26 to 30 March 2007 and the report of the working group was presented at the Forty-second Session of the Council in Port Moresby, Papua New Guinea in May 2007. He noted that ITTO was already working on some thematic programmes and cited CITES where the European Union and the U.S.A. had pledged up to USD 4 million and also the Forest Law Enforcement and Trade being supported by the Government of the Netherlands. He further noted that some of the activities under the Forest Law Enforcement and Trade had already been included in the ITTO Biennial Work Programme 2008-2009. He recalled that after the presentation of the report to the Council in May 2007, no definitive decision was adopted by the Council to formalize the procedures for the operationalization of the Thematic programmes. He called on the Council to resume consideration of the report and to give guidance on the operationalization of the Thematic Programmes.
54. Mr. Jon Heikki Aas (Norway) expressed satisfaction with the momentum on the Thematic Programmes. He urged the Council to take substantive decision during the Session on how to operationalize the Thematic Programmes. He requested the Council to set up a working group comprising producers and consumers to discuss how to progress on the issue and to identify priority thematic programmes.
55. Mr. Enzo Barattini (European Community) stated that the Thematic Programmes were one of the most important achievements of the ITTA, 2006. He indicated that it was important for the Council to start reflecting on the operationalization of the Thematic programmes. He referred to the report of the inter-sessional working group on the Thematic programmes and the new ITTO Action Plan 2008-2013 and noted that these documents would provide the elements for the Council to begin discussions on the operational modalities of the Thematic programme. He also supported the proposal by Norway that the Council should establish a Working Group during the next Session of the Council.
56. Mr. Arnaldo de Baena Fernandes (Brazil) re-echoed the importance of the Thematic Programmes for the future of ITTO in the context of the new Agreement and looked forward to working with other Member Countries in order to put in place the modalities for the operationalization of the Thematic Programmes. He also stated that the Thematic Programmes represented an opportunity to increase the financial flows of the Organization.
57. Dr. David Brooks (U.S.A.) supported the proposal made by Norway to set up a Working Group and also welcomed the opportunity for further discussions on the Thematic Programmes and their operational modalities under the ITTA, 2006. He noted that the discussions under the new ITTO Action Plan 2008-2013 and the Biennial Work Programme 2008-2009 would also offer the opportunity to discuss how the increasingly thematic approach might be pilot tested before the entry into force of the ITTA, 2006. He mentioned that the United States would serve on the working group.
58. Mr. Ricardo Umali (Philippines) supported the establishment of a Working Group on the Thematic Programmes and also announced that the Philippines would participate in such a working group. He also mentioned that there were some complexities on the modalities presented by the inter-sessional working group. He further noted that the new Action Plan and the Biennial Work Programme offered opportunities to formulate a document that would establish the Thematic Account, similar to the Bali Partnership Fund, incorporating all the details.
59. Ms. Chantal Oltramare (Switzerland) pledged Switzerland's commitment to the objectives of ITTO. She also expressed her gratitude to the co-chairs of the inter-sessional Working Group on the Thematic Programme and agreed with most of the recommendations contained in the report. She

noted that the Thematic Programme approach would help ITTO and its Members to formulate development priorities and objectives through corresponding national, multi-national and regional programmes in a coherent and coordinated manner to ensure sustainable impacts. She also underlined that the Thematic Programme approach would contribute to the development of common understanding of global externalities linked with tropical forests. She noted that the report of the inter-sessional working group provided a good basis for further discussions, and stated that the modalities for the operationalization of the Thematic Programmes still remained unclear, in particular, with respect to the role and responsibilities of the Secretariat and Member States. She further indicated that the selection of priorities should be based on the identification of pressing issues by all members in relation to certain goals of the Organization over a specific period of time in accordance with Article 1 of the ITTA, 2006, such as promotion of trade in timber from sustainably managed forests, improvement of trade statistics, development of forests industry, management of forests goods and services and related capacity building. Ms. Oltramare stated that the task of identifying together these issues should be left to the formulation of the new ITTO Action Plan, based on discussions at the Forty-third Session. She mentioned that Switzerland would participate in the working group.

60. Mr. Enzo Barattini (European Community) announced the interest of the European Community to participate in the proposed Working Group.
61. Mr. Jon Heikki Aas (Norway) announced the interest of Norway to participate in the Working Group.
62. Mr. Hideaki Takai (Japan) sought further clarification on the expected output or the terms of reference of the Contact Group/Working Group.
63. Brazil, Malaysia, Ghana, Cameroon, Congo expressed interest to participate in the Working Group.
64. Mr. Mick George (Australia) expressed Australia's interest in participating in the work of the contact group but sought further clarification on the terms of reference before making such a commitment.
65. The Chairperson explained that the contact group should define its terms of reference and should decide on how far it would want to advance in the work related to the Thematic programme.

#### **ITTO OBJECTIVE 2000 – DECISION 2(XXIX) (Agenda Item 13)**

##### **Achieving the ITTO Objective 2000 and Sustainable Forest Management in Nigeria – Report of the Diagnostic Mission**

66. The report was presented by Prof. Patrice Harou, leader of the mission. Other members of mission were: Ms. Erika Lopez (Mexico), Mr. Zhang Zhongtian (China), Chief O.O. Nwokeabia (national consultant), and Dr. W.W. Modugu (national Consultant).
67. The objectives of the mission were (i) to identify the most critical factors preventing sustainable forest management; (ii) prioritize these constraints; and (iii) recommend a sequence of actions to remove them.
68. The report noted Nigeria to be one of the Countries with the highest rates of deforestation in Africa, at close to 3% per year. Rapid growth in population and the rapid expansion of the economy following the oil bonanza, imposed considerable pressures on the natural resources base and the environment resulting in environmental degradation, manifested as deforestation, loss of wildlife habitat, desertification, erosion, floods and general loss of the productive land base of the country. The mission identified the following constraints to sustainable forest management:
  - Lack of political will to provide adequate resources for sustainable forest management;
  - Under-funding of forest management/research activities;
  - Over-grazing for livestock production;
  - Uncontrolled forest fires;
  - Illegal logging;
  - Pressure for de-reservation for infrastructures development;
  - Deforestation for agriculture (arable farming);
  - Under valuation/pricing of forest products/services;
  - Absence of effective forest policy;

- Absence of deterrent forest laws;
  - Absence or lack of implementation of operational working/management plans;
  - Exclusion of local/indigenous communities from forest management;
  - Inadequate resources for sustainable forest management (e.g. funds, vehicles, equipments, computers, etc.);
  - Poor data base/record-keeping at all levels;
  - State governments perception of forests as a source of ready funds/revenue;
  - Shortage of adequately trained/skilled manpower;
  - Shortage of forest guards/rangers to patrol/protect the forest estate/reserves against illegal logging, poaching of wildlife, encroachment by farmers, cattle/stock breeders, forest fires, pests, diseases, etc.; and
  - Shortage of equipment and materials for forest protection.
69. The mission categorized the constraints into three main areas:
- Capacity building;
  - Community-based forest management; and
  - Awareness raising.
70. On capacity building the mission noted that:
- (i) Research, education and extension should be strengthened;
  - (ii) Past capacity building programmes did not include institutions of high learning; and
  - (iii) Capacity building would help forest institutions, private sector and communities to foster more effective and efficient sustainable forest management.
71. On community-based forest management the mission noted that (i) there had been no involvement of communities in forest management in the past except for one state; (ii) land tenure responsibilities and benefits to be ascertained in CBFM; (iii) training of communities should be the key to community-based forest management.
72. On the issue of awareness raising, the mission noted the following:
- Lack of political will arising from ignorance of the issues;
  - Training the public at large, communities, state and federal officers and politicians;
  - Creation of a stronger lobby by forestry professionals, private sector and communities;
  - Better mainstreaming of forestry in economic development plans, sector economic policies and increased budget for state and federal programmes; and
  - Better governance.
73. The mission made the following recommendations:
- Government should give high priority to capacity building from the academic institutions to vocational training and to improve data collection and reliability on which good analysis and policies should be based;
  - Communities should be given bigger responsibility in the management of forest;
  - Industries should be reformed after the appropriate economic policies had been put in place through a better investment environment and credit facilities; and
  - Civil society should be aware of the forestry issues in order to change the political will to act.
74. Mr. Mudasiru Adekunle Ajileye (Nigeria), on behalf of the Government of Nigeria, extended appreciation and thanks to the members of the diagnostic mission and ITTO for the support. He, however, stated that the report lacked recommendations on how to address the constraints identified by the mission as well as the way forward for Nigeria in terms of meeting the requirement of international standards for sustainable forest management within Nigeria's context. He also stated that considering the fact that Nigeria has competent and qualified foresters along with the requisite institutional structures to adequately manage the forest sector, the dynamics of population pressures coupled with the low level of forest resources posed a serious problem for the sustainable management of Nigeria's forests. He requested the Council to engage the Government of Nigeria to actively participate in all ITTO activities. Mr. Ajileye pledged that the

Embassy of Nigeria in Japan would use diplomatic measures to re-awaken a new sense of direction in forestry management in Nigeria. He reaffirmed Nigeria's full commitment to ITTO.

#### **ITTO ACTION PLAN – DECISION 2(XXXIX) (Agenda Item 14)**

##### **(a) Report on the implementation of the ITTO Yokohama Action Plan 2002-2006 – Decision 2(XXXIX)**

75. The report was presented by Messrs Patrick Hardcastle (U.K.) and Ricardo Umali (Philippines).
76. The report provided an overview of the implementation of the Yokohama Action Plan against the objectives laid out in Article 1 of the ITTA, 1994. It considered the coverage of policy and project work and the efficiency of implementation. The report noted that most of the objectives in Article 1 had been addressed to some degree. It also noted that technology transfer did not feature strongly in the work programmes. In terms of Council Decisions, objectives (e) – expansion and diversification, (g) – new and additional financial resources, and (i) – increased and further processing – were sparsely covered. The report noted that projects had generally a good stated coverage of Article 1 Objectives based on the relevance noted by project formulators. Reforestation and Forest Management projects showed surprisingly little attention to objective (d) – enhance the capacity of members – and (g) – new and additional finance – while objective (c) – contribute to sustainable development – was generally overstated as “catch all” assumption rather than a direct contribution. The report stated that the cross-cutting actions were well encompassed by the work programme activities with the exception of (k) – demonstration and pilot projects – and (l) – research and development. In respect of goals and actions for the technical divisions, the report noted that there were no Council Decisions addressing directly Forest Industry goals. The work programmes had fair coverage of Economic Information and Market Intelligence and Reforestation and Forest Management but seemed somewhat weaker on Forest Industry. The report recommended that the coverage of the goals and actions for the technical divisions would need to be reviewed, especially the location of work on certification and the processing and trade divide for added value and secondary products. The goals and actions for each of the three technical divisions showed a variable pattern in respect of projects. In terms of project funding, the pattern of a narrow range of donors providing support continued although the proportion contributed by Japan had dropped by some 10%, it was still more than two-thirds of the total funding. The report noted the over-preponderance of projects in Reforestation and Forest Management with a very significant increase in Economic Information and Market Intelligence projects but less in Forest Industry although there had been some increase. Regionally, Asia had had a much higher proportion of project funding than the other two regions.
77. The report concluded that the Organization had paid substantial attention to the direction laid out in the Yokohama Action Plan and had regarded it as a key document to guide its activities.

##### **(b) ITTO Action Plan 2008-2013**

78. The report of the inter-sessional working group on the new ITTO Action Plan 2008-2013 was presented by Dr. Jürgen Blaser (Switzerland) and Mr. Alhassan Attah (Ghana), co-chairs of the Working Group.
79. The Working Group was convened in Yaoundé, Cameroon from 8 to 12 October 2007 and was composed of representatives from Brazil, Gabon, Indonesia, Malaysia, Mexico, China, EU, Germany, Japan, Ghana and Switzerland. Other members of the working group were from the Civil Society Advisory Group (CSAG), the Trade Advisory Group (TAG) and the Executive Director. The Working Group was also informed and supported by two consultants, Mr. Patrick Hardcastle (U.K.) and Mr. Ricardo Umali (Philippines). The report of the inter-sessional Working Group is contained in document ITTC(XLIII)/8, including in the Annex a proposal of a draft new Action Plan 2008-2013. The Working Group based its work on the new ITTA, 2006 while recognizing that this was not yet in force. The group considered the following Articles of the ITTA, 2006 to be most relevant to its deliberations: Article 1 – Objectives, Article 20 – Special Account, Article 24 – Policy Work of the Organization, and Article 25 – Project Activities of the Organization. Additional background papers to support the working group included:
  - A study of preliminary experiences of implementation of the ITTA, 1994 by Ms. Stephanie Caswell and Mr. Shaharuddin Mohamad Ismail, August 2003;

- Working paper on ITTO Thematic programmes prepared by Mr. Patrick Hardcastle and Mr. J.R. Palmer, March 2007;
- Report of the inter-sessional Working Group on Thematic programmes, April 2007;
- Developments in UNFCCC/IPCC discussions regarding reducing emissions from forest degradation and deforestation and implications for tropical forests and tropical timber production by Dr. Carmenza Robledo and Mr. Omar Masera, April 2007; and
- ITTA, 1994 and ITTA, 2006.

80. Mr. Arnaldo de Baena Fernandes (Brazil) thanked the Secretariat for facilitating the preparation of the draft Action Plan 2008-2013 and commended the inter-sessional Working Group for the report. He stated that the draft document provided a starting point for Council's discussions. Mr. Fernandes also stated that the international debate on forestry must be based on the respect for national sovereignty over natural resources as well as the sustainable use of those resources with the aim of guaranteeing better living conditions for people living in those countries. He also called on the Council to bear in mind that the new Action Plan must be consistent with the ITTA, 2006. He emphasized that the Brazilian delegation was not prepared to discuss issues that were not explicitly under the mandate of ITTO. He further noted that the aim of the Action Plan was to propose future actions for the next six years, including the new thematic programmes, which had been approved under the ITTA, 2006. He hoped that the Council would be able to implement the thematic programmes in order to ensure that projects were approved with balanced participation of consumers and producers. Mr. Fernandes underlined that the success in the implementation of the thematic programmes would make the programmes the main source of financing new and innovative projects to promote the achievement of the goals of the ITTA, 2006. He proposed to the Council the adoption of the following thematic programmes:

- (a) Community forest management, according to Articles 1(c) and 1(r) of ITTA, 2006;
- (b) Industry development, according to Articles 1(f) and 1(i) of ITTA, 2006; and
- (c) Technical cooperation and capacity building, according to Articles 1(f) and 1(p).

Mr. Fernandes stated that these were areas in which international cooperation would be more helpful for producer countries. He also drew the attention of Member Countries to some issues which had been incorporated into the draft Action Plan and stated that those issues were outside ITTO's mandate. He cited (a) monitoring of biofuels production; (b) climate change; and (c) monitoring of transboundary areas. He also objected to the use of the expression "public goods" and stated that tropical resources belonged to sovereign states, whose authorities were the ones solely responsible for the sustainable use of those resources. He also objected to the use of the expression "illegal logging" out of the national context stating that the use of such terminology might be used to justify restrictive and discriminatory practices against producer countries or tropical timber as evidenced in the recent legislation passed by Norway. He was most critical regarding the proposal for a "monitoring and evaluation system. Mr. Fernandes reiterated the commitment of Brazilian delegation to work in a constructive manner in order to make the proposed draft Action Plan 2008-2013 a working document agreeable to all delegations.

81. Mr. Enzo Barattini (European Community) on behalf of members of the inter-sessional Working Group commended the chairpersons of the working group for their efforts. Mr. Barattini mentioned that the working group had a lot of discussions on the report. He admitted that although the ITTA, 2006 had not yet entered into force, there were certain thematic areas or actions that had to be handled in a more direct fashion. He reiterated that the thematic areas should be considered as major structural columns of a plan of action not only in the context of the new agreement but also taking into consideration the needed groundwork to be carried out before the entry into force of the ITTA, 2006. Mr. Barattini also recognized that it was almost impossible to set exact priorities, however, the Working Group identified five general priority areas and the European Community believes that these priority areas could be reduced to three or some of the areas could be put together which might broaden the priority areas but would also give the Council the opportunity to focus on them. Regarding actions in the area of climate change, Mr. Barattini stated that climate change was not an area within ITTO's competence but had to be taken into account in the context of the new ITTA, 2006 since it was an important emerging issue. He stated that the European Community was ready to discuss the new ITTO Action Plan during the course of the Session. He emphasized the importance of the new ITTO Action Plan and urged the Council to consider it during the Forty-third Session

82. Mr. Yuyu Rahayu (Indonesia) commended the Working Group for the comprehensive report. He mentioned that Indonesia participated in the inter-sessional Working Group and was pleased to note that the report covered all the necessary and important elements contained in the ITTA, 2006. He urged the Council to accept the new Action Plan to guide Member Countries and the Secretariat in the implementation of the Biennial Work Programme of the Organization. He wished that the Council would reach a compromise on the draft new ITTO Action Plan 2008-2013 in the common interest of all Member Countries.
83. Dr. David Brooks (U.S.A.) expressed gratitude to the consultants and the Working Group for the report. He stated that it was appropriate for the Council to do more than review and exchange views on the new Action Plan whose scope of operation would fall under the ITTA, 2006. He reiterated that since the Forty-third Session of the Council was not functioning under the ITTA, 2006, it was not appropriate for the Council to take any final decision on the new ITTO Action Plan. He reiterated that the Council convened under the new agreement should be the one that should take definitive action on a strategic plan of the Organization and that the Forty-third Session should not anticipate what the priority areas of a future Organization should be under the new ITTA, 2006 at the Session. He also commended the consultants on the review of the Yokohama Action Plan and expressed concern about the criteria proposed by the consultants for the evaluation of the performance of the Organization. He said that the United States was not prepared to endorse those criteria, nevertheless he found them to be interesting information to be taken into account in assessing the Organization's work over the past 5-6 years and also in considering the framework for future work. He reiterated that much more discussions were needed regarding the content of the new ITTO Action Plan and the priorities that the Council functioning under the new agreement would identify. He indicated that the Council could begin the discussions at the Session but in his opinion the discussions would not be concluded until the new ITTA, 2006 had come into force.
84. Mr. Jon Heikki Aas (Norway) stated that the new ITTO Action Plan was a forward looking document and proposed that the Council should adopt the document at its current sitting. He admitted that there were issues to be addressed and called on the Council to make the provision during the Session to discuss the document. He also referred to the statements made at the Opening of the Council and noted that almost all the speakers identified climate change as a big issue for ITTO and indicated that although ITTO might not have the competence on climate change it was an undeniable fact that climate change and forestry are intimately linked issues.
85. Ms. Chantal Oltramare (Switzerland) commended the working group for the report. She noted and shared the concerns expressed by the United States on the legality of the Forty-third Session adopting a decision on the Action Plan which had future implications on the ITTA, 2006. She, however, recognized that it was desirable to finalize the discussions on the thematic programme before the final elaboration of the new ITTO Action Plan 2008-2013 since the work under the thematic programme must also be included in the new ITTO Action Plan.

## **ITTO BIENNIAL WORK PROGRAMME (Agenda Item 15)**

### **(a) Report on the Implementation of the ITTO Biennial Work Programme for 2006-2007**

86. The Executive Director presented the report on the implementation of the ITTO Biennial Work Programme for 2006-2007. He referred to document ITTC(XLIII)/9 and reported that there were seventy-one (71) activities in the Biennial Work Programme comprising

Administrative Activities	11
Project Activities	12
Strategic Policy Activities	48

87. Mr. Ze Meka reported that most of the activities had been completed and a few of them were still on-going. He cited the following activities as on-going:
- Assistance to Members to develop systems to demonstrate the legality of timber exports;
  - Review of timber markets;
  - Preparation and publication of the world mangrove atlas;
  - Updating national reports on progress in sustainable forest management;
  - Monitoring the potential implications of climate change on the resource base and its contributions to mitigating climate change;
  - National training workshops on criteria and indicators;



- Regional workshops to promote the use of ITTO/FAO publication on "Best Practice for Improving Law Enforcement";
- Regional workshop to consolidate ITTO criteria and indicators and the Tarapoto Process;
- Workshop on economic valuation of the forest sector with particular reference to the Amazon Basin countries;
- Improving the capacity of Members to implement CITES listing of timber species;
- Supporting enhanced cooperation on CITES matters among governments, the private sector and civil society;
- Secondment of a senior official to the UNFF Secretariat;
- Supporting the development of a CPF joint questionnaire on forest management; and
- Expansion of UNCTAD's web-based market information in the commodities area.

**(b) ITTO Biennial Work Programme 2008-2009**

88. The Executive Director referred to document ITTC(XLIII)/10 and stated that pursuant to Decision 4(XXXV), the Secretariat had prepared the Draft Biennial Work Programme for 2008-2009 within the context of the ITTA, 1994. The Biennial Work Programme had been classified under administrative activities, strategic planning activities and project activities under the responsibility of the main implementation parties, namely, the Council, the Committees and the Secretariat. The activities had been further classified as follows:

89. Forest Law Enforcement and Governance

(a) ITTO/CITES collaboration:

- Review listings' proposals, enhance cooperation;
- Implement capacity-building project and
- Review internationally traded tropical timber species on IUCN Red List.

(b) ITTO/FAO collaboration:

- West Africa "best-practices" workshop;
- Summary publication of outcomes from five "best practices" workshops; and
- Study and expert meeting on methodologies to assess and monitor illegal logging.

90. Community Forest Management

(a) Support poor/indigenous communities to sustainably manage forests:

- Technical assistance for project formulation;
- Analyze Community Forest Enterprise (CFE) in three tropical regions; and
- Global assessment of tropical forest tenure and international conference in collaboration with Rights and Resources Initiatives, FAO and IUCN

(b) Promote further processing by CFEs in collaboration with FAO

91. Trade, Markets and Industry Development

- Country assistance for improving forestry statistics;
- Market studies and outlook study;
- Timber procurement policy study;
- African timber trade promotion conference in collaboration with ATO, ITC and NEPAD;
- Investment promotion studies and four national workshops;
- Tropical timber competitiveness study;
- Technical and environmental standards study; and
- Follow-up on wood-based bioenergy conference.

92. Sustainable forest management (including climate change)

- Assess impact/efficiency of ITTO diagnostic missions;

- Preparatory work towards SFM tropics 2010 in collaboration with FAO, including collaboration on FRA 2010;
- Integrated tropical timber sector response to climate change issues (possibly with FAO and other partners);
- Study to analyze successful examples of payments for environmental services and pilot projects;
- Publish mangrove atlas in three languages;
- Continue to promote implementation of ITTO criteria and indicators;
- Three additional national workshops to promote use of ITTO guidelines for management/rehabilitation of secondary/degraded tropical forests in collaboration with the Global Partnership on Forest Landscape Restoration (GPFLR);
- Publication of ITTO guidelines for the conservation of biodiversity in tropical timber producing forests and organizing three workshops; and
- Improving the management of protected areas in Central and West Africa in collaboration with IUCN.

93. Information and Outreach

- Continue publishing the ITTO quarterly Tropical Forest Update (TFU) and bi-weekly market information services (MIS);
- Continue ensuring that ITTO's messages reach a wide audience by improving the ITTO Annual report, continuing to improve the ITTO website in four languages and obtaining professional photos of relevant project sites;
- Editing, publishing and disseminating relevant ITTO technical reports, policy documents, posters and brochures; and
- Convening ITTO side events and exhibiting ITTO outreach materials at relevant events, including the International Conference for African Development (TICAD IV, Yokohama, 2008), the CBD 9th Conference of the Parties (Bonn, 2008) and the 13th World Forestry Congress (Buenos Aires, 2009).

94. Other activities in the Biennial Work Programme include:

- Strengthen ITTO's participation in and contribution to the CPF, including continuing to second a senior official to the UNFF Secretariat;
- Continue to support development of IUFRO-led Global Forest Information System (GFIS);
- Continue to support participation of TAG and CSAG members at ITTC Sessions;
- Support the participation of LDC members in Sessions of the Council; and
- Convene four meetings of the Expert Panel for Technical Appraisal of Project Proposals.

95. Mr. Arnaldo de Baena Fernandes (Brazil) proposed that the draft Biennial Work Programme 2008-2009 should be referred to the contact group on the thematic programmes.

96. Dr. David Brooks (U.S.A.) welcomed the draft Biennial Work Programme for 2008-2009. He noted that the draft Biennial Work Programme was thorough and ambitious and stated that the United States wants ITTO to continue to remain at the high level it had attained. He further noted that most of the proposed activities were consistent with the Organization's comparative advantage and also demonstrated expertise in ITTO's contribution on the international scene. He sought further information from the Secretariat in order to guide further discussions of the work programme. He recalled that two years ago when the Council adopted the Biennial Work Programme for 2006-2007, the Council realized during the Chairperson's Open-ended Drafting Group meeting that more information was needed regarding when activities were expected to occur, whether within the first or second half of each year of the biennium as well as the need for more elaborate terms of reference for many of the activities, and also how the Secretariat arrived at the various costs. Dr. Brooks stated that the Council would need to agree on the activities and how to finance all the approved activities. He welcomed the structure of the draft Work Programme along certain themes and noted that the themes were in agreement with those proposed by the Inter-sessional Working Group on the new ITTO Action Plan. He, however, indicated that the themes might not be very useful although he had no strong objection, in principle, to some of the themes. He cautioned that the draft Biennial Work Programme should not either require or presume that the Council had adopted the New ITTO Action Plan 2008-2013.

97. Mr. Ricardo Umali (Philippines) referred to matters pertaining to Administrative activities in the proposed draft Biennial Work Programme for 2008-2009. He specifically cited the activity requiring the Council to hold four regular Sessions within the biennium subject to Council Decision 4(XLII) on financial arrangements related to the hosting of Council Sessions outside of the Headquarters of the Organization. He called on the contact group to look into detail the possibility of raising the available funds for Sessions outside the Headquarters. Mr. Umali also referred to the strategic policy activities proposed in the draft Biennial Work Programme and noted that the activities had been structured under various themes which correspond to those proposed in the new ITTO Action Plan and hoped that it would in future help in the monitoring and evaluation of the activities under the various themes.
98. Mr. Enzo Barattini (European Community) stated that the draft Biennial Work Programme was realistic and generally merited the approval by the Council. He also referred to the issue of frequency and venue of Sessions of the Council and indicated that the proposed Biennial Work Programme for 2008-2009 and the broader new ITTO Action Plan 2008-2013 should be consistent. He sought further clarification as to whether the Biennial Work Programme had been prepared based on the ITTA, 1994 or the ITTA, 2006 and whether the activities proposed for 2009 were indicative in nature or the Council had to take decisions assuming that the ITTA, 2006 would have entered into force. He urged the Council to ponder over the issue. Mr. Barattini stated that the European Community was generally in support of the proposed Biennial Work Programme.
99. Mr. Jan Abrahamsen (Norway) stated that if the Council was going to approve a Biennial Work Programme for 2008-2009 then what was preventing the Council from approving the new ITTO Action Plan 2008-2013. However, if the Council was not going to approve a Biennial Work Programme then the draft Work Programme should only cover 2008. He urged the Council to provide clarification before referring the issue to the contact group.
100. Mr. Hideaki Takai (Japan) stated that the structure of the Biennial Work Programme was not strategic, and should have clear coherence and logical connection with the Action Plan. He pointed out that all the activities had been elaborated under the Council and the Committees; however, a closer examination revealed that many activities under the Council had been duplicated in the Committees and he proposed a total re-organization of the structure of the Work Programme to make it more strategic. He also said that there should be synergy in the projects implemented by Members and those activities to be implemented by the Secretariat and the Organization as a whole since there were some similarities. Mr. Takai also stated that Japan was not in the position to approve the budget for 2009 in the Biennial Work Programme, which was based on the ITTA, 2006, since it was not confirmed when the ITTA, 2006 would enter into force. He also sought more clarification on the budget implication and stated that some activities did not have budget implications or they were vague.
101. Ms. Chantal Oltramare (Switzerland) expressed appreciation to the Secretariat for the draft Biennial Work Programme for 2008-2009. She stated that the document formed a good basis for further discussions. Ms. Oltramare, however, indicated that the format of the Biennial Work Programme could be improved to allow the document to show the key results and impacts being aimed at in the next two years. She proposed, for example, that the document should have an introductory text that would provide a short description of what would be the key outcomes expected from the implementation of the planned activity as well as the way the perceived outcomes would be monitored. She further stated that Switzerland would want to have a clear estimate of the total cost of the programme with an indication of the sources of funding. She reiterated that an improved format would provide a clear picture of what the Organization was aiming at with the next biennium work programme and would provide a justification of the activities proposed.
102. The Chairperson deferred further discussions on the draft Biennial Work Programme to the Chairpersons Drafting Group.

#### **CIVIL SOCIETY AND PRIVATE SECTOR PARTNERSHIP FOR SUSTAINABLE FOREST MANAGEMENT– DECISION 5(XXXIII) (Agenda item 16)**

- (a) **Improving the Relationship between Forest Concessionaires and Local Communities Living Near tropical Production Forests.**
103. The report was presented by Mr. Parfait Mimbimi Esono, Executive Director, FSC, Cameroon. The objective of the partnership was to improve the relationship between the forest company

INGF/SCIFO and the village communities established in and around “FMU 10 OH8” covering an area of 80,000 ha in the Eastern Province of Cameroon through:

- The formation of a legal entity to represent the communities in each local village;
- Training and awareness-raising of communities on ATO/ITTO Sustainable Forest Management Principles, Criteria and Indicators and on forest law;
- Identifying and implementing income-generating projects in the local communities concerned.

104. The partnership involved seven villages with 1,600 inhabitants and IngF/SCIFO, a logging company owned by a Cameroonian national and engaged in the sustainable forest management process and certification. Mr. Mimbimi reported that as a result of the partnership (i) seven (7) joint-initiative groups (GIC) had been created and legally formed in the local village communities included in the project area in and around “FMU 10 OH8”; (ii) seven (7) community fields with seven hundred (700) *irvingia gobonensis* seedlings had been established; (iii) the group spirit had been assimilated by all stakeholders through meetings and community work; (iv) ATO/ITTO's PCI for sustainable forest management had been appropriately used by the communities to uphold their rights; (v) seventy (70) GIC delegates had been trained to combat illegal logging and poaching activities; (vi) 21 GIC members had received training in micro-project development and 35 people received training in fishery management; (vii) a permanent conflict resolution mechanism had been put in place; (viii) women and pygmy communities were involved in the decision-making process within the GICs.

105. The following lessons were learnt during the implementation of the project:

- It is important to involve the communities from the start of the project, in the design and development of activities to be conducted at field level, as they have a clear vision of the development for their landscape;
- The communities fully grasp the concept of High Conservation Value Forests (HCVF);
- Industrial-scale logging was an effective development opportunity in the area which lacked basic social infrastructure (schools, clinics, road network, telecommunication);
- The concepts of principles, criteria and indicators although new to the village communities, when appropriately explained the communities quickly understood;
- The implementation of the FSC/ITTO/IngF/SCIFO project in collaboration with the Forest Administration had been commended by all the village communities and there had been request to extend the project to more villages; and
- For national logging companies, there was still a long way to go to achieve certification.

106. Mr. Mimbimi stated that the results of the project were being monitored by many concessionaires and could be replicated in other parts of the country and neighboring countries where there were conflicts between local communities and logging companies.

**(b) Civil Society/Private Sector Partnership to Assist Forest Managers to Implement Sustainable Forest Management and Achieve Certification**

107. The report was presented by Mr. Marcelo Schmid (STCP, Brazil). The partnership was between the Brazilian Association for Mechanically Processed Timber – ABIMCI and the Industria de Madeiras MANOA Ltda, a company located in the Rondonia State of Brazil. The partnership was based on the principle that once the forest owners/operators had a full understanding of the criteria used to measure the progress towards sustainable forest management, and as soon as they were able to assess their own progress based on an internal auditing system, forest practices would be improved and thereby facilitate the process of certification. The specific objectives of the project were:

- To enhance the capacity of MANOA and their forest operators to (i) assess their progress towards sustainable forest management; and (ii) to reach forest certification; and
- To establish a sustainable forest demonstration area to serve as a benchmark for other forest operators in the region.

108. The report noted that all the participants of the training course received a set of documents, including:

- The manual for the application of criteria and indicators for sustainable management of natural tropical forests, developed by ITTO project PD140/02; and
  - Manuals prepared by INAM related to:
    - (i) planning and construction of forest infrastructures;
    - (ii) techniques of reduced impact harvesting;
    - (iii) planning of log hauling;
    - (iv) security and health applied to the forest management work; and
    - (v) legislation, security and basic maintenance of chainsaws.
109. The training and technical assistance included a first stage of training on basic aspects related to forest management and on auditing procedures. The second stage was basically the technical assistance for applying the forest management techniques and the assessment of development in relation to sustainable forest management. The target beneficiaries of the training course was the forest operators of MANOA and the forest owners and managers pre-selected by MANOA and the project consultants. The training was implemented in the forest management area of MANOA, located in Cujubim, State of Rondonia. The training course also included presentations on:
- The national standard for tropical forest management (NBR 15789:2004) and the Brazilian National Certification Programme (CERFLOR); and
  - The manual for the field application of the NBR 15789.
110. The report stated that as part of the project activity a workshop was organized with the objective of disseminating the project results to local forest owners and workers, and to assess the progress made in the implementation of the Work Programme.
111. The report noted that the project certainly contributed to the consolidation of the development base of sustainable forest activity in the state of Rondonia, showing that in the middle term the state would assume an important role between the Amazon states. It further noted that, in spite of the fact that the management of tropical forest in Brazil was facing some cultural and economic barriers, the project demonstrated that with some efforts from institutions from the civil society and the private sector it was possible to reach good results. The project execution achieved the proposed objectives. MANOA became the first tropical forestry company in the world to be certified under the CERFLOR scheme.
112. The report made the following recommendations for the elaboration of future projects:
- To involve well structured institutions interested in the implementation of sustainable forest management;
  - To choose consultants with experience in tropical forest management and forest certification;
  - To provide technical assistance in different operational levels, regarding the adoption of the national forest management standards, low impact management techniques and forest certification; and
  - To identify good local partners to support local activities, such as training and dissemination.
113. Mr. Tasso Rezende Azevedo (Brazil) thanked Mr. Schmid for the presentation. He, however, expressed surprise that the project was presented as a partnership between civil society and private sector company. He stated that from his own personal knowledge there was no civil society involvement in the project. He indicated that civil society participation should involve social movements and local NGOs getting involved in the project. He reiterated that the project did not reflect Brazil's view of civil society and private sector partnership.

**DEVELOPMENTS IN THE UNFCCC REGARDING FORESTS AND THEIR POTENTIAL IMPLICATIONS FOR TROPICAL FORESTS AND THE WORLD TROPICAL TIMBER ECONOMY – DECISIONS 2(XXXIX) AND 1(XLI) (Agenda item 17)**

114. The report was presented by Dr. Jürgen Blaser (Switzerland). He noted that forests play a central role in climate change and that forests mitigation strategies should be assessed within the framework of sustainable forest management, and taking into consideration the impacts of climate change on other processes such as the hydrological cycle. Dr. Blaser mentioned the following mitigation options in the forest sector: afforestation and reforestation, forest restoration, reducing emissions from deforestation and forest degradation (REDD), sustainable forest management and use of wood products. He pointed out that emission reduction and management of carbon

reservoirs through REDD were being considered in most of the proposals for a post-2012 climate change regime. However, forest restoration and rehabilitation involving emission reduction and carbon sequestration had not yet been considered as a mitigation option, although plantations and agroforestry were already included in the Clean Development Mechanism under the Kyoto Protocol.

115. Dr. Blaser referred to the Stern Report, 2006 and indicated that the opportunity cost of forest conservation in eight (8) countries responsible for 70 per cent of emissions from land conversion could be around USD 5 million per annum initially, although over time marginal costs would rise. He stated that the opportunity costs for emission reduction under sustainable forest management would be lower if forests were sustainably managed for goods and services, and this would generate positive economic and social impacts to be considered in the REDD negotiations under the UNFCCC.
116. Dr. Blaser stated that a decision on including forest mitigation options for climate change would be taken during the next conference of parties meeting of the UNFCCC in December 2007 in Bali, Indonesia. He indicated that sustainable forest management, including production forestry, would have to be considered as an eligible activity in any REDD mechanism and that any REDD agreement should recognize the sovereignty of countries and national forest authorities. He noted that ITTO's project experience was key for defining modalities and procedures in any REDD mechanism and/or other future forest mitigation options.
117. Dr. Blaser called on the Council to strengthen ITTO's Members to actively participate in REDD and also ensure the inclusion of ITTO's experiences in the discussion on REDD. He cited some activities in the Biennial Work Programme 2006-2007 relating to climate change and urged the Council to renew the mandate of the Secretariat to continuously report on progress made in the UNFCCC in respect of the inclusion of forests as mitigation options in a post 2012 climate change scenario and participation in the process. He also called on the Council to include climate change as a thematic programme, including piloting projects to help to develop feasible schemes that would combine climate change mitigation options (and adaptation) options in sustainable forest management and regularly inform UNFCCC on ITTO's activities related to REDD.
118. Dr. Norini Haron (Malaysia) thanked the consultants for the report. She noted that the importance of tropical forests as carbon sinks/reservoirs and the issue of reducing greenhouse gas emissions from deforestation and forest degradation (REDD) were key elements to be discussed in the post-2012 negotiations on climate change. She underlined that carbon sinks/reservoirs and REDD were of direct relevance to tropical forests and the tropical timber trade and stated that both elements could on one hand promote and on the other hand restrict the tropical timber trade and was glad that climate change had been listed as one of the thematic areas under the ITTO's New Action Plan 2008-2013. She stated that such a move by the Council indicated not only the Council's far-sighted view on the subject but also its commitment to ensure that relevant information was provided to the UNFCCC for better decision making. She reiterated Malaysia's support to global efforts to curb deforestation and to provide incentives for reducing deforestation and forest degradation. Dr. Norini urged the Council to adopt a conservative and cautious approach in addressing issues concerning leakage, permanence, and additionality. She said that such an approach would acknowledge the socio-economic impacts for those tropical countries where forestry was still a significant economic sector. She, however, reaffirmed that the primary priority in the fight against climate change should be the reduction of emissions at the source and therefore carbon sinks/reservoirs should only play a transitional role and thus should be included as an activity for the short term. Dr. Norini also cautioned that ITTO should not forget the Clean Development Mechanism (CDM) under the Kyoto Protocol and that the threshold values (minimum area: 0.05-1.0 ha; minimum grown cover: 10-30%; and minimum tree height at maturity of vegetation: 2-5m) should not be treated as major obstacles to becoming involved with afforestation and reforestation projects. She urged ITTO to place more emphasis on promoting such projects. She noted that the ability of selected forest plantation species to absorb carbon as well as species from the natural forests, coupled with more attractive financial returns from forest plantation projects in terms of carbon trading, were the selling points for promoting such projects.
119. Mr. Jon Heikki Aas (Norway) thanked Dr. Jürgen Blaser for the presentation. He referred to a conference organized by the Convention on Biological Diversity (CBD) in Norway in October 2007 which also emphasized the same message that forests are important in the mitigation of climate change. He also stressed the importance of forests for adaptation, because forests consist of natural ecosystems that provide food, water and climate regulation for many peoples of the world.

120. Mr. Ricardo Umali (Philippines) expressed appreciation and support for the presentation. He noted particularly the correlation of the presentation to the work of ITTO. He called on the Council to give its full support and recognition to the emerging issue of climate change. He noted that there were lots of on-going processes and actions with regard to climate change and that the issue of sustainable forest management and climate change provides more scope for ITTO's contribution to the whole process. He expressed concern that the issue was not fully reflected in the Biennial Work Programme 2008-2009 and hoped that the contact group on the Biennial Work Programme would review the draft and identify activities to be implemented by the Secretariat as well as projects by Member Countries which would support sustainable forest management to mitigate climate change.
121. Mr. John Woods (Liberia) thanked Dr. Blaser for the comprehensive presentation. He reiterated that forests play important role in mitigating climate change effect. He, however, stated that the presentation did not define climate change and the role of carbon in the climate change process and also relating that information to the amount of carbon needed to play that role. He called on ITTO to collaborate with the UNFCCC to explain climate change to the public. He noted that by historical events people might be aware of what was happening in our environment in terms of climate change. He cited water bodies in the ocean getting larger and eating up our shores, daily temperature changes in the world, etc. He reiterated that these developments had to be explained in a simple and direct way for the public to understand and also inform the general public on the role of carbon in that process in order to motivate the public on avoided deforestation actions or in the reforestation process to avoid the emission of carbon or to absorb more carbon. In his response, Dr. Jürgen Blaser stated that all the information was available but due to the constraints of time he could not go into those details and was prepared to share that information with interested delegates.
122. Ms. Chantal Oltramare (Switzerland) thanked Dr. Blaser for the comprehensive presentation and for updating the Council on an important issue like climate change and the challenges facing ITTO. She stated that ITTO is a trade-related organization with tropical forests as the resource base which is being negatively affected by climate change. However, the resource base is also a tool to mitigate the effect of climate change when forests are managed sustainably. She again noted that tropical forests have a new trade potential in the form of forest carbon and therefore believed that ITTO should be involved to also shape forestry-related issues in the framework of the climate change negotiations. She fully endorsed the recommendations in the report calling on the Secretariat to continuously update the Council and its members on developments in the climate change negotiations related to forests and to engage ITTO further in integrating sustainable forest management into climate change mitigation and adaptation. She pledged Switzerland's commitment to support ITTO technically and financially in this field.
123. Mr. Hideaki Takai (Japan) thanked Dr. Blaser for the presentation and pledged Japan's support to ITTO's active participation in REDD related activities, including participation of ITTO in the Forest Carbon Partnership Facility (FCPF). He also welcomed the proposed side-events to be organized by ITTO during the upcoming COP-13 of UNFCCC meeting in Bali, Indonesia. He recognized the importance of ITTO participation in the COP-13 of UNFCCC as one of the most relevant organizations with suitable experience and active tool to contribute to the climate change deliberations and thereby play an important role in the process. He reiterated that the contributions of ITTO to REDD would be significant in undertaking REDD pilot activities and simultaneously achieving the objectives of the ITTA. He informed the Council that the Government of Japan had committed USD 10 million to the FCPF in addition to this Japan would also actively contribute technical expertise to the FCPF.
124. Mr. Denis Koulagna Koutou (Cameroon) commended Dr. Blaser for the presentation. He stated that the issue of GHG emissions was a land use problem. He stated that there was a misconception among the general public that GHG emissions were as a result of illegal logging or trade in timber. Mr. Koulagna also raised the issue of financing sustainable forest management and recalled discussions during the negotiations of the ITTA, 2006 and stated that perhaps carbon trading could be one option. He also supported the recommendations that ITTO and forestry experts should play a key role in the climate change negotiations and noted that ITTO would participate in COP-13 of UNFCCC as an observer.
125. Mr. Tasso Rezende Azevedo (Brazil) commended Dr. Blaser for the presentation. He stated that it was the first time that he had seen an estimation of the cost to maintain the carbon stocks on

forests and reducing deforestation getting closer to the real cost. He indicated that all the figures he had come across in the past were underestimated. He referred to the Brazilian proposal to the UNFCCC and stated that the key issue was the incentives for reducing emissions from deforestation. He explained further by saying that assuming all the deforestation in the world was stopped and emissions reduced by 15-18% of the total and the emissions from other sectors like fossil fuels, etc do not decrease the forest would still be lost, because it would be drier in 30 years. He reiterated that the key element was to find ways to obtain those incentives needed to decrease the emissions from deforestation.

126. Dr. Hadisusanto Pasaribu (Indonesia) thanked Dr. Blaser for the presentation. He informed the Council that Indonesia had established a roadmap for REDD. He stated that Australia and Germany were providing support to Indonesia to undertake integrated studies to address certain payment and market mechanisms with regard to REDD activities before 2012.
127. Mr. Enzo Barattini (European Community) thanked Dr. Blaser for the presentation. He stated that the presentation showed the need for immediate action. Mr. Barattini referred to Decisions of the European Council adopted on 30 October in which reference was made to climate change and an appeal for concrete actions. He also noted that there was the expectation that the COP-13 of the UNFCCC in Bali would reach concrete conclusions and pilot actions. He endorsed the initiative taken by the World Bank with respect to FCPF and stated that the European Community was ready and willing to act. He urged the Council to adopt a decision that would allow ITTO to contribute to the discussions on climate change and what concrete actions ITTO would undertake to address the issue of climate change.

#### **ITTO FELLOWSHIP PROGRAMME (Agenda Item 18)**

##### **(a) Progress Report on the ITTO Fellowship Programme**

128. The report, as contained in document ITTC(XLIII)/11 was presented by Mr. E. Collins Ahadome (ITTO Secretariat). Three hundred and ninety-two (392) fellowships amounting to US\$2,248,051 had so far been awarded under the Freezailah Fellowship Fund. Seventy-eight percent of these awards were in the field of Reforestation and Forest Management, 15% in Forest Industry and 7% in Economic Information and Market Intelligence. In terms of geographical distribution of the awards, 31% were awarded to applicants from Africa, 29% from Asia-Pacific, 28% from Latin America, 10% from developing consumer countries and 2% from consumer countries. Females had accounted for 35% of the total awards.

##### **(b) Report of Fellowship Selection Panel**

129. The report was presented by Ms. Katharina Kuehmayer, Chairperson of the Fellowship Selection Panel and Vice-chairperson of the Council. The report is contained in document ITTC(XLIII)/12. The Selection Panel was composed of representatives of Gabon, Papua New Guinea, Brazil, Australia, Norway and U.S.A. The Panel met twice during the Forty-third Session of the ITTC and evaluated a total of eighty-eight (88) applications. While reviewing these applications, the Panel took into account the balance among the three subject areas and regions as well as the opportunity to promote the participation of women. The Panel recommended to the Council the approval and award of twenty-two (22) applications at a total cost of US\$151,850.00.

130. The Council approved the report of the Fellowship Selection Panel.

#### **SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 19)**

##### **(a) Pledges to the Special Account and the Bali Partnership Fund**

131. Mr. Marcel Vernooij (Netherlands) informed the Council that the Government of the Netherlands had pledged to the BPF to support a programme on Forest Law Enforcement and Trade. He stated that the objective of the programme is to improve forest law enforcement and governance in ITTO Member Countries in order to promote international trade in tropical timber from legal and sustainably managed forests. The programme has four medium term objectives:

- To enhance civil society's capacity to contribute to forest law enforcement;
- To enhance the capacity of small and medium-sized enterprises to produce and trade in timber from legal and sustainable sources;



- To support and increase international trade in legal and sustainably-produced tropical timber; and
- To enable local forest-dependent communities to manage their forests sustainably in order to alleviate poverty.

He informed the Council that the total cost of the programme would be USD 4.3 million, of which the Netherlands would provide USD 3.0 million. Mr. Vernooij was hopeful that other donor countries would contribute to the programme. He also promised to make additional information on the programme available to Members of the Council in the course of the Session.

132. On behalf of the Council, the Chairperson expressed gratitude to the Government of the Netherlands for the generous contribution.

**(b) Review of the Resources in the Bali Partnership Fund**

133. The Chairperson referred to document CFA(XXII)/5 containing information on the resources of the Bali Partnership Fund. The Council took note of the information.

**c) Report of the Panel on Sub-Account B of the Bali Partnership Fund**

134. The report was presented by Mr. James Singh (Guyana), Chairperson of the Committee on Finance and Administration. The Panel was composed of representatives of Japan, Switzerland, U.S.A., Mexico, Liberia and Papua New Guinea. The Panel noted that at the end of the Forty-second Session of the Council, forty-one activities (including activities in the Biennial Work Programme for 2006-2007), five pre-projects and five projects had been funded from the resources of the Sub-Account B of the Bali Partnership Fund with a total budget amount of US\$17,581,714.00. The Panel was advised by the Secretariat that the available resources of the Sub-Account B amounted to US\$789,803.14. The Secretariat further informed the Panel that since the establishment of the Sub-Account B, the total receipts to-date amounted to US\$18.02 million of which US\$15.02 million was from interest earned, and the balance of US\$3 million was from donors' contributions. The Panel also noted that the current funds available in the "Unearmarked Fund" amounted to US\$1,915,670.70 after taking into account the total allocations of US\$9.27 million, including those for the Biennial Work Programme for 2006-2007, made at the previous Sessions held from November 2003 to May 2007. The Panel further noted that the total funds available at the Session amounted to US\$2,705,474.00. The Panel recommended that the activities with a total budget amount of US\$4,805,000.00 as contained in the Biennial Work Programme for 2008-2009 be financed, from the resources of the Sub-Account B of the Bali Partnership and the Unearmarked Funds in the Special Account.

**REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 20)**

135. Ms. Chantal Adingra (Côte d'Ivoire), Chairperson of the Committee on Economic Information and Market Intelligence presented the report of the Committee as contained in document CEM-CFI(XLI)/8. The Committee met in joint Session with the Committee on Forest Industry.
136. The Committee considered the completion reports of three (3) projects and one pre-project and duly declared them complete. The Committee also considered the report of an ex-post evaluation carried out on project PD48/99 Rev.1 (M,F) "Sharing of Information and Experiences on Private Sector Success Stories in Sustainable Forest Management" and received oral report from the Secretariat on progress in the implementation of the ex-post evaluation of the completed project PD41/99 Rev.4 (M) "Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) (Philippines)". The Committee also selected one completed project, PD194/03 Rev.2 (M) "Expanding and Improving Global Mangrove Database and Information System (GLOMIS) and its Networking (Japan/Global)" for ex-post evaluation. The Committee on Economic Information and Market Intelligence also reviewed the implementation status of eighteen (18) projects and six (6) pre-projects.
137. On policy work, the Committee on Economic Information and Market Intelligence held discussions on the following issues: (i) market access; (ii) forest and timber certification; (iii) selected data and analysis from ITTO Annual Review and Assessment of the World Timber Situation – China; (iv) review of the timber market in two significant tropical timber importing countries [PP-A/36-149]; (v) studies on subsidies affecting tropical timber products [PP-A/39-172]; (vi) consideration of

further work on forest law enforcement and illegal trade in timber and timber products [PP-A/39-173]; (vii) enhancement of statistical work and training workshops on statistics [PP-A/39-174]; (ix) monitoring progress being made regarding comparability and equivalence of certification systems [PP-A/39-175]; and (x) economic valuation of the forest sector with particular reference to the Amazon Basin [PP-A/39-176].

138. The Committee recommended to the Council for approval and funding of one new project and one pre-project. The Committee also recommended to the Council that funding be made immediately available for two (2) projects and one pre-project approved at earlier Sessions.
139. The Committee elected Ms. Michele Mire (U.S.A.) and Ms. Siti Syaliza Mustapha (Malaysia) as Chairperson and Vice-Chairperson respectively for 2008.
140. The report of the Committee was approved by the Council. The full report is contained in Annex IV.
141. Dr. Flip Van Helden (Netherlands), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee as contained in document CRF(XLI)/11.
142. The Committee considered the reports of five (5) completed projects and five (5) completed pre-projects. The final financial audit reports of two (2) of the completed projects and two (2) completed pre-projects had been submitted to the Secretariat and the projects were duly declared complete by the Committee while three (3) other completed projects and three (3) pre-projects had not yet submitted their final financial audit reports. The Committee urged the Executing Agencies of these projects to submit their final financial audit reports to the Secretariat. The Committee also considered the ex-post evaluation report of one completed project PD4/00 Rev.1 (F) "Biodiversity Management and Conservation in a Forest Concession Adjacent to a Totally Protected Area (Nouabale-Ndoki National Park), Northern Congo". The Committee also selected seven (7) completed projects under the general theme of "Forest Management/Inventory" and five (5) completed projects under the theme "Forest Rehabilitation" for future ex-post evaluation. The Committee further requested the Secretariat to make the necessary arrangements for the conduct of the ex-post evaluations before the Committee Session in November 2009 and also prepare an updated shortlist of completed projects relevant for ex-post evaluation of the November 2009 Session, which should include all completed projects since 2006 not previously selected for ex-post evaluation. The Committee on Reforestation and Forest Management took note of the status report on one hundred and two projects which were either in the process of implementation (69); awaiting the signing of an Agreement (6); awaiting financing (18); or falling under the sunset provision (9) since the last Session. The Committee limited its discussions to projects:
  - Having implementation problems;
  - Requiring additional funds;
  - Requesting extension in time of more than 6 months beyond the original duration of the project; or
  - Requesting essential major modifications of the work plan and budget.
143. On policy work, the Committee on Reforestation and Forest Management considered the following issues:
  - (i) Review and update of the ITTO Guidelines for the Conservation of Biological Diversity in Tropical Timber Producing Forests;
  - (ii) Contributing appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests;
  - (iii) Monitoring and assessing the social, economic and environmental costs and benefits of sustainable management of natural forests (cooperation with FAO's Asia-Pacific Forestry Commission, the Regional Community Forestry Training Center (RECOFTC) and other organizations to convene an international conference on managing forests for poverty reduction, capturing opportunities for the benefit of the poor);
  - (iv) Supporting the effective enforcement of forest laws and regulations that ensure sustainable forest management and securing the production base;
  - (v) Promoting the exchange of experience at the regional level on the implementation of sustainable forest management through ITTO supported projects;
  - (vi) Monitoring and assessing the environmental, social and economic costs and benefits of forest plantation development and utilizing that information to promote new plantations.

144. The Committee recommended to the Council the approval and funding of nine (9) new projects and two (2) pre-projects. The Committee also recommended to the Council to approve the request for additional funding for PD251/03 Rev.3 (F) and allocate USD 209,520 to finalize the work of the project.
145. The Committee elected Mr. Carlos Enrique Gonzalez (Mexico) and Mr. Hideaki Takai (Japan) as Chairperson and Vice-Chairperson respectively for 2008.
146. The report of the Committee was approved by the Council. The full report is contained in Annex IV.
147. Mr. Dani Pitoyo (Indonesia), Chairperson of the Committee on Forest Industry presented the report of the Committee as contained in document CEM-CFI(XLI)/8.
148. The Committee considered the completion reports of one project and one pre-project and duly declared them complete. The Committee also received oral reports from the Secretariat on the progress in the implementation of the ex-post evaluation of eight (8) projects and selected for ex-post evaluation one completed project PD146/02 Rev.1 (I) "Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar)". The Committee on Forest Industry reviewed the status of projects and pre-projects which were: a) under implementation (36); b) pending agreement (2); and c) pending finance (14).
149. On policy work, the Committee on Forest Industry considered the following issues: (i) Promotion of Wood-based Bioenergy using Wood Residues and Wastes in Tropical Countries [PP-A/39-183]; (ii) Promotion of Private Investment through Facilitating Information Exchange on Investment Opportunities – Organization/Convening of Investment Promotion Forum/Seminars [PP-A/39-184]; (iii) Assessing Opportunities for and Promoting the Development of Non-Timber Forest Products and Forest Services which can Improve the Economic Attractiveness of Maintaining the Forest Resource Base [PP-A/39-185]; and (iv) International Conference on the Transportation of Timber Products [PP-A/31-111C].
150. The Committee on Forest Industry recommended to the Council for approval and funding of three (3) new projects. The Committee also recommended to the Council that funding be made immediately available for nine (9) projects and two (2) pre-projects approved at earlier Sessions.
151. The Council elected Dr. Jürgen Blaser (Switzerland) and Mr. James Singh (Guyana) as Chairperson and Vice-Chairperson respectively for 2008.
152. The report of the Committee was approved by the Council. The full report is contained in Annex IV.
153. Mr. James Singh (Guyana), Chairperson of the Committee on Finance and Administration presented the report of the Committee as contained in document CFA(XXII)/8. The CFA reviewed the draft Biennial Administrative Budget for the Financial Years 2008-2009 and recommended to the Council to approve the amount of USD 5,354,602 for the financial year 2008 and an amount of USD 5,368,504 as an indicative budget for the financial year 2009. The CFA also reviewed Members' contributions to the Administrative Budget for the financial years from 1986 to 2007 and noted that in 2007, an amount of USD 1,550,835.69 had been received from Producing Members out of the total net assessment of USD 2,740,870.00 and an amount of USD 2,691,503 had been received from Consuming Members out of the net assessed amount of USD 2,719,268.00. The Committee urged all Members to settle their arrears promptly. The Committee also received the status report on the Administrative Account and noted that the current balance of the Working Capital Account had increased from USD 1,935,025 as at the end of 2006 to US\$ 3,874,191.74 as at 2 November 2007. The CFA revisited the debt relief request by the Government of Liberia and recommended to the Council the approval of the draft Decision on "Application of Article 33 of ITTA, 1994 (Relief from Obligations) to the Government of Liberia", including the payment plan to reschedule the outstanding arrears of the Government of Liberia to the Administrative Budget as shown in the Annex to the draft Decision. The CFA also reviewed the Financial Rules and Rules Relating to Projects of ITTO and the Rules of Procedures and recommended the revised versions of these rules to the Council for approval.
154. The Committee elected Mr. Marcel Vernooij (Netherlands) and Mr. Schadrack Ondoua Ekotto (Cameroon) as the Chairperson and Vice-Chairperson respectively for 2008.

155. The Council approved the report of the Committee. The full report is contained in Annex IV.

**ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2008 (Agenda Item 21)**

156. Dr. B.C.Y. Freezailah (Malaysia), on behalf of the Producer Group nominated Ms. Katharina Kuehmayer (Austria) as the Chairperson of the Council for 2008. The Council unanimously approved the nomination.
157. Dr. James Gasana (Switzerland), on behalf of the Consumer Group informed the Council that according to the usual procedure he had received the nomination for the position of Vice-Chairperson of the Council from the spokesperson of the Producer Group. However, since then, other Producer delegations had approached him and informed him that they had not been consulted on the nomination and therefore sought the permission of the Chairperson to defer the nomination and allow Producer Group to undertake further consultations before he could announce the nomination.
158. Dr. B.C.Y. Freezailah (Malaysia), Spokesperson for the Producer Group, provided further clarifications on the nomination of the Vice-Chairperson of the Council for 2008. He stated that among the Producer Group the various officers of the Council and Committees had been rotating among the three regions of Africa, Latin America and Asia-Pacific with each region having a regional coordinator – Indonesia for Asia-Pacific, Mexico for Latin-America and Gabon for Africa. He informed the Council that with regard to the positions of Vice-Chairperson of CFI and CFA he was informed of the nomination by the regional coordinators and he accordingly informed the relevant Committees of the nominations. Similarly, with regard to the the position of Vice-Chairperson of Council it was the turn of Asia-Pacific region to fill the position. He stated that the delegation of the Asia-Pacific consulted among themselves and agreed that Dr. Efransjah (Indonesia) was their nomination for Vice-Chairperson of the Council. He was informed of the nomination and he accordingly, transmitted the nomination to the Consumer Spokesperson, together with the CV of Dr. Efransjah. He reiterated that he had acted in accordance with the procedures and practices that the Council had been following so far.
159. Ms. Celestine Ntsame-Okwo (Gabon) stated that without calling into doubt the clarification provided by the Producer Spokesperson, she indicated that it was customary in ITTO that before making the nomination of the Vice-Chairperson of the Council, it was necessary that the information be shared and disseminated within the caucus, either Producer or Consumer Caucus. She underlined that that was not the case with respect to the nomination in question. She noted that for the nomination of the Committees, it was circulated and consultations took place within the Producer Caucus. She reiterated that the Producer Caucus should have reached a unanimous agreement on the nomination for the Vice-Chairperson of the Council.
160. Dr. Gilbert Kaya (Congo) regretted the impasse and stated that the usual procedure was for the region to propose a candidate and reiterated that that had been the principle so far. He stressed that it was not up to another region to oppose the nomination and that the nomination could only be opposed by another country within that particular region. He called on all delegations to respect the procedures. He noted that the nominations for positions had been on rotational basis and it was up to the Asia-Pacific region to make the nomination for a Vice-Chairperson of the Council and the delegations of Latin America or Africa should not be opposed to the nomination.
161. Mr. Dike Kari (Papua New Guinea) apologized for the misunderstanding on the nomination for Vice-Chairperson of the Council. He requested for five minutes to allow for consultations within the Producer Caucus.
162. Ms. Chantal Adingra (Côte d'Ivoire) endorsed the intervention by the delegation of Gabon. She stated that they were not informed of the nomination of the Vice-Chairperson of the Council and she was learning of the nomination, for the first time, in the Council and therefore indicated that the procedures had not been followed and requested for a meeting of the Producer Caucus to deliberate on the issue.
163. The Council adjourned to allow the Producer Group to deliberate on the issue.

164. On resumption of the Council, the Chairperson announced that the nomination for the position of Vice-Chairperson of the Council should be deferred to the Forty-fourth Session of the Council in November 2008.

**DATES AND VENUES OF THE FORTY-FOURTH, FORTY-FIFTH AND FORTY-SIXTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 22)**

165. The Executive Director recalled that a contact group was established by the Council to deliberate on the issue of the dates and venue of the next Sessions of the Council, following the invitation from the Government of Ghana to host the Forty-fourth Session of the Council in Accra, Ghana. He also recalled Council Decision 4(XLII) on financial arrangements related to the hosting of Council Sessions outside of the Headquarters of the Organization. He reported that the contact group had proposed a draft decision to the Council calling for the convening of a "Meeting on Operational Modalities of future work of the International Tropical Timber Council" in June 2008, in Accra, Ghana, and therefore the Forty-fourth Session of the Council would be convened in Yokohama, Japan in November 2008.
166. Mr. Yasuhiro Hamura (Japan) confirmed that the Forty-fourth Session of the Council would be convened on 3-8 November 2008 in Yokohama, Japan. He extended a cordial invitation to all delegations.

**OTHER BUSINESS (Agenda Item 23)**

**Statement by the United Nations Food and Agriculture Organization**

167. The statement was delivered by Dr. Wulf Killmann, Director, Forest Products and Industries Division on behalf of Mr. Jan Heino, Assistant Director-General of the Forestry Department. In the statement FAO commended ITTO for addressing the numerous issues confronting the world's tropical forests and congratulated Mr. Emmanuel Ze Meka on his appointment as Executive Director of ITTO. The statement noted that under the outstanding leadership of Dr. Manoel Sobral Filho, ITTO had over the years, collaborated more closely with FAO in supporting Member Countries in their efforts to work towards more sustainable management and use of their forest resources and looked forward to further strengthening the cooperation between the two organizations under Mr. Ze Meka. The statement noted that as in the past, FAO and ITTO were in the process of aligning their programmes of work for the next biennium, 2008-2009 to complement each other's activities and make better use of synergies. Mr. Heino highlighted some of the ITTO/FAO recent and forthcoming collaborative work areas. He cited the use of the joint questionnaire for the compilation and reporting of data and information on production, consumption and trade of forest products. He also mentioned that in May 2007, ITTO and FAO jointly with the Germany Ministry of Economics, co-organized an international seminar on wood-based bio-energy in Hanover, Germany and indicated that during the next biennium, ITTO and FAO would follow-up on this seminar through meetings and studies focusing on region-specific wood-based energy issues. Mr. Heino also cited the workshops on forest law enforcement in the different tropical regions to discuss options for practical solutions, as reflected in the ITTO/FAO publication on "Best Practices for Improving Law Compliance in the Forest Sector" as another area of collaboration between the two organizations. Mr. Heino stated that in September 2007, ITTO and FAO jointly with INBAR and the Chinese Government conducted a conference on Non-Timber Forest Products in China and the two organizations were planning to continue and strengthen their collaboration on non-wood forest products, perhaps with meetings in other tropical regions. The statement indicated that at COP13 of UNFCCC to be convened in Bali, Indonesia in December 2007, the concept of reducing emissions from deforestation and forest degradation in developing countries, or REDD would be one of the items that would take centre stage and ITTO, IUCN, FAO jointly with other partners of the CPF, had started discussing possibilities for a comprehensive and joint capacity building programme for countries on REDD. Mr. Heino stated that other areas where the two organizations were planning to intensify their collaboration were: forest tenure, small and medium-scale forest industries, and competitiveness of tropical wood products. Mr. Heino noted that ITTO had long been an important member of the FRA Advisory Group and had strongly supported FAO's work on monitoring, assessment and reporting on global forest resources, for example on the thematic study on the world's management of mangroves, and on the world atlas of mangroves. He indicated that the two organizations were exploring possibilities to collaborate on

the next global forest resources assessment 2010 by having ITTO becoming a key partner in the FRA process.

### **Statement by the European Community**

168. The statement was presented by Ms. Soledad Blanco, Director for International Affairs of the European Commission. She stated that the European Community represents a market of almost 500 million people in twenty-seven (27) countries, the EU Member States. She noted that many of the twelve (12) Member States who had joined the European Union in the recent past were growing rapidly and presenting interesting opportunities for tropical timber. She also acknowledged the deep concern of the citizens of the European Union about the future of the world's tropical forests, and both the NGO community and the European Parliament had been constantly reminding everybody of this fact. Ms. Blanco also pointed out that media coverage of COP-13 of UNFCCC meeting in Bali, Indonesia in December 2007 would likely highlight the role of forests in stabilizing global greenhouse gas emissions and similarly the importance of forests for biodiversity conservation was likely to be stressed in the CBD Conference to be convened in Germany in 2008. She stated that she was not a stranger to such conferences nor unaware of the criticism made by some that there had been too much talk and no action. She said that was one reason why she had to come to the ITTC to learn more about ITTO and its rather unique mix of policy work and project implementation. Ms. Blanco stated that some European citizens have the good fortune to visit tropical forest on their visits to tropical countries. However, for most of them their only contact with such forests had been through the purchase of tropical timber products and, faced with media reports about disappearing tropical forests, the citizens have tended to seek assurances that such timber products were from legal and sustainable sources. She noted that there was no one solution for combating illegal logging, given the complexity of the issue and this had been recognized in the EU FLEGT Action Plan which proposed a number of strategies, including the negotiation of FLEGT Voluntary Partnership Agreements. Ms. Blanco informed the Council that the EU was negotiating FLEGT Voluntary Partnership Agreements with Ghana, Malaysia and Indonesia, and hoped to start negotiations with Cameroon in the very near future. She invited other countries to find out more about the process from the EC delegation and also from the delegations of Ghana, Malaysia and Indonesia. She also invited other consumer countries to consider using the definitions and systems developed through national processes in FLEGT partner countries as a means to verify legality of timber products, where this was being requested by the countries concerned. She noted that different countries might employ different strategies to ensure effective forest governance, taking into account their circumstances such as the proportion of domestic and international trade. She indicated that the objective should always be to ensure a solid foundation for sustainable forest management. Ms. Blanco underlined that shared objectives of achieving sustainable management of tropical forests and of national development through trade in tropical timber products were powerful ideas which unite ITTO's producer and consumer Members. Ms. Blanco also noted that the issue of climate change had risen to the top of the political agenda and that the venue of the UNFCCC COP-13 in Bali, Indonesia would help to ensure that forests received considerable media attention. She urged ITTO Members to find ways of using this political momentum to foster sustainable management of tropical forests as well as finding a role for ITTO in this process. She expressed her gratitude to the Chairperson, the Executive Director and staff and the host government, Japan for the hospitality accorded her.

### **Statement by the United Nations Forum on Forests**

169. The statement was presented by Mr. Peter Csoka, Senior Forest Policy Officer. He reported on the latest developments related to the United Nations Forum on Forests. He mentioned that in April 2007, the UNFF7 successfully concluded the negotiations and reached a milestone agreement on the Non-Legally Binding Instrument on All Types of Forests and also agreed on its Multi-Year Programme of Work (MYPOW) for the period 2007-2015. Mr. Csoka said that these achievements were made possible by resolution 2006/49 of the Economic and Social Council of the United Nations, where the Council decided to strengthen the international arrangements on forests by adding three new principal functions to its existing six functions, setting four shared global objectives on forests, with the agreement to work globally and nationally to make progress towards their achievement by 2015, and requesting the Forum to conclude and adopt at its seventh session the NLBI. He noted that at its resumed session on 17 October 2007 ECOSOC adopted the Forum's Report and a resolution on the NLBI. The resolution transmitted the NLBI to the General Assembly for adoption during its 62<sup>nd</sup> Session and invited the Forum to establish and maintain cooperation with relevant organizations, processes and instruments, within and outside the United

Nations system, to enhance the cooperation and the achievement of the purpose of the instruments. The Council also decided on a process to develop and consider, with a view to adopting at the Forum's eighth session in 2009, a voluntary global financial mechanism/portfolio approach/forest financing framework for all types of forests. Mr. Csoka mentioned that the NLBI represented the culmination of the global forest dialogue over the past decade and a half and offers an articulation of sustainable forest management as the overarching set of principles and objectives, at both national and international levels, and recognizes sustainable forest management as a basic tenet of sustainable development. The instrument also offers a new framework for building stronger intergovernmental and international collaboration through concrete commitments leading to activities and joint programmes and projects. It serves as a vehicle for translating policies and decisions into clear national, regional and international actions for achieving sustainable forest management and the global objectives on forests. The NLBI also recognizes that means of implementation, and, in particular, the means of financing the commitments remain critical. He noted that the agreement on developing and considering for adoption a concrete financial mechanism for funding sustainable forest management was a bold step towards another landmark decision and would be one of the core elements of the Forum's work up to the eighth session. He informed the Council that the Secretariat had already sent out formal invitation to CPF members recommending formation of a small advisory group and a consideration of a joint CPF initiative on concrete financial mechanism for funding sustainable forest management.

170. Mr. Csoka also informed the Council on the Forum's new multi-year programme of work, focusing on progress towards achieving the four global objectives on forests and on the implementation of the NLBI and creating reinforcing links to several other sectors and processes such as: climate change, biological diversity, desertification and the internationally-agreed development goals. He also stated that each of the forthcoming three sessions of the Forum would focus on overall themes built around the main pillars of sustainable forest management: forests in a changing environment in 2009; forests for people, livelihoods and poverty eradication in 2011; and forests and economic development in 2013. The ninth session in 2011 would include a high-level segment and the celebration of the international year of forests, another unique opportunity for the global forest community to showcase the significance of forests. The eleventh session in 2015 would be devoted to reviewing progress in implementation, and charting the way forward for the international arrangement on forests. The MYPOW provides new opportunities for linking regional and sub-regional experiences and activities of sustainable forest management to the global dialogue by inviting regional and sub-regional forest-related instruments, institutions, processes and organizations to address agenda items planned for the forthcoming session of the Forum. The MYPOW also builds heavily on cooperation among and support from CPF members. He also noted that the Forum encourages partnership of multi-stakeholders, including members of the CPF, to develop synergies and joint actions towards achieving sustainable forest management and the objectives of the NLBI.
171. Mr. Csoka extended sincere thanks to the Council for the support it had provided over the years to the UNFF and the active role played by ITTO in the CPF. He sought continued cooperation with ITTO.

#### **Statement by the Trade Advisory Group (TAG)**

172. The statement was presented by Mr. Barney Chan, Coordinator of the Trade Advisory Group. He noted that the huge fluctuations in foreign exchange had had negative impacts on the tropical timber trade, especially on production costs. He also mentioned the increasing price of oil leading to increases in the prices of diesel used in logging, the glue in plywood production, the shipping charges, etc. leading to higher production costs. Mr. Barney Chan said that consumers might find it difficult to pay for more expensive timber products and eventually lead to a slow down in production, thereby affecting many livelihoods in producing countries. Mr. Chan also commented on the action taken by the Government of Norway on its procurement policy on tropical timber and stated that the Government's action was sending wrong signals to the tropical timber trade and eroding consumer confidence in tropical timber thereby leading to further decline in tropical timber market share. He called on the Council to inform the Government of Norway of the negative impacts of its procurement policy and to request clarification. Mr. Chan cautioned Member Countries to consider the greater impacts when formulating government procurement policies on certified timber since there was limited supply of such timber and therefore, such procurement policies could inadvertently cause a non-tariff barrier in the short term.

173. Mr. Barney Chan stated that the timber industry had been disappointed that tropical forests had been very much sidelined in CDM and other instruments under the Kyoto Protocol even though it was common knowledge that carbon sinks and reduced emissions from deforestation and forest degradation (REDD) could play a big role in climate change mitigation. TAG was glad to note that ITTO would be participating in the COP-13 of UNFCCC in Bali, Indonesia and urged ITTO Member Country representatives to place tropical forests firmly on the agenda of the UNFCCC.
174. Mr. Chan urged ITTO to do more work in the area of capacity building to improve governance. He called on ITTO to encourage more transfer of technology as producers shift more and more towards secondary products. He further urged ITTO to work with some producing Member Countries to improve their investment climate following the recommendations of the tropical forest investment fora held in the three tropical regions. Mr. Chan further requested ITTO to do more work in the area of planted forests. He noted that economics was pushing the trade towards planted resources and called on ITTO to pay attention to two aspects of this development: (i) the competition against products from natural forest and subsequent impacts on its management; and (ii) the competition against agriculture-conversion, especially biofuel, for land to plant trees. Mr. Chan announced that the theme for the Annual Market Discussion 2008 would be "Inter and Intra Regional Trade in Wood Products: Trends and Perspectives".
175. Mr. Barney Chan also made a joint statement on behalf of both CSAG and TAG. The statement acknowledged that the interventions of both TAG and CSAG in the past had been particularly useful in identifying common grounds on contentious issues. The statement further acknowledged that the challenges facing the tropical forests was rapidly increasing, and complexity and potential contentiousness of these issues were increasing as well. He cited climate change, biofuels, entrenched poverty and stagnant economic growth in many countries as examples of on-going and difficult issues which would dramatically affect forests and the industry and would require thoughtful calibrated responses from the Council. The statement said for the above reason both TAG and CSAG roles should be enhanced and clarified regarding project and policy work of the Organization and therefore looked forward to processes and decisions to clarify and strengthen their roles, including providing continued support from ITTO so as to discharge their duties as mandated by the Council.

#### **Statement by the Civil Society Advisory Group (CSAG)**

176. The statement was presented by Mr. Yati Bun, Executive Director of the Foundation for People and Community Development, Papua New Guinea. He expressed gratitude to the Government of Japan and the City of Yokohama for hosting the Session so efficiently and warmly. He also thanked the Government of Cameroon for hosting a reception in honour of Dr. Manoel Sobral Filho and Mr. Emmanuel Ze Meka. He stated that Dr. Sobral was one of the many in ITTO who had been championing the contributions of CSAG to ITTO and helping CSAG to develop a fruitful role for civil society to assist ITTO Members to achieve the goals and objectives and face the challenges of sustainable forest management. He recalled that previous Council Sessions had provided CSAG opportunities for organizing strong input from grass-roots and national civil society into the deliberations of the Council. He acknowledged that ITTO had made good strides in support of civil society and local communities. He cited the International Community Forest Enterprise (CFE) Conference in Rio Branco, Brazil, where more than 300 community and civil society participants from fifty-two (52) countries were provided a unique forum as managers of bio-diverse forest resources and important tropical forest producers. He expressed his gratitude to the Secretariat and the Government of Brazil for the organization and hosting of the Conference. Mr. Yati Bun, on behalf of CSAG, congratulated Mr. Emmanuel Ze Meka on his appointment as Executive Director of ITTO and looked forward to working with him to lead the Organization to greater heights under the new ITTA. He also expressed appreciation for the confidence reposed in the CSAG by the Council and the Secretariat as an advisory group and the opportunity to make some recommendations on the work of the Organization over the next decade. He was pleased to note that a number of CSAG recommendations made in previous Sessions had been adopted by the Council. Mr. Yati Bun stated that as the new ITTA, 2006 comes into effect and a new 5-year Action Plan was being finalized CSAG hopes it would continue its important roles as contributor to policy development, potential implementers of ITTO activities, including projects, and as collaborators in, and contributors to activities implemented by governments and others.
177. Mr. Yati Bun, on behalf of the CSAG, made the following recommendations to the Council:



- ITTO Regional representatives in Latin America and Africa formally include in their work plan outreach to civil society;
- CSAG should regularly organize panel or technical discussions on relevant ITTO themes and issues of concern, including linking to civil society organization as part of the formal agenda of the Council; and
- The Council should provide adequate funding for TAG and CSAG to strengthen their roles in both policy and project work, providing inputs both at the Sessions of the Council and more effectively at national and regional levels.

#### **DECISIONS AND REPORT OF THE SESSION (Agenda Item 24)**

178. The Chairperson referred to documents ITTC(XLIII)/14 – 20 comprising the six (6) Decisions for consideration and adoption by the Council. The Council approved the six (6) Decisions and the Statement. Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedures is to be applied for the circulation of the Decisions and the report of the Council to Members.

#### **CLOSING OF THE SESSION (Agenda Item 25)**

##### **Statements by Delegations**

179. Mr. Mick George (Australia) informed the Council about the Australian-Switzerland region-led initiative on regional processes in support of the UN Forum on Forests. He stated that in reforming the future work of the UNFF countries agreed that there should be a greater interaction between the UNFF and the work being carried out by forest-related organizations and processes that operate at the regional level. He noted that at the 6<sup>th</sup> and 7<sup>th</sup> sessions of the UNFF, regional and sub-regional forest-related mechanisms, institutions and instruments, organizations and processes, were invited to address issues and agenda items planned for each UNFF session, to provide a concise summary of their deliberations to the UNFF Secretariat, and to contribute to the discussions of the UNFF sessions. He stated that the UNFF also agreed that the first round of regional meetings should occur in 2008 in order to provide input to the next global UNFF session in early 2009. Mr. George said that in response to this new modality, forest-related regional/sub-regional meetings would need to give consideration as to how best to address the UNFF issues and contribute positively to policy deliberations at future UNFF meetings as well as find practical ways to incorporate the UNFF work into the existing regional processes in a way that would provide positive benefits to the regional processes. He also informed the Council that the region-led initiative (RLI) would promote and enhance the contribution and participation of regional and sub-regional forest-related mechanisms, institutions and instruments, organizations and processes in the UNFF work with a view to contribute to enhanced implementation of sustainable forest management. Mr. George informed the Council that the meeting of the RLI would be limited to 50 participants, giving priority to regional and sub-regional entities and would be convened on 28-30 January 2008 in Geneva, Switzerland. The report from the RLI would be circulated to countries, the UNFF and regional forest-related organizations and processes to help them with implementing the required interactions during 2008.
180. Mr. Jon Heikki Aas (Norway) referred to the report of the Informal Advisory Group and noted that during the course of the Session, there were many pressing issues that took away the attention of the Council from more long-term work such as the Thematic Programme. He informed the Council that the delegation of Norway had discussed with the delegation of Switzerland and Indonesia the possibility of cooperating to prepare a profile for a thematic programme on sustainable forest management and climate change with a view to presenting it to the Council to form the basis for a decision on thematic programmes at the next Session of the Council.
181. Mr. Enzo Barattini (European Community) expressed satisfaction with the outcome of the Session. He expressed his appreciation to the Chairperson for his able leadership of the Forty-second and Forty-third Sessions. He underlined that these were difficult Sessions. Mr. Barattini also welcomed the in-coming Chairperson and acknowledged her skills and effective leadership in other fora that she had served. He noted that the Council was in a transition between the ITTA, 1994 and the ITTA, 2006 and definitely some difficult issues would crop up such as the frequency and duration of future Council Sessions and expressed confidence in the leadership of Ms. Katharina Kuehmayer to take us through such a difficult period. Mr. Barattini stated that the proposed meeting in Accra, Ghana in June 2008 would offer delegates a unique opportunity to plan for the future of the Organization.

182. Mr. E.O. Nsenkyire (Ghana) noted that the Forty-third Session of the Council had ended on a happy note. He indicated that the Session began with doubts and threats of divisions within the Council due to the issue of financing and frequency of Council Sessions. However, the strong bond of unity and the uniqueness of the Organization in working towards consensus had once again won the day though flagging the need for the Council to tackle head on the very issues that the Council worked to avoid during the negotiations of the ITTA, 2006. He recalled that one of the key issues that confronted negotiators of the ITTA, 2006 was the issue of financing the work of the Organization and projects of Member Countries. He said that the thematic programmes sub-account was established under Article 20 of the ITTA, 2006 with the view to facilitating the contributions for financing approved pre-projects, projects and activities consistent with thematic programmes established by the Council. Mr. Nsenkyire stated that at the Session Ghana had looked forward to discussing the identification of thematic programmes and the provision of guidance to the working group on the development of the New Action Plan. Unfortunately this could not happen because the Council could not reach agreement on the process. Mr. Nsenkyire also recalled the invitation by the Government of Ghana to host the Forty-fourth Session of the ITTC in Accra, Ghana from 2 to 7 June 2008. He expressed disappointment that this could not occur. However, Ghana was still looking forward to welcoming the ITTO family in Accra with the traditional Ghanaian hospitality during the Inter-sessional Meeting scheduled for 2-5 June 2008. He expressed confidence that the environment in Accra would be conducive for the conduct of business and looked forward to welcoming all delegations to Accra, Ghana in June 2008. Mr. Nsenkyire also congratulated the Chairperson-elect, Ms. Katharina Kuehmayer, on her election and looked forward to working closely with her and pledged Ghana's support to her. Mr. Nsenkyire also expressed gratitude to the Government of Japan and the City of Yokohama for their hospitality and continued support to the Organization.
183. Mr. Bledée Dagbe (Liberia), on behalf of the Government of Liberia, extended gratitude to the Council for the adoption of Decision 5(XLIII) on "Application of Article 33 of ITTA, 1994 (Relief from Obligations) to the Government of Liberia". He indicated that the Government of Liberia would formally send a diplomatic note to all Members of the Council to express its appreciation for the kind gesture. He reaffirmed Liberia's commitment to abide by the provisions of Decision 5(XLIII) and expressed special thanks to the governments of Japan, Germany, U.S.A., the Netherlands and Switzerland. He also thanked the Producer Group for supporting Liberia's proposal for debt relief.
184. Mr. Mieczysław Nogak (Poland) stated that Poland was for the first time participating in the meeting of the International Tropical Timber Council having deposited the instrument of accession to the ITTA, 1994 on 13 December 2006. He indicated that the UN Treaty Office in New York, however, wrongly thought that Poland was acceding to the ITTA, 2006. It was not until May 2007 that the issue was resolved which had enabled Poland to participate in the Forty-third Session of the ITTC. Mr. Nogak also informed the Council that Poland fully paid its assessed contributions to the Administrative Account on 5 July 2007. He underlined that Poland was the first, among all the new Member Countries of the European Union, to join ITTO. He also informed the Council that Poland had started the ratification process of the ITTA, 2006 and hoped to complete the process in 2008. Mr. Nogak also provided the Council some basic facts about consumption of tropical timber in Poland. He mentioned that Poland's total import of tropical timber increased dramatically in 2004, when Poland joined the European Union and reported that in 2004 Poland imported  $27.5 \times 10^3$  kg of tropical timber, of which  $2.3 \times 10^3$  kg was raw timber,  $22.8 \times 10^3$  of sawntimber and  $1.5 \times 10^3$  of veneer. The total value of tropical timber import in 2004 increased by 130% compared to the imports of 2003. In 2005 the volume of tropical timber imports into Poland was similar to those of 2004 with a value of 33 million dollars. In 2006 the amount of tropical timber imports into Poland decreased to  $20.5 \times 10^3$  kg. However, the value of imports in 2006 amounted to 36.5 million dollars which was higher than in the two previous years. Mr. Nogak also mentioned that international statistics for 2005 placed Poland fourth among the largest exporters of furniture in the world and tenth among the world's biggest furniture producers. Polish production of furniture accounted for 2% of the world's value of furniture production. He stated that most of the tropical timber imported into Poland is used in the furniture industry, as well as in the flooring business and that furniture and floors made of tropical timber were becoming more and more popular in Poland mainly because of the exceptional beauty and properties of some species of tropical timber. In conclusion, Mr. Nogak assured the Council of Poland's willingness to cooperate closely with ITTO and its Members in order to fulfill the objectives of the ITTA, 1994 and its successor ITTA, 2006 in the most effective way.

185. Dr. James Gasana (Switzerland), on behalf of the Consumer Group, expressed appreciation and gratitude to the Government of Japan and the City of Yokohama for the generous hospitality accorded to delegates and the support to the work of the Council throughout the Session. He also expressed his satisfaction and pleasure in working with the Chairperson and Vice-Chairperson of the Council and with the different delegations of both Consumer and Producer groups. He thanked the Executive Director and staff of the Secretariat for their dedication and hard work. He noted that the Forty-third Session had given delegates food for thought and reflection, and had also given delegates some pointers for enhancing the competitiveness of ITTO in the international forestry and timber trade fora. Dr. Gasana stated that the presentation on the "Development in the UNFCCC regarding forests and their potential implications for tropical forests and the World Tropical Timber Economy" had clearly shown that ITTO could play a vital and unique role in related international discussions on climate change. He recalled the statement by the Trade Advisory Group (TAG) urging ITTO's representatives to the COP-13 meeting of the UNFCCC to place tropical forests firmly on the agenda of the meeting to be held in Bali, Indonesia in December 2007. Dr. Gasana also recalled other reports presented in the Committees on enhancing ITTO's role and visibility in tropical timber trade and sustainable forest management. He cited in particular:

- The draft report on the comparability and acceptance of forest certification systems; and
- The guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests.

Dr. Gasana also noted that the Council tackled several other important issues during the Session and cited the Biennial Work Programme 2008-2009. He said that the discussions were conducted in a cordial atmosphere and in a spirit of cooperation. He acknowledged that delegates of both Producer and Consumer Groups faced differences of opinion but managed to reach agreement. Dr. Gasana said "We have had to yield to one another not in respect to what differentiates us but in respect to methods and procedures. The fact that we have done it in a spirit of understanding, good will and mutual trust, is, I believe, one of the hopeful and heartening signs of the maturity of our Organization".

186. Dr. Gasana expressed his sincere thanks to the Producer Spokesperson, Dr. B.C.Y. Freezailah, for his diligent cooperation and understanding, and his effort in the search of solutions to some of the most complex problems that the Council had to deal with. He also thanked the Producer Group for the opportunity and privilege to discuss with them the position of the Consumer Group regarding the June 2008 meeting on operational modalities of future work of the ITTC. Dr. Gasana welcomed the Decisions adopted by the Council, particularly the Decision on Liberia's Debt Relief. He also expressed his gratitude to the Chairperson of the Council for his able leadership and congratulated the Chairperson-elect, Ms. Katharina Kuehmayer (Austria) on her election. On behalf of the Consumer Caucus, Dr. Gasana pledged support to the incoming Chairperson of the Council. He also expressed his gratitude to the Government of Ghana for the generous invitation to host the Spring 2008 Inter-sessional Meeting in Accra, Ghana.

#### **Statement by the Chairperson-Elect**

187. In her statement to the Council, Ms. Katharina Kuehmayer, Chairperson-Elect for 2008 expressed gratitude to the Council for the trust and confidence reposed in her. She said she was deeply honoured to take the responsibility as Chairperson of the Council and assured the Council that she would do her utmost to serve the interests of the Organization and that this was a significant moment for her and her country, Austria. Ms. Kuehmayer noted that Austria was a founding Member of ITTO, having joined the Organization in 1987 and had been committed since then to the achievement of ITTO's objectives. She stated that since 1987, the membership of ITTO had steadily increased to its current sixty (60) Members and noted that the global trade patterns in tropical timber had changed considerably, and the volume of processed tropical timber products in international trade now exceeds that of primary products. She regretted, however, that progress in the sustainable management of tropical forests and the achievement of the ITTO Objective 2000 had not yet met Members' expectations. She noted that at the global level the world was facing major challenges in combating climate change and biodiversity loss, in contributing to poverty reduction and in supplying a population of 9 billion by 2050 with products, energy and environmental services from trees and forests. She said ITTO should play an important role in helping the international community to face these challenges. She noted that the ITTA, 2006 offers a new and modern framework for the future. She indicated that the establishment of the thematic

programmes to secure additional funding for projects and activities and the interest from new donors were positive developments. Ms. Kuehmayer was optimistic that the Accra meeting would enable ITTO to return to Yokohama in November 2008 fully prepared to take decisions so that the Council would successfully launch the work of ITTO under the ITTA, 2006. She was confident that the new Executive Director, Mr. Emmanuel Ze Meka would guide the Council effectively in this period of transition to the new Agreement and beyond. She also pointed out that the Executive Director would need the support and hard work of the Council in order to make the most of the opportunities in the ITTA, 2006 and the renewed international interest in forests. She urged all Member Countries who had not yet ratified the new Agreement to make it their number one priority and hoped that she would be able to preside over the first Council Session under the new Agreement, not for personal reasons but she believed that that would be in the best interest of the Organization. In her concluding remarks, the Chairperson-Elect expressed gratitude to the outgoing Chairperson of the Council, H.E. Amb. Luis Macchiavello Amoroz for his patience, flexibility when it was necessary and firmness when it was needed. She hoped that the outgoing Chairperson would continue to contribute to the work of ITTO. She stated that it was an honour serving as Vice-Chairperson under the Chairmanship of Amb. Luis Macchiavello Amoroz.

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

188. In his closing remarks, the Chairperson of the Council, H.E. Amb. Luis Macchiavello Amoroz congratulated Ms. Katharina Kuehmayer on her election as Chairperson of the Council for 2008. He also congratulated Mr. Emmanuel Ze Meka, the newly elected Executive Director on his successful election during the Forty-second Session of the Council in Port Moresby, Papua New Guinea. He was confident that Mr. Ze Meka's professional stature and technical qualifications would enable him to lead the Organization on a successful path. He also paid tribute to the outgoing Executive Director, Dr. Manoel Sobral Filho. The Chairperson expressed his gratitude to the staff of the Secretariat for their dedication and support. Amb. Luis Macchiavello Amoroz said the closing of the Forty-third Session of the Council marked the end of a stage in his life with ITTO. He noted that in the beginning he had lots of doubts about the future of ITTO. He said that the tasks were enormous with very limited tools, however, despite all the limitations and the many obstacles that ITTO had to face in its path, the Organization had made more progress than he had imagined although there was still a lot more to be done. Amb. Macchiavello Amoroz said fortunately the will to succeed was alive and strong and he was optimistic that things would be better in the future; testimony of this was the adoption of the ITTA, 2006, demonstrating a clear will of Members to move forward. He stated that as long as the spirit that had led the Organization continued in the future, the Organization would be able to fulfill its mission and leave to the next generation a better world. The outgoing Chairperson urged the Council to give full support to the incoming Chairperson, Ms. Katharina Kuehmayer.
189. The Chairperson officially closed the Forty-third Session of the Council.

## **ANNEX I**

### **LIST OF PARTICIPANTS**

**Document: ITTC(XLIII)/Info. 2**



Distr.  
General

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English/French/Spanish

FORTY-THIRD SESSION  
5 – 10 November 2007  
Yokohama, Japan

**LIST OF PARTICIPANTS**

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**LISTE DES PARTICIPANTS**

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**LISTA DE PARTICIPANTES**





## MEMBERS

### AUSTRALIA

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| <p>* Mr. Mick George</p> <p>** Ms. Erika Oord</p> | <p>Senior Policy Officer, International Forest Policy,<br/>Forest Industries Branch, Australian<br/>Government Department of Agriculture,<br/>Fisheries and Forestry, Canberra</p> <p>Policy Officer, International Forest Policy,<br/>Forest Industries Branch, Australian<br/>Government Department of Agriculture,<br/>Fisheries and Forestry, Canberra</p> |
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### BRAZIL

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| <p>* Mr. Arnaldo de Baena Fernandes</p> <p>** Mr. Tasso Rezende Azevedo</p> <p>** Ms. Valéria Cristina Rigueira</p> <p>** Mr. Leonel Graça Generoso Pereira</p> <p>*** Mr. João Batista Lanari Bo</p> <p>*** Ms. Paula Barboza</p> | <p>Secretary, Ministry of External Relations,<br/>Brasília</p> <p>Director-General, Brazilian Forest Service,<br/>Ministry of Environment, Brasília</p> <p>Program Manager, Brazilian Agency for<br/>Cooperation, Brasília</p> <p>Ministry of Environment, Brasília</p> <p>Minister-Counselor, Embassy of Brazil, Tokyo</p> <p>Second Secretary, Economy and Trade Policy<br/>Section, Embassy of Brazil, Tokyo</p> |
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| <p>* H.E. Dr. Elvis Ngolle Ngolle</p> <p>** Mr. André Kendeck Kandeng</p> <p>** Mr. Appolinaire Essomba</p> <p>** Mr. Adrian Ngo'o Bitomo</p> <p>** Mr. Aliou Moussa</p> <p>** Mr. Denis Koulagna Koutou</p> | <p>Ministre, Ministère des Forêts et de la Faune,<br/>Yaoundé</p> <p>Conseiller Technique à la Présidence de la<br/>République, Yaoundé</p> <p>First Counsellor, Embassy of Cameroon, Tokyo</p> <p>Attaché, Prime Minister's Officer, Yaoundé</p> <p>Directeur de l'Asie au Ministère des Relations<br/>Extérieures</p> <p>Chef de Division de la Coopération et de la<br/>Programmation, Ministère des Forêts et de la<br/>Faune, Yaoundé</p> |
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### CANADA

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| <p>* Mr. Peter Besseau</p> <p>** Mr. Nicolas Duval-Mace</p> | <p>Acting Director, International Affairs, Canadian<br/>Forest Service, Natural Resources Canada,<br/>Ottawa</p> <p>Policy Analyst, Canadian Forest Service,<br/>Natural Resources Canada, Ottawa</p> |
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Notes:           \* Representative/Représentant/Representante  
                  \*\* Alternate representatives/Représentant suppléants/Representantes suplentes  
                  \*\*\* Advisers/Conseillers/Asesores

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## **ANNEX II**

## **AGENDA**

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FORTY-THIRD SESSION  
5 – 10 November 2007  
Yokohama, Japan

## PROVISIONAL AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee
6. Distribution of Votes for 2007
7. Admission of Observers
8. Statement by the Executive Director
9. Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)
10. CITES Listing Proposals by Members – Decision 3(XVI)
11. Annual Review and Assessment of the International Timber Situation
12. Preparations for Entry into Force of the ITTA, 2006 – Decisions 2(XXXIX) and 3(XLI)
  - (a) Review of the status of deposits of Instruments of ratification, acceptance, approval or accession to the ITTA, 2006
  - (b) Report of the Inter-sessional Working Group on the development of the ITTO Thematic Programmes
13. ITTO Objective 2000 – Decision 2(XXIX)
14. ITTO Action Plan – Decision 2(XXXIX)
  - (a) Report on the implementation of the ITTO Yokohama Action Plan 2002–2006 – Decision 2(XXXIX)
  - (b) ITTO Action Plan 2008–2013
15. ITTO Biennial Work Programme
  - (a) Report on the Implementation of the ITTO Biennial Work Programme for 2006 – 2007
  - (b) ITTO Biennial Work Programme for 2008–2009
16. Civil Society/Private Sector Partnerships for Sustainable Forest Management  
Decision 5(XXXIII)

17. Developments in the UNFCCC regarding Forests and their Potential Implications for Tropical Forests and the World Tropical Timber Economy– Decisions 2(XXXIX) and 1(XLI)
18. ITTO Fellowship Programme – Decision 4(XXVII)
  - (a) Progress Report on the ITTO Fellowship Programme
  - (b) Report of the Fellowship Selection Panel
19. Special Account and Bali Partnership Fund
  - (a) Pledges to the Special Account and the Bali Partnership Fund
  - (b) Review of the resources in the Bali Partnership Fund
  - (c) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
20. Reports of the Associated Sessions of the Committees
21. Election of Chairperson and Vice-Chairperson of the Council for 2008
22. Dates and Venues of the Forty-fourth, Forty-fifth and Forty-sixth Sessions of the Council and the Associated Sessions of the Committees
23. Other Business
24. Decisions and Report of the Session
25. Closing of the Session

## **ANNOTATIONS TO THE AGENDA**

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

The Forty-third Session of the Council will be opened by the Chairperson of the Council, H.E. Amb. Luis Macchiavello Amoroz (Peru).

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

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

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

[Document ITTC(XLIII)/1]

The Council may decide to consider and adopt its Agenda. On the schedule of meetings, the Council may consider the draft schedule distributed under Decision 5(XXII), and the advice of the Informal Advisory Group (IAG) and undertake due consultations in the Chairperson's Coordinating Bureau, issuing the time-table daily and at more frequent intervals as necessary.

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

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

### **Item 5 - Report of the Credentials Committee**

[Document ITTC(XLIII)/3]

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

### **Item 6 - Distribution of Votes for 2007**

[Document ITTC(XLIII)/1 Annex]

The distribution of votes for the year 2007 which was adopted by the Council, in accordance with Article 10(6) of the ITTA, 1994, at its Forty-second Session, is shown in the Annex to these Annotations. In accordance with Article 19(4) of the ITTA, 1994, the approved distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for 2008.

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

[Document ITTC(XLIII)/Info.3]

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

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

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

### **Item 9 - Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)**

[Document ITTC(XLIII)/2]

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the Twenty-first Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 4 November 2007.

The report of the Twenty-first Meeting of the IAG will be presented by the Chairperson.

**Item 10 - CITES Listing Proposals by Members – Decision 3(XVI)**

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

The Secretariat will also report on the outcome of the Fourteenth Meeting of the Conference of Parties (COP-14) of CITES convened on 3-15 June 2007 in The Hague, Netherlands.

**Item 11 - Annual Review and Assessment of the International Timber Situation**  
[Document ITTC(XLIII)/4]

The Council may wish to base its discussion on this item on the following:

(i) **Elements for the 2007 Annual Review and Assessment of the International Timber Situation**

This is prepared by the Secretariat and comprises statistics and available data on production, imports and exports of timber products, emphasizing tropical timber products, and an analysis of economic and market developments. The Elements for the 2007 Annual Review will be partly based on information extracted from national responses to the ITTO/UNECE/FAO/EUROSTAT Joint Forest Sector Questionnaire and partly from other sources.

(ii) **A General Introductory Statement by the Secretariat**

Using various sources of information including the Elements for the 2007 Annual Review, the Statement will give an overview of the world timber situation, focusing on tropical timber, including recent developments and the short-term outlook based on available forecasts.

The Council may also decide after due discussions the type of statistics and information and the format of presentation Members shall furnish on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests as stipulated in Article 29(2) of the ITTA, 1994.

**Item 12 - Preparations for the Entry into Force of the ITTA, 2006 – Decision 3(XLI)**  
[Document ITTC(XLI)/5]

- (a) Pursuant to its Decision 3(XLI), the Council will review the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006.
- (b) The Council may wish to resume consideration of the report of the Inter-sessional Working Group on the development of the ITTO Thematic Programmes and decide on any follow up action.

**Item 13 - ITTO Objective 2000 – Decision 2(XXIX)**  
[Document ITTC(XLI)/6]

Pursuant to its Decision 2(XXIX), which requested the Executive Director to render assistance, on request, to producer countries 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, the Council will receive the report on the assistance provided to the Government of Nigeria.

**Item 14 - ITTO Action Plan – Decision 2(XXXIX)**  
[Documents ITTC(XLIII)/7 and ITTC(XLIII)/8]

- (a) The Council will receive a report on the implementation of the ITTO Yokohama Action Plan 2002-2006;
- (b) The Council may wish to consider and approve the draft ITTO Action Plan 2008–2013.



**Item 15 - ITTO Biennial Work Programme**  
[Documents ITTC(XLIII)/9 and ITTC(XLIII)/10]

- (a) The Council will receive a report on the implementation of the Biennial Work Programme for 2006 – 2007;
- (b) The Council may wish to consider and approve the draft Biennial Work Programme for 2008–2009.

**Item 16 - Civil Society/Private Sector Partnership for Sustainable Forest Management – Decision 5(XXXIII)**

Pursuant to Decision 5(XXXIII), the Council will be updated on the progress in the implementation of the pilot programme to support the development of Civil Society/Private Sector partnerships to promote sustainable forest management and certification.

**Item 17 - Developments in the UNFCCC Regarding Forests and their Potential Implications for Tropical Forests and the World Tropical Timber Economy– Decisions 2(XXXIX) and 1(XLI).**

Pursuant to its Decisions 2(XXXIX) and 1(XLI) the Council will be updated on developments in the UNFCCC regarding forests and their potential implications for tropical forests and the world tropical timber economy.

**Item 18 - ITTO Fellowship Programme – Decision 4(XXVII)**  
[Documents ITTC(XLIII)/11 and ITTC(XLIII)/12]

The Council may consider: (a) the progress report prepared by the Secretariat on implementation of the ITTO Fellowship Programme, as called for in Decision 4(XXVII) [Document ITTC(XLIII)/11]; and (b) the report of the Fellowship Selection Panel to be presented by its Chairperson [Document ITTC(XLIII)/12]. The Council will announce the final selection of awards based on the Chairperson's report.

**Item 19 - Special Account and Bali Partnership Fund**  
[Document ITTC(XLIII)/13]

- (a) Pledges to the Special Account and the Bali Partnership Fund

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

- (b) Review of the resources in the Bali Partnership Fund

The Council may conduct a review of the adequacy of the resources in the Bali Partnership Fund to meet the needs of Producing Members to achieve the purpose of the Fund, as called for in the ITTA, 1994, Article 21. [Information on the resources of the Bali Partnership Fund are contained in Document CFA(XXII)/5].

- (c) Report of the Panel on Sub-Account B of the Bali Partnership Fund

The Council will have before it the report of the Panel on Sub-Account B of the Bali Partnership Fund established under Decision 4(XXX) to consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B. The Council may consider and adopt the recommendations contained in the report [Document ITTC(XLIII)/13].

**Item 20 - Reports of the Associated Sessions of the Committees**

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

**Item 21- Election of Chairperson and Vice-Chairperson of the Council for 2008**

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2008. Under Article 8 of the ITTA, 1994, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year. Under Article 8, paragraph 2, the Chairperson and the Vice-Chairperson, one from among the representatives of producing countries, and the other from among the representatives of the consuming countries, are required to alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election to either or both under exceptional circumstances by Special Vote of the Council.

**Item 22- Dates and Venues of the Forty-fourth, Forty-fifth and Forty-sixth Sessions of the Council and the Associated Sessions of the Committees**

Pursuant to its Decision 4(XLII) on financial arrangements related to the hosting of Council Sessions outside of the Headquarters of the Organization, the Council may wish to decide on the financial resources to organize and convene the Forty-fourth Session of the Council following the invitation by the Government of Ghana to host the Forty-fourth Session of the Council in Accra. The Council may thereon decide on the dates of the Forty-fourth Session.

In order to maintain the established practice of setting Session dates and venue eighteen months in advance to facilitate logistical arrangements, the Council may wish to set the dates and venue of the Forty-fifth Session of the Council and decide on the venue for the Forty-sixth Session of the Council, taking into consideration its Decision 4(XLII).

**Item 23- Other Business**

The Council may consider any matters brought under this item.

**Item 24- Decisions and Report of the Session**

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

Through Decision 7(XXXIII) the Council adopted the following procedures for the Council decision making:

- (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 item(a) of the decision.
  - 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.

The above procedures were adopted for a six-day Council Session. The Council may wish to review its decision-making procedures.

**Item 25 - Closing of the Session**

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

**Annex**

**DISTRIBUTION OF VOTES FOR 2007**

	<u>No. of Votes</u>
<b><u>PRODUCING MEMBERS</u></b>	
<b>Africa</b>	
Cameroon	26
Central African Republic	25
Congo	26
Côte d'Ivoire	25
Democratic Republic of the Congo	25
Gabon	25
Ghana	25
Liberia	25
Nigeria	25
Togo	25
<b>Asia &amp; Pacific</b>	
Cambodia	16
Fiji	14
India	28
Indonesia	106
Malaysia	122
Myanmar	37
Papua New Guinea	25
Philippines	15
Thailand	16
Vanuatu	14
<b>Latin America/Caribbean</b>	
Bolivia	25
Brazil	145
Colombia	24
Ecuador	15
Guatemala	11
Guyana	15
Honduras	11
Mexico	24
Panama	11
Peru	29
Suriname	14
Trinidad and Tobago	10
Venezuela	21
Total:	1,000

No. of Votes

CONSUMING MEMBERS

Australia	17
Canada	17
China	238
Egypt	17
European Community	
Austria	10
Belgium/Luxembourg	17
Denmark	15
Finland	10
France	34
Germany	20
Greece	13
Ireland	14
Italy	29
Netherlands	30
Poland	11
Portugal	18
Spain	23
Sweden	11
United Kingdom	27
Japan	217
Nepal	10
New Zealand	11
Norway	10
Republic of Korea	86
Switzerland	11
United States of America	84
Total:	<hr/> 1,000

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## **ANNEX III**

### **TEXT OF THE DECISIONS**

#### **ADOPTED BY THE COUNCIL AT ITS FORTY-THIRD SESSION**

DOCUMENT: ITTC(XLIII)/14  
DOCUMENT: ITTC(XLIII)/15  
DOCUMENT: ITTC(XLIII)/16  
DOCUMENT: ITTC(XLIII)/17  
DOCUMENT: ITTC(XLIII)/18  
DOCUMENT: ITTC(XLIII)/19  
DOCUMENT: ITTC(XLIII)/20





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5 – 10 November 2007  
Yokohama, Japan

## DECISION 1(XLIII)

### PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Forty-third Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(XLI)/8, and CRF(XLI)/11; and the report of the Twelfth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XLIII)/13;

1. Decides:

(i) to approve the following Projects:

PD 449/07 Rev. 2 (M)	Enhancing Forest Law Enforcement in Papua New Guinea (Papua New Guinea) ITTO Budget: \$ 473,040.00
PD 404/06 Rev.3 (F)	Conservation and Development in the Natural Protected Areas Complex of Tambopata (Peru) - Madidi (Bolivia) - Phase II (Peru and Bolivia) ITTO Budget: \$1,183,626.00
PD 419/06 Rev.3 (F)	Forest Seeds Management and Conservation (Côte d'Ivoire) ITTO Budget: \$912,764.00
PD 432/06 Rev.2 (F)	Promoting Adoption of Sustainable Forest Management in the Brazilian Amazon (Brazil) ITTO Budget: \$508,464.00
PD 441/07 Rev.2 (F)	Institutional Strengthening of ANAM for Integrated Fire Management in the Forests of Panama (Panama) ITTO Budget: \$463,115.00
PD 445/07 Rev.2 (F)	Integrated Sustainable Forest Management Project for Forest Areas in the Lower Catatumbo River Watershed, North Santander Colombia (Colombia) ITTO Budget: \$813,591.00
PD 459/07 Rev.1 (F)	Improving the Enabling Conditions for Sustainable Management of Sandalwood Forest Resources in East Nusa Tenggara Province, Indonesia (Indonesia) ITTO Budget: \$593,163.00

PD 460/07 Rev.1 (F)	Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development (China) ITTO Budget: \$432,918.00
PD 466/07 Rev.1 (F)	Organizing and Convening the IV Latin American Forestry Congress (CONFLAT IV) (Venezuela) ITTO Budget: \$95,077.00
PD 470/07 Rev.1 (F)	Development and Implementation of Criteria and Indicators for Sustainable Management of Planted Forests and Community Forests (Thailand) ITTO Budget: \$209,574.00
PD 397/06 Rev.3 (I)	Sustainable Development of the Wood-based Industries in South Kalimantan (Indonesia) ITTO Budget: \$155,196.00
PD 435/06 Rev.1 (I)	Nanotechnology Applied to Tropical Timber Products (Brazil) ITTO Budget: \$412,619.00
PD 448/07 Rev.2 (I)	Sustainable Utilization and Marketing of Selected Non-Timber Forest Products to Support the Handicraft Industry and the Development of Rural Communities (The Philippines) ITTO Budget: \$354,672.00

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

PD 449/07 Rev.2 (M)	\$473,040.00
PD 432/06 Rev.2 (F)	\$508,464.00
PD 397/06 Rev.3 (I)	\$155,196.00

- (iii) to authorize the release of \$200,000.00 for the continued implementation of the Freezailah Fellowship Fund;

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

PD 404/06 Rev.3 (F)	\$1,183,626.00
PD 419/06 Rev.3 (F)	\$912,764.00
PD 441/07 Rev.2 (F)	\$463,115.00
PD 445/07 Rev.2 (F)	\$813,591.00
PD 459/07 Rev.1 (F)	\$593,163.00
PD 460/07 Rev.1 (F)	\$432,918.00
PD 466/07 Rev.1 (F)	\$95,077.00
PD 470/07 Rev.1 (F)	\$209,574.00
PD 435/06 Rev.1 (I)	\$412,619.00
PD 448/07 Rev.2 (I)	\$354,672.00

- (v) to authorize financing for immediate implementation of the following Projects which were approved at earlier Sessions:

PD 377/05 Rev.3 (F)	\$421,060.00
PD 228/03 Rev.3 (F) Phase II	\$165,028.00
PD 405/06 Rev.3 (F)	\$520,992.00
PD 434/06 Rev.1 (F)	\$396,201.00
PD 438/06 Rev.2 (F)	\$547,917.00
PD 425/06 Rev.1 (I)	\$499,975.00

- (vi) to authorize the amendment in the budget and financing for immediate implementation of the following Projects which was approved at earlier Sessions:

PD 124/01 Rev.2 (M) Phase II Stage 2	\$544,070.00
PD 364/05 Rev.4 (I)	\$480,511.00
PD 385/05 Rev.4 (I,F)	\$314,678.00

- (vii) to authorize the amendment in the budget and the release of additional funds for the continued implementation of the following Project which was approved at an earlier Session:

PD 251/03 Rev.3 (F)	\$209,520.00
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2. Decides:

- (i) to approve the following Pre-Projects:

PPD 139/07 Rev.1 (M)	Strengthening of the National Forest Information System (Thailand) ITTO Budget: \$ 84,505.00
PPD 135/07 Rev.1 (F)	Community-based Forest Management of Sungai Medihit Watershed (Malaysia) ITTO Budget: \$ 73,710.00
PPD 136/07 Rev.1 (F)	Study for the Conservation, Land Management and Sustainable Mountain Biodiversity Management in the Centre North Region of Togo (Togo) ITTO Budget: \$ 52,358.00

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

PPD 135/07 Rev.1 (F)	\$73,710.00
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- (iii) to authorize the financing for immediate implementation as soon as earmarked funds are available with the Special Account of the following Pre-Projects which were approved at this Session:

PPD 139/07 Rev.1 (M)	\$84,505.00
PPD 136/07 Rev.1 (F)	\$52,358.00

- (iv) to authorize financing for immediate implementation of the following Pre-Projects which were approved at earlier Sessions:

PPD 117/05 Rev.2 (I,M)	\$54,000.00
PPD 129/06 Rev.1 (F)	\$56,538.00

3. Urges Members to consider financing those approved Projects, Pre-Projects and Activities for which funds are not immediately available,
4. Appeals to Members to make unearmarked contributions to the Special Account which comprise at least 10% of the total value of their pledges, in accordance with Decision 6(XIII), the remainder being voluntary contributions allocated to approved Projects, Pre-Projects and Activities and furthermore decides that such unearmarked contributions shall not be allocated without the prior authorization of the Council,
5. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-Projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO, and

6. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects, Pre-Projects and Activities for which funds are not immediately available.

\* \* \*

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5 – 10 November 2007  
Yokohama, Japan

## DECISION 2 (XLIII)

### ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2008-2009

The International Tropical Timber Council,

Recalling Decision 2(XXXI) on the adoption of the ITTO Yokohama Action Plan 2002-2006;

Noting that the implementation period of the ITTO Yokohama Action Plan 2002-2006 was extended to 2007 through Decision 2(XXXIX);

Recalling further the successful conclusion on 27 January 2006 of the International Tropical Timber Agreement, 2006, that will enter into force on or after 1 February 2008;

Recalling also Decision 3(XLI) on the Extension of the International Tropical Timber Agreement, 1994, under which and in accordance with Article 46(3) of the International Tropical Timber Agreement, 1994, the Agreement was extended until the provisional or definitive entry into force of the successor Agreement;

Appreciating the work of the Secretariat in its proposal to Council on the Work Programme for the years 2008-2009;

Noting further that activities listed in paragraph 3 below are derived from the following: (a) ITTO Yokohama Action Plan; (b) the four ITTO Committee Reports to the Forty-third Session of Council; and (c) previous Council decisions;

#### Decides to:

1. Further extend the implementation period of the ITTO Yokohama Action Plan 2002-2006 through 2008;
2. Adopt the Work Programme for the years 2008-2009 as contained in the Annex to this Decision, subject to revision as appropriate, should the ITTA, 2006, enter into force provisionally or definitively within this biennial period;
3. Request the Executive Director to implement and/or facilitate the implementation of activities in the approved Work Programme for the years 2008-2009, including the following:

Activity	Estimated costs (US\$)
(i) Encourage the participation of LDC members (as defined by the UN) in Council Sessions.	
Review the situation and sources of financing for the participation of LDC members in Council Sessions and consider mechanisms to encourage the participation of LDC members in Council Sessions.	\$100,000.00
(ii) Continue to publish the ITTO quarterly Tropical Forest Update (TFU) and bi-weekly Market Information Service (MIS). [ITTA, 1994, Articles 29 and 30] [Yokohama Action Plan 2(d)]	
Approve and finance two-year extension of Secretariat-implemented projects PD 13/99 Rev.2 (M,F,I) and PD 16/93 Rev.4 (M)	\$800,000.00 (Year: 2008)
	\$800,000.00 (Year: 2009)
(iii) Enhance cooperation between ITTO and CITES [ITTA, 1994, Article 14] [ITTC Decisions 3(XVI), 7(XXXIV) and 2(XXXVII)] [Yokohama Action Plan 2(b)]	
(a) Continue to assist Members to implement CITES listings of timber species.	\$260,000.00
(b) Make provisions for and consider the results of a review of current management status, production levels and trade volumes of internationally traded tropical timber species included in the IUCN Red List of Threatened Species.	\$50,000.00
(iv) Consider further work on civil society/private sector partnerships for sustainable forest management and certification. [ITTC Decision 5(XXXIII)] [Yokohama Action Plan 2(h)]	
Building on the experience gained through the 2006-2007 Work Programme, assist countries in developing initiatives that will enhance capacity of small and medium-sized enterprises to produce and trade timber from legal and sustainable sources with the aim of promoting progress towards sustainable forest management, verifiable legality and certification.	\$200,000.00

- (v) Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources.  
[Yokohama Action Plan 3.1, Goal 2]

Support development of innovative timber tracking systems and dissemination of information on timber produced under timber tracking systems.

\$600,000.00

- Invite proposals from forest concessionaires and other private sector representatives to establish log tracking systems using commercially available hardware and software. This activity will make use of voluntary inputs and contribute to the establishment of a website to report on the volumes of timber tracked under systems developed under this programme.
- Promote the establishment and implementation of web-based information systems designed and operated to make sound data and information available to assist consumers in identifying/purchasing legally/sustainably produced timber, in cooperation with governments and public-private partnerships.

- (vi) Continue to promote improvement in forest law enforcement.  
[ITTC Decision 6(XXXI)]  
[Yokohama Action Plan 3.2, Goal 1(1)]

- (a) In cooperation with FAO, continue, as necessary and upon request, to disseminate and promote use of "Best Practices for improving Law Enforcement in the Forest Sector, developed jointly by ITTO and FAO, and provide for feedback from the workshops. The cooperation will include:

1. Conduct regional workshop on Best Practices for West Africa (Liberia, Nigeria, Ghana, Ivory Coast, Togo, Benin, Sierra Leone, Guinea, Guinea Bissau.

\$70,000.00

2. Summary publication of outcomes and successful examples arising from regional Best Practices workshops.

\$35,000.00

3. Develop a compendium of the current state of national technologies for monitoring illegal logging and related trade for consideration and approval of the Council.

\$100,000.00

- (b) Cooperate with the United Nations Commission on Crime Prevention and Criminal Justice (CCPJ) to organize and convene a meeting (in Indonesia) of experts in preventing and combating illicit traffic in timber and wildlife.

\$70,000.00

- (c) Support the Workshop on Forest Governance and Decentralization in Africa, to be convened within the framework of the United Nations Forum on Forests in Durban, South Africa, in April 2008. The Workshop will provide a platform for bringing and sharing lessons from other international and national processes.

\$70,000.00

- (vii) Encourage and increase the involvement of non-government stakeholders in the activities of the Organization.

[ITTA, 1994, Article 1(j)]

[Yokohama Action Plan 2(h)]

- |     |  |              |
|-----|--|--------------|
| (a) | Provide technical assistance for selected poor local/indigenous communities to formulate project proposals for submission to ITTO for the management of forests and sustainable timber production. | \$100,000.00 |
|-----|--|--------------|

		\$220,000.00
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| (b) | Conduct a new round of analyses of Community Forestry Enterprises (CFEs) in each region (Africa, Latin America and Asia-Pacific) to understand the range of business models, products, enterprise organization, constraints, and enabling conditions to inform producer countries and share learning among entrepreneurs (in collaboration with community stakeholders). | \$200,000.00 |
|-----|--|--------------|

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|-----|---|--|
| (c) | In cooperation with relevant partners (e.g. Rights and Resources Initiative, FAO, etc.), make provisions for a global assessment of the status of tropical forest tenure with identification of trends and implications for investment and management, and for the convening of an expert workshop on Tropical Forest Tenure and Business Models. |  |
|-----|---|--|

- (viii) Further improve dissemination of statistics, studies and information on tropical timber and tropical forests.

[ITTA, 1994, Article 29]

[Yokohama Action Plan 3.1, Goal 1(2)]

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|---|-------------|
| Further develop the web-based database of ITTO statistics on timber production and trade developed under the Biennial Work Programme 2006-2007. | \$50,000.00 |
|---|-------------|

- (ix) Enhance the technical capacity of member countries, particularly developing member countries, to meet the statistics and reporting requirements.

[ITTA, 1994 Article 30(5)]

[Yokohama Action Plan 3.1, Goal 1(7)]

- |   |              |
|---|--------------|
| Upon request, provide assistance to member countries to strengthen their statistics collection and enhance reporting. | \$200,000.00 |
|---|--------------|

- (x) Promote regional trade in tropical timber and timber products in Africa.

[ITTA, 1994, Article 1(k)]

[Yokohama Action Plan 3.1, Goal 2]

- |  |              |
|--|--------------|
| Organize an international conference in cooperation with the International Trade Center (ITC), the New Partnership for Africa's Development (NEPAD) and the African Timber Organization (ATO), on the basis of a background study on the regional trade in tropical timber and timber products in Africa, exploring opportunities and recommending measures to further promote the regional trade of forest products from sustainably managed sources. | \$290,000.00 |
|--|--------------|



- (xi) Strengthen policies and opportunities for forest investment  
[ITTC Decisions 1(XXXV) and 4(XXXV)]  
[Yokohama Action Plan 2(j)]
- Follow-up on the results of the ITTO-sponsored International Forum and Regional Workshops on Investment Promotion in sustainable management of natural tropical forests and natural forest-based development (implemented in 2006-2007), by making provisions to carry out studies and convene four workshops at national level in selected producer countries. \$200,000.00
- (xii) Consider results and carry out an assessment and evaluation of technical diagnostic and planning missions authorized under Decision 2(XXIX).  
[ITTC Decision 2(XXIX)]  
[Yokohama Action Plan 2(a)]
- Review and assess the technical diagnostic missions, assessing the efficiency of such missions on the basis of six case studies and proposing measures to improve the efficiency of these missions, if appropriate. \$150,000.00
- (xiii) Undertake studies in collaboration with relevant partner organizations to review the achievement of sustainable management of tropical timber producing forests.  
[ITTA, 1994, Article 29(3)]  
[Yokohama Action Plan 2(n)]
- (a) Make provisions for work on the preparation of the report on the State of Forest Management (SFM Tropics 2010). Analysis will be conducted for SFM progress against the baseline set in the SFM Tropics 2005 report. \$400,000.00
- (b) Enter into a partnership with FAO to harmonize SFM Tropics 2010 with the 2010 FAO Forest Resources Assessment (FRA). \$100,000.00
- (xiv) In cooperation with relevant organizations, continue to study the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of the effects of climate change.  
[ITTA, 1994, Article 1(f)]  
[ITTC Decision 1(XXXVIII)]  
[Yokohama Action Plan 3.2, Goal 1(3)]
- Clarify and illustrate the role of ITTO in climate change adaptation and mitigation in relation to tropical forests and assist members in formulating and implementing an integrated forest sector response to climate change. \$300,000.00

- (xv) Continue to provide for ITTO's cooperation and consultation with the Collaborative Partnership on Forests (CPF) and support for the United Nations Forum on Forests (UNFF) and other relevant international and regional organizations, institutions and initiatives.

[ITTA, 1994, Article 14]

[ITTC Decision 7(XXX)]

[Yokohama Action Plan 2(b) & 2(c)]

- |     |   |                              |
|-----|---|------------------------------|
| (a) | Second a senior official to the UNFF Secretariat in the biennium and regularly review the effectiveness of this secondment. | \$200,000.00<br>(Year: 2008) |
|-----|---|------------------------------|

(Note on funding source: Unearmarked Funds from the Special Account except \$200,000.00 from the Earmarked Voluntary Contributions.)	\$200,000.00 (Year: 2009)
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\$200,000.00

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|-----|---|
| (b) | Strengthen ITTO's role in UNFF discussions to improve global financing for forests by co-sponsoring an international expert meeting on forest financing to be convened in 2008 as a UNFF country-led initiative in preparation for UNFF8. |
|-----|---|

(Note on funding source: Unearmarked Funds from the Special Account except \$100,000.00 from the Earmarked Voluntary Contributions.)

\$75,000.00

- |     |   |
|-----|---|
| (c) | Continue to support ITTO participation and contribution to the IUFRO-led CPF initiative "Global Forest Information Service (GFIS)". |
|-----|---|

- (xvi) Further enhance public relations, education and outreach activities to best convey the purpose and activities of the Organization.

[ITTA, 1994, Article 1]

[ITTC Decision 5(XXVII)]

[Yokohama Action Plan 2(d)]

Continue to ensure that ITTO reaches as wide an audience as possible by: improving ITTO's Annual Report; continuing to improve the ITTO website; editing, publishing and disseminating relevant ITTO reports; producing and disseminating outreach materials; and convening side events and exhibiting ITTO outreach materials at relevant events.	\$150,000.00 (Year: 2008)
	\$75,000.00 (Year: 2009)

(Note on funding source: Unearmarked Funds from the Special Account except \$25,000.00 from the Earmarked Voluntary Contributions.)

- (xvii) Consider advice from and facilitate involvement of the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG).

[ITTC Decisions 9(XXVIII) and 2(XXXII)]

Encourage the participation of TAG and CSAG members in Council Sessions.	\$80,000.00
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- (xviii) Appraise projects and pre-projects evaluated by the Expert Panel for Technical Appraisal of Project Proposals.

[ITTA, 1994, Article 27]

Convene four meetings of the Expert Panel for Technical Appraisal of Project Proposals.	\$190,000.00 (Year: 2008)
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\$190,000.00  
(Year: 2009)

- (xix) Review of the timber market in two significant tropical timber importing countries.  
[ITTA 1994, Articles 1(e), 27(1)]  
[Yokohama Action Plan 3.1, Goal 1(3)]
- Make provisions for the studies and markets to be covered may be proposed by the Committee. \$100,000.00  
(Year: 2008)
- (Note on funding source: Unearmarked Funds from the Special Account except \$100,000.00 from the Earmarked Voluntary Contributions.) \$100,000.00  
(Year: 2009)
- (xx) Enhancement of statistical work and training workshops on statistics.  
[ITTA, 1994, Article 29]  
[Yokohama Action Plan 3.1, Goal 1(7)]
- Make provisions for and consider the results of activities to improve statistical databases, maintain access to international forest products trade databases and to maintain involvement in the Intersecretariat Working Group on Forest Statistics and Joint Forest Sector Questionnaire Process. \$60,000.00
- (xxi) Monitor developments and progress in timber procurement policies  
[ITTA, 1994, Articles 1(e), 1(h), 1(k), 27(1)]  
[Yokohama Action Plan 3.1, Goal 2(5)]
- Make provisions for and consider the results of a study on developments and progress in timber procurement policies. \$150,000.00
- (xxii) Review the long-term outlook for tropical timber market  
[ITTA, 1994, Articles 1(e), 1(h), 1(k), 1(n), 27(1)]  
[Yokohama Action Plan 3.1, Goal 1(5)]
- Make provisions to implement a study to explore change drivers and their likely impacts on demand for tropical wood products. Forecast the long-term outlook for production, consumption and trade in tropical wood products (in liaison with FAO outlook studies). The Committee will consider results of the study on the long-term outlook for tropical timber markets. \$140,000.00
- (xxiii) Monitor the competitiveness of tropical wood products compared with other materials.  
[ITTA, 1994, Articles 1(e), 1(h), 1(k), 1(n), 27(1)]  
[Yokohama Action Plan 3.1, Goal 2(6)]
- Ensure that the Committee make provisions to implement a study on the competitiveness of tropical wood products viz a viz other wood and non-wood products in selected end-uses and geographical markets. The study and Committee will monitor substitution trends (both non-tropical wood and non-wood products for tropical products and vice versa) and explore adaptive responses by and opportunities for tropical wood products exporters. \$150,000.00

- (xxiv) Assist market remuneration for environmental services provided by tropical forests in three producing regions  
[ITTA, 1994, Article 1(f) and 1(l)]  
[Yokohama Action Plan 3.2, Goal 1(5)]

Explore the possibility of replicating successful cases of payment for environmental services, in particular schemes from Latin America, in selected ITTO member countries in Africa and Asia, and make proposals/plans to initiate two pilot projects where possible.

\$110,000.00

- (xxv) Continue to monitor progress in the application of criteria and indicators for sustainable forest management.  
[ITTA, 1994, Articles 1(j) and 1(m)]  
[ITTC Decisions 3(XXVI), 5(XXX), 9(XXX) and 4(XXXIV)]  
[Yokohama Action Plan 3.2, Goal 2(1)]

Make provisions for four additional national workshops on C&I under Decision 4(XXXIV).

\$160,000.00

- (xxvi) Promote the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land.  
[ITTA, 1994, Article 1(j)]  
[ITTC Decisions 1(XXXV) and 4(XXXV)]  
[Yokohama Action Plan 3.2, Goal 2(3)]

Make provisions for ITTO, in collaboration with the Global Partnership on Forest Landscape Restoration (GPFLR), to continue to promote the use of the guidelines through national workshops [three national workshops on forest landscape restoration (FLR)], and by developing national and/or context specific manuals on FLR in at least three ITTO producer countries.

\$150,000.00

- (xxvii) Review and promote the use of the revised ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests (1993).  
[ITTA, 1994, Articles 1(f) and 1(l)]  
[ITTC Decisions 4(XXXV) and 1(XXXVII)]  
[Yokohama Action Plan 3.2, Goal 2(1)]

The draft guidelines and dissemination recommendations were presented to the Committee for their consideration at the Forty-third Council session in 2007.

Further work will include provisions for the translation, publication and dissemination of these draft guidelines, as per Decision 4(XLIII).

\$120,000.00

- (xxviii) Review and update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to take into account recent developments in tropical forestry.  
[Yokohama Action Plan 3.2, Goal 2(1)]

In cooperation with relevant partners, make provisions to update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests and to field-test the draft revised guidelines in each of the three tropical regions.

\$300,000.00

- (xxix) Review and, as necessary, update the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests to take into account recent developments in tropical forestry.  
[Yokohama Action Plan 3.2, Goal 2(1)]
- In cooperation with relevant partners, make provisions to review the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests. \$100,000.00
- (xxx) Support the networking and exchange of information with relevant international organizations to maintain the integrity of the resource base, including protected area networks, and the effective enforcement of forest laws and regulations that ensure SFM.  
[ITTA, 1994, Articles 1(c), 1(f) and 1(l)]  
[Yokohama Action Plan 3.2, Goal 1(2)]
- Assist African Member Countries to improve the management and protection of selected Central and Western African Protected Area Networks (PAN) by directly addressing illegal logging. A diagnostic methodology/tool is to be developed to provide for comprehensive assessments of current levels of illegality in eight PANs, identifying the drivers behind illegal activities and the extent of their actions. Alternative solutions and the costs for implementing these will also be provided for each protected area, suggesting corrective actions at both the field and the national policy levels. \$350,000.00
- (xxxi) Study the technical and environmental standards of tropical timber products in international markets.  
[ITTA, 1994, Article 27, Paragraph 3(a)]  
[Yokohama Action Plan 3.3, Goal 1(4)]
- Make provisions for a study to review the technical and environmental standards relating to tropical timber products in major international markets to enhance market access. \$60,000.00
- (xxxii) Promote wood-based bioenergy using wood residues and wastes in tropical countries.  
[ITTA, 1994, Article 1(i), Article 27, Paragraph 3(b)]  
[Yokohama Action Plan 3.3, Goal 2(4)]
- Following-up on the recommendations of the ITTO International Conference on Wood-based Bioenergy, make provisions for studies and for convening three regional fora on wood-based bioenergy, including the use of wood residues and waste in tropical countries (in collaboration with FAO and other organizations as appropriate). \$300,000.00
- (xxxiii) Promote further processing in tropical timber.  
[ITTA, 1994, Article 1(i), Article 27, Paragraph 3]  
[Yokohama Action Plan 3.3, Goal 1]
- In collaboration with FAO, support the development of small/medium/community-based enterprises by (i) carrying out case studies to document enterprises, opportunities and constraints of small and medium scale forest-based enterprises, focusing on tropical timber value-added products and niche markets; (ii) upon request, providing technical assistance to communities to help develop forest-based enterprises; and (iii) strengthening community networks for small and medium-sized enterprises. \$150,000.00

4. Requests the relevant Technical Committee(s) to further consider the scope of work and develop terms of reference as appropriate to guide implementation of the activities listed under paragraph 3 above;
5. Authorize the Executive Director to seek voluntary contributions from Member Countries to finance implementation of the activities listed under paragraph 3 above. If sufficient contributions are not pledged by 31 January 2008, the Executive Director is requested to finance implementation of the activities listed under paragraph 3 above, using:
  - (a) the Unearmarked Funds available in the Special Account to finance activities listed under sub-paragraphs 3(viii), 3(ix), 3(x), 3(xi), 3(xv)(a), 3(xv)(b), 3(xv)(c), 3(xvi), 3(xix), 3(xx), 3(xxii), 3(xxiii), 3(xxiv), 3(xxxi), 3(xxxii), 3(xxxiii);
  - (b) the Sub-Account B of the Bali Partnership Fund to finance activities listed under sub-paragraphs 3(ii), 3(xii), 3(xiii)(a), 3(xxvi), 3(xxvii); and
  - (c) the Working Capital Account of the Administrative Account to finance activities listed under sub-paragraph 3(xviii).
6. Request the Executive Director to report to Council on the progress in implementing the Biennial Work Programme for 2008-2009.

ANNEX

BIENNIAL WORK PROGRAMME FOR 2008-2009

INTERNATIONAL TROPICAL TIMBER COUNCIL (ITTTC)

ADMINISTRATIVE ACTIVITIES

ADMINISTRATIVE ACTIVITIES		IMPLEMENTATION APPROACH AND COST IMPLICATIONS
1.	Decide on dates and venues for Council Sessions during the biennium. [ITTA, 1994, Article 9(1)]	Regular Sessions' work.
2.	Review and approve the Organization's administrative budget for the Year 2009, and assess the contributions of each Member; consider and approve the budget proposal for the 2010-2011 biennium. [ITTA, 1994, Article 19(3)] [ITTTC Decision 7(XXXIII)]	Regular Sessions' work.
3.	Encourage the participation of LDC members (as defined by the UN) in Council Sessions.	Review the situation and sources of financing for the participation of LDC members in Council Sessions and consider mechanisms to encourage the participation of LDC members in Council Sessions.  Estimated cost: US\$100,000 Expected funding source: Voluntary earmarked contributions
4.	Consider the progress in the implementation of the ITTO Biennial Work Programme for 2008-2009.	Regular Sessions' work.
5.	Consider the Draft ITTO Biennial Work Programme for 2010-2011. [ITTTC Decisions 7(XXV), 2(XXXI) and 9(XXXIV)]	Regular Sessions' work.
6.	Consider and take measures related to the entry into force of the ITTA, 2006. [ITTA, 2006, Article 26(1)] [ITTTC Decision 3(XLI)]	<ul style="list-style-type: none"> <li>Regular Sessions' work. Review the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006, as well as other provisions of ITTC Decision 3(XLI), at Council Sessions to be held in the period 2007-2009 and the consultations to be undertaken by the Secretary General of the United Nations if the ITTA, 2006 has not come into force by 1 September 2008.</li> <li>Regular Sessions' work. Determine the functions and scope of the Committees and other subsidiary bodies as established under</li> </ul>

IMPLEMENTATION APPROACH AND COST IMPLICATIONS	
ACTIVITY	<p>Article 26(1) of ITTA, 2006, paying special attention to the re-organized Committee on Economics, Statistics and Markets.</p> <ul style="list-style-type: none"> <li>Regular Sessions' work. Develop draft revised Rules of Procedures and Financial Rules and Rules Relating to Projects for the ITTA, 2006.</li> </ul>

PROJECT ACTIVITIES		IMPLEMENTATION APPROACH AND COST IMPLICATIONS	
ACTIVITY		Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises the Council on eligibility of actions, pre-projects and projects for funding out of Sub-account B.	
7. Decide on eligibility of approved actions, projects and pre-projects for funding out of sub-accounts A and B of the Bali Partnership Fund. [ITTA, 1994, Article 21] [ITTC Decisions 6(XXVI) and 9(XXVII)]		Regular Sessions' work.	
8. Decide on project work, including financing, taking into account the recommendations made by the Committees on project proposals and on-going and completed approved projects. [ITTA, 1994, Articles 20, 21 and 25]		Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises Council on Sub-account B funding.	
9. Make allocations from unearmarked funds available in the Bali Partnership Fund and/or Special Account to fund implementation of eligible approved actions, projects and pre-projects. [ITTC Decision 9(XXVII)]		Regular Sessions' work. Approve and finance two-year extension of Secretariat-implemented projects PD 13/99 Rev.2 (M,F,I) and PD 16/93 Rev.4 (M)	
10. Continue to publish the ITTO quarterly Tropical Forest Update (TFU) and bi-weekly Market Information Service (MIS). [ITTA, 1994, Articles 29 and 30] [Yokohama Action Plan 2(d)]		Estimated cost: US\$1.6 million Expected funding sources: Unearmarked funds of Sub-Account B of the BPF Year 2008 US\$800,000 Year 2009 US\$800,000	



# STRATEGIC POLICY ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
<p>11. Enhance cooperation between ITTO and CITES [ITTA, 1994, Article 14] [ITTC Decisions 3(XVI), 7(XXXIV) and 2(XXXVII)] [Yokohama Action Plan 2(b)]</p>	<ul style="list-style-type: none"> <li>Regular Sessions' work. Arrange consultations on Members' proposals to list internationally traded tropical timber species in the CITES appendices. Regular Sessions' work.</li> <li>Continue to assist Members to implement CITES listings of timber species.</li> </ul> <p>Estimated cost: US\$260,000 (needed to complete financing of the ITTO-CITES cooperation programme approved in the 2006-2007 Work Programme)</p> <p>Expected funding source: Voluntary earmarked contributions</p> <ul style="list-style-type: none"> <li>Continue to provide for enhanced cooperation on CITES matters related to tropical timber among governments (including CITES authorities), the private sector, and civil society. Regular Sessions' work (activity to be carried on from and to be continued to be implemented with funds made available to the 2006-2007 Work Programme. Remaining unused funds amount to US\$100,000).</li> <li>Make provisions for and consider the results of a review of current management status, production levels and trade volumes of internationally traded tropical timber species included in the IUCN Red List of Threatened Species.</li> </ul> <p>Estimated cost: US\$50,000</p> <p>Expected funding source: Voluntary earmarked contributions</p>
<p>12. Consider further work on civil society/private sector partnerships for sustainable forest management and certification. [ITTC Decision 5(XXXIII)] [Yokohama Action Plan 2(h)]</p>	<p>Building on the experience gained through the 2006-2007 Work Programme, assist countries in developing initiatives that will enhance capacity of small and medium-sized enterprises to produce and trade timber from legal and sustainable sources with the aim of promoting progress towards sustainable forest management, verifiable legality and certification.</p> <p>Estimated cost: US\$200,000</p> <p>Expected funding source: Voluntary earmarked contributions</p>

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
<p>13. Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources. [Yokohama Action Plan 3.1, Goal 2]</p>	<p>Support development of innovative timber tracking systems and dissemination of information on timber produced under timber tracking systems.</p> <p>a) Invite proposals from forest concessionaires and other private sector representatives to establish log tracking systems using commercially available hardware and software. This activity will make use of voluntary inputs and contribute to the establishment of a website to report on the volumes of timber tracked under systems developed under this programme.</p> <p>b) Promote the establishment and implementation of web-based information systems designed and operated to make sound data and information available to assist consumers in identifying/purchasing legally/sustainably produced timber, in cooperation with governments and public-private partnerships.</p> <p>Estimated cost (a + b): US\$600,000 Expected funding source: Voluntary earmarked contributions</p>
<p>14. Continue to promote improvement in forest law enforcement. [ITTC Decision 6(XXXI)] [Yokohama Action Plan 3.2, Goal 1(1)]</p>	<ul style="list-style-type: none"> <li>• In cooperation with FAO, continue, as necessary and upon request, to disseminate and promote use of "Best Practices for improving Law Enforcement in the Forest Sector, developed jointly by ITTO and FAO, and provide for feedback from the workshops. The cooperation will include: <ul style="list-style-type: none"> <li>➤ Conduct regional workshop on Best Practices for West Africa (Liberia, Nigeria, Ghana, Ivory Coast, Togo, Benin, Sierra Leone, Guinea, Guinea Bissau.</li> </ul> </li> </ul> <p>Estimated cost: US\$70,000 Expected funding source: Voluntary earmarked contributions</p> <ul style="list-style-type: none"> <li>➤ Summary publication of outcomes and successful examples arising from regional Best Practices workshops.</li> </ul> <p>Estimated cost: US\$35,000 Expected funding source: Voluntary earmarked contributions</p>

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
<p>15. Encourage and increase the involvement of non-government stakeholders in the activities of the Organization. [ITTA, 1994, Article 1(j)] [Yokohama Action Plan 2(h)]</p>	<p>➤ Develop a compendium of the current state of national technologies for monitoring illegal logging and related trade for consideration and approval of the Council.</p> <p>Estimated cost: US\$100,000 Expected funding source: Voluntary earmarked contributions</p> <ul style="list-style-type: none"> <li>Cooperate with the United Nations Commission on Crime Prevention and Criminal Justice (CCPJ) to organize and convene a meeting (in Indonesia) of experts in preventing and combating illicit traffic in timber and wildlife.</li> </ul> <p>Estimated cost: US\$70,000 Expected funding source: Voluntary earmarked contributions</p> <ul style="list-style-type: none"> <li>Support the Workshop on Forest Governance and Decentralization in Africa, to be convened within the framework of the United Nations Forum on Forests in Durban, South Africa, in April 2008. The Workshop will provide a platform for bringing and sharing lessons from other international and national processes.</li> </ul> <p>Estimated cost: US\$70,000 Expected funding source: Voluntary earmarked contributions.</p> <ul style="list-style-type: none"> <li>Provide technical assistance for selected poor local/indigenous communities to formulate project proposals for submission to ITTO for the management of forests and sustainable timber production.</li> </ul> <p>Estimated cost: US\$100,000 Expected funding source: Voluntary earmarked contributions</p> <ul style="list-style-type: none"> <li>Conduct a new round of analyses of Community Forestry Enterprises (CFEs) in each region (Africa, Latin America and Asia-Pacific) to understand the range of business models, products, enterprise organization, constraints, and enabling conditions to</li> </ul>

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
	<p>inform producer countries and share learning among entrepreneurs (in collaboration with community stakeholders).</p> <p>Estimated cost: US\$220,000 Expected funding source: Voluntary earmarked contributions</p>
	<ul style="list-style-type: none"> <li>In cooperation with relevant partners (e.g. Rights and Resources Initiative, FAO, etc.), make provisions for a global assessment of the status of tropical forest tenure with identification of trends and implications for investment and management, and for the convening of an expert workshop on Tropical Forest Tenure and Business Models.</li> </ul> <p>Estimated cost: US\$200,000 Expected funding source: Voluntary earmarked contributions</p>
	Regular Sessions' work.
<p>16. Undertake the annual review and assessment of the international timber situation. [ITTA, 1994, Article 30(a)] [Yokohama Action Plan 3.1, Goal 1(1)]</p>	<p>Further develop the web-based database of ITTO statistics on timber production and trade developed under the Biennial Work Programme 2006-2007.</p> <p>Estimated cost: US\$50,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>17. Further improve dissemination of statistics, studies and information on tropical timber and tropical forests. [ITTA, 1994, Article 29] [Yokohama Action Plan 3.1, Goal 1(2)]</p>	<p>Upon request, provide assistance to member countries to strengthen their statistics collection and enhance reporting.</p> <p>Estimated cost: US\$200,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>18. Enhance the technical capacity of member countries, particularly developing member countries, to meet the statistics and reporting requirements. [ITTA, 1994 Article 30(5)] [Yokohama Action Plan 3.1, Goal 1(7)]</p>	<p>Organize an international conference in cooperation with the International Trade Center (ITC), the New Partnership for Africa's Development (NEPAD) and the African Timber Organization (ATO), on the basis of a background study on the regional trade in tropical timber and timber products in Africa, exploring opportunities and recommending measures to further promote the regional trade of forest</p>
<p>19. Promote regional trade in tropical timber and timber products in Africa. [ITTA, 1994, Article 1(k)] [Yokohama Action Plan 3.1, Goal 2]</p>	

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
	<p>products from sustainably managed sources.</p> <p>Estimated cost: US\$290,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>20. Strengthen policies and opportunities for forest investment [ITTC Decisions 1(XXXV) and 4(XXXV)] [Yokohama Action Plan 2(j)]</p>	<p>Follow-up on the results of the ITTO-sponsored International Forum and Regional Workshops on Investment Promotion in sustainable management of natural tropical forests and natural forest-based development (implemented in 2006-2007), by making provisions to carry out studies and convene four workshops at national level in selected producer countries.</p> <p>Estimated cost: US\$200,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>21. Continue to review the progress made by:</p> <ul style="list-style-type: none"> <li>Member countries towards achieving the ITTO 2000 Objective; and</li> <li>ITTO in enhancing the capacity of Member countries to implement a strategy for achieving the ITTO 2000 Objective.</li> </ul> <p>[ITTC Decisions 10(XXVI) and 9(XXX)] [Yokohama Action Plan 2(n)]</p>	<p>Regular Sessions' work.</p>
<p>22. Consider results and carry out an assessment and evaluation of technical diagnostic and planning missions authorized under Decision 2(XXIX). [ITTC Decision 2(XXIX)] [Yokohama Action Plan 2(a)]</p>	<p>Regular Sessions' work.</p> <p>Council may also make provision for and consider the results of consultancy work to review and assess the technical diagnostic missions, assessing the efficiency of such missions on the basis of six case studies and proposing measures to improve the efficiency of these missions, if appropriate.</p> <p>Estimated cost: US\$150,000 Expected funding source: Unearmarked funds of Sub-Account B of the BPF</p>
<p>23. Undertake studies in collaboration with relevant partner organizations to review the achievement of sustainable management of tropical timber producing forests. [ITTA, 1994, Article 29(3)] [Yokohama Action Plan 2(n)]</p>	<ul style="list-style-type: none"> <li>Make provisions for work on the preparation of the report on the State of Forest Management (SFM Tropics 2010). Analysis will be conducted for SFM progress against the baseline set in the SFM Tropics 2005 report.</li> </ul>

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
	<p>Estimated cost: US\$400,000 Estimated funding source: Unearmarked funds of Sub-Account B of the BPF</p> <ul style="list-style-type: none"> <li>Enter into a partnership with FAO to harmonize SFM Tropics 2010 with the 2010 FAO Forest Resources Assessment (FRA).</li> </ul> <p>Estimated cost: US\$100,000 Estimated funding source: Voluntary earmarked contributions</p>
<p>24. In cooperation with relevant organizations, continue to study the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of the effects of climate change. [ITTA, 1994, Article 1(f)] [ITTC Decision 1(XXXVIII)] [Yokohama Action Plan 3.2, Goal 1(3)]</p>	<p>Clarify and illustrate the role of ITTO in climate change adaptation and mitigation in relation to tropical forests and assist members in formulating and implementing an integrated forest sector response to climate change.</p> <p>Estimated cost: US\$300,000 Expected funding source: Voluntary earmarked contributions</p>
<p>25. Review the adequacy of the resources available in the Bali Partnership Fund and endeavour to obtain additional resources needed by producing Members to achieve the purpose of the Fund. [ITTA, 1994, Article 21(5)]</p>	<p>Regular Sessions' work. The review will be carried out annually.</p>
<p>26. Continue to provide for ITTO's cooperation and consultation with the Collaborative Partnership on Forests (CPF) and support for the United Nations Forum on Forests (UNFF) and other relevant international and regional organizations, institutions and initiatives. [ITTA, 1994, Article 14] [ITTC Decision 7(XXX)] [Yokohama Action Plan 2(b) &amp; 2(c)]</p>	<ul style="list-style-type: none"> <li>Maintain ITTO's active involvement in the CPF.</li> <li>Second a senior official to the UNFF Secretariat in the biennium and regularly review the effectiveness of this secondment.</li> </ul> <p>Estimated cost: US\$400,000 Expected funding source: US\$200,000 from the Unearmarked funds of the Special Account Year 2008 US\$200,000 from Voluntary earmarked contributions Year 2009</p> <ul style="list-style-type: none"> <li>Strengthen ITTO's role in UNFF discussions to improve global financing for forests by co-sponsoring an international expert meeting on forest financing to be convened in 2008 as a UNFF</li> </ul>

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ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
	<p>country-led initiative in preparation for UNFF8.</p> <p>Estimated cost: US\$200,000 Expected funding source: Unearmarked funds of the Special Account and/or voluntary earmarked contributions</p> <ul style="list-style-type: none"> <li>Continue to support ITTO participation and contribution to the IUFRO-led CPF initiative "Global Forest Information Service (GFIS)".</li> </ul> <p>Estimated cost: US\$75,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>27. Consider the reports of the Informal Advisory Group (IAG). [ITTC Decisions 3(XXII) and 5(XXVI)]</p>	Regular Sessions' work.
<p>28. Consider the progress reports on the implementation of the ITTO Fellowship Programme and the recommendations proposed in the reports of the Fellowship Selection Panel. [ITTC Decision 4(XXVII)]</p>	Regular Sessions' work.
<p>29. Further enhance public relations, education and outreach activities to best convey the purpose and activities of the Organization. [ITTA, 1994, Article 1] [ITTC Decision 5(XXVII)] [Yokohama Action Plan 2(d)]</p>	<p>Continue to ensure that ITTO reaches as wide an audience as possible by: improving ITTO's Annual Report; continuing to improve the ITTO website; editing, publishing and disseminating relevant ITTO reports; producing and disseminating outreach materials; and convening side events and exhibiting ITTO outreach materials at relevant events.</p> <p>Estimated cost/source: Year 2008 US\$150,000 from Unearmarked funds of the Special Account Year 2009 US\$50,000 from Unearmarked funds of the Special Account and US\$25,000 from Voluntary earmarked contributions</p>
<p>30. Consider advice from and facilitate involvement of the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG).</p>	Regular Sessions' work.

IMPLEMENTATION APPROACH AND COST IMPLICATIONS	ACTIVITY
<ul style="list-style-type: none"> <li>Review the work of the TAG and CSAG and consider ways to strengthen their contributions and advice to the Council. The review will include consideration of whether and how to provide support for the participation of TAG and CSAG in the Sessions in order to organize panel discussions on issues of relevance to the Organization.</li> <li>Encourage the participation of TAG and CSAG members in Council Sessions.</li> </ul> <p>Estimated cost: US\$80,000 Expected funding source: Voluntary earmarked contributions</p>	[ITTC Decisions 9(XXVIII) and 2(XXXII)]

### ALL THREE TECHNICAL COMMITTEES

PROJECT ACTIVITIES	ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
31. Appraise projects and pre-projects evaluated by the Expert Panel for Technical Appraisal of Project Proposals. [ITTA, 1994, Article 27]		<p>Regular Sessions' work. Convene four meetings of the Expert Panel for Technical Appraisal of Project Proposals.</p> <p>Estimated cost: US\$380,000.</p> <p>Expected funding source: Working Capital Account of US\$190,000 in 2008 the Administrative Account: US\$190,000 in 2009</p>
32. With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the relevant Committees. [ITTA, 1994, Article 27]		Regular Sessions' work.
33. Review the results of relevant project work and make recommendations to Council on ITTO's Work Programme. [ITTA, 1994, Article 27]		Regular Sessions' work.
34. Select projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII). [ITTC Decision 3(XXVIII)]		Regular Sessions' work.



35.	Provide guidance to Member countries for the formulation of relevant project proposals which meet the priorities set in the ITTO Yokohama Action Plan. [ITTA, 1994, Article 27]	Regular Sessions' work.
36.	Consider and, if appropriate, take action to disseminate information on projects findings and results. [ITTA, 1994, Article 27]	Regular Sessions' work.

#### STRATEGIC POLICY ACTIVITIES

ACTIVITY		IMPLEMENTATION APPROACH AND COST IMPLICATIONS
37.	Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's Biennial Work Programme. [ITTA, 1994, Articles 24 and 27]	Regular Sessions' work.

### COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

#### STRATEGIC POLICY ACTIVITIES

ACTIVITY		IMPLEMENTATION APPROACH AND COST IMPLICATIONS
38.	Collaborate with the Trade Advisory Group (TAG) in organizing and holding the ITTO Annual Market Discussions on the world tropical timber trade during Sessions of the ITTC in 2008 and 2009. [ITTA, 1994, Articles 1(e), 1(h), 27(1)] [Yokohama Action Plan 3.1, Goal 1(4)]	Regular Sessions' work. The themes for the Market Discussions will be determined during the Council Sessions immediately preceding them.
39.	Review of the timber market in two significant tropical timber importing countries. [ITTA 1994, Articles 1(e), 27(1)] [Yokohama Action Plan 3.1, Goal 1(3)]	Regular Sessions' work. Provisions for the studies and markets to be covered may be proposed by the Committee.  Estimated cost/source: Year 2008: US\$100,000 from Unearmarked funds of the Special Account Year 2009: US\$100,000 from Voluntary earmarked contributions
40.	Enhancement of statistical work and training workshops on statistics. [ITTA, 1994, Article 29] [Yokohama Action Plan 3.1, Goal 1(7)]	The Committee will make provisions for and consider the results of activities to improve statistical databases, maintain access to international forest products trade databases and to maintain

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
	<p>involvement in the Intersecretariat Working Group on Forest Statistics and Joint Forest Sector Questionnaire Process.</p> <p>Estimated cost: US\$60,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>41. Monitor developments and progress in timber procurement policies [ITTA, 1994, Articles 1(e), 1(h), 1(k), 27(1)] [Yokohama Action Plan 3.1, Goal 2(5)]</p>	<p>Encourage members to continue to provide information on developments on their timber procurement policies.</p> <p>The Committee will make provisions for and consider the results of a study on developments and progress in timber procurement policies.</p> <p>Estimated cost: US\$150,000 Expected funding source: Voluntary earmarked contributions</p>
<p>42. Review the long-term outlook for tropical timber market [ITTA, 1994, Articles 1(e), 1(h), 1(k), 1(n), 27(1)] [Yokohama Action Plan 3.1, Goal 1(5)]</p>	<p>Make provisions to implement a study to explore change drivers and their likely impacts on demand for tropical wood products. Forecast the long-term outlook for production, consumption and trade in tropical wood products (in liaison with FAO outlook studies). The Committee will consider results of the study on the long-term outlook for tropical timber markets.</p> <p>Estimated cost: US\$140,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>43. Economic valuation of the forest sector with particular reference to the Amazon basin. [ITTA, 1994, Articles 1(e), 1(l), 27(1)] [Yokohama Action Plan 3.1, Goal 1(3)]</p>	<p>The Committee will consider the results of the study and workshop on forest accounting approved in the 2006-2007 Work Programme.</p>
<p>44. Monitor the competitiveness of tropical wood products compared with other materials. [ITTA, 1994, Articles 1(e), 1(h), 1(k), 1(n), 27(1)] [Yokohama Action Plan 3.1, Goal 2(6)]</p>	<p>The Committee will make provisions to implement a study on the competitiveness of tropical wood products viz a viz other wood and non-wood products in selected end-uses and geographical markets. The study and Committee will monitor substitution trends (both non-tropical wood and non-wood products for tropical products and vice versa) and explore adaptive responses by and opportunities for tropical wood products exporters.</p> <p>Estimated cost: US\$150,000 Expected funding source: Unearmarked funds of the Special Account</p>

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
45. Assist market remuneration for environmental services provided by tropical forests in three producing regions [ITTA, 1994, Article 1(f) and 1(l)] [Yokohama Action Plan 3.2, Goal 1(5)]	Explore the possibility of replicating successful cases of payment for environmental services, in particular schemes from Latin America, in selected ITTO member countries in Africa and Asia, and make proposals/plans to initiate two pilot projects where possible.  Estimated cost: US\$110,000 Expected funding source: Unearmarked funds of the Special Account

## COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

### STRATEGIC POLICY ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
46. Support the development and implementation of approaches/measures to reduce tropical forest deforestation and degradation, contributing to secure tropical timber resources and the reduction of carbon emissions of tropical countries. [ITTA, 1994, Articles 1(f), 1(l), 1(m)] [ITTC Decision 1(XXXVIII)] [Yokohama Action Plan 3.2, Goal 1(7)]	Regular Sessions' work to review approved activities and projects in this area.
47. Continue to monitor progress in the application of criteria and indicators for sustainable forest management. [ITTA, 1994, Articles 1(j) and 1(m)] [ITTC Decisions 3(XXVI), 5(XXX), 9(XXX) and 4(XXXIV)] [Yokohama Action Plan 3.2, Goal 2(1)]	Regular Sessions' work, which includes monitoring the implementation of Decision 4(XXXIV) under which 23 national workshops to promote application of C&I have already been implemented, with two more currently planned for 2008.  <ul style="list-style-type: none"> <li>Continue to strengthen the cooperation and collaboration between ITTO and the Amazon Cooperation Treaty Organization (ACTO) countries on C&amp;I and related topics, including organizing a regional workshop to consolidate ITTO C&amp;I and the Tarapoto Process (activity to be carried on from the 2006-2007 Work Programme).</li> <li>Make provisions for four additional national workshops on C&amp;I under Decision 4(XXXIV).</li> </ul> Estimated cost: US\$160,000 Expected funding source: Voluntary earmarked contributions

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
	<ul style="list-style-type: none"> <li>Continue to provide assistance to a maximum of US\$10,000, upon request, from producer member countries in the preparation of baseline and updated national reports on progress of SFM based on ITTO C&amp;I. Such information will also serve as baseline information for compiling the next report on Status of Tropical Forest Management 2010 (activity to be carried out from the 2006-2007 Work Programme; funds already allocated by Council in the 2006-2007 Work Programme to fund assistance to 15-20 producer members).</li> </ul>
<p>48. Promote the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land. [ITTA, 1994, Article 1(j)] [ITTC Decisions 1(XXXV) and 4(XXXV)] [Yokohama Action Plan 3.2, Goal 2(3)]</p>	<p>Regular Sessions' work, to promote use of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests.</p> <ul style="list-style-type: none"> <li>Make provisions for ITTO, in collaboration with the Global Partnership on Forest Landscape Restoration (GPFLR), to continue to promote the use of the guidelines through national workshops [three national workshops on forest landscape restoration (FLR)], and by developing national and/or context specific manuals on FLR in at least three ITTO producer countries.</li> </ul> <p>Estimated cost: US\$150,000 Expected funding source: Unearmarked funds of Sub-Account B of the BPF</p>
<p>49. Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests. [ITTA, 1994, Article 1(f)] [ITTC Decision 6(XXXIII)] [Yokohama Action Plan 3.2, Goal 2(7)]</p>	<p>Regular Sessions' work, which includes monitoring the implementation of Decision 6(XXXIII) on prevention and management of forest fires. Results of assistance being provided to Guyana will be available to the Committee in 2008. Assistance has already been provided to Colombia, the Philippines, and Peru, and funds are still available to assist a further three ITTO producer member countries.</p>
<p>50. Review and promote the use of the revised ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests (1993). [ITTA, 1994, Articles 1(f) and 1(j)] [ITTC Decisions 4(XXXV) and 1(XXXVII)]</p>	<p>The draft guidelines and dissemination recommendations were presented to the Committee for their consideration at the Forty-third Council session in 2007.</p>

Yokohama Action Plan 3.2, Goal 2(1)]	ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
		Further work will include provisions for the translation, publication and dissemination of these draft guidelines, as per Decision 4 (XLIII).  Estimated cost: US\$120,000 Expected funding source: Unearmarked funds of Sub-Account B of the BPF
51. Review and update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to take into account recent developments in tropical forestry. [Yokohama Action Plan 3.2, Goal 2(1)]		In cooperation with relevant partners, make provisions to update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests and to field-test the draft revised guidelines in each of the three tropical regions.  Estimated cost: US\$300,000 Expected funding source: Voluntary earmarked contributions
52. Review and, as necessary, update the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests to take into account recent developments in tropical forestry. [Yokohama Action Plan 3.2, Goal 2(1)]		In cooperation with relevant partners, make provisions to review the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests.  Estimated cost: US\$100,000 Expected funding source: Voluntary earmarked contributions
53. Support the networking and exchange of information with relevant international organizations to maintain the integrity of the resource base, including protected area networks, and the effective enforcement of forest laws and regulations that ensure SFM. [ITTA, 1994, Articles 1(c), 1(f) and 1(l)] [Yokohama Action Plan 3.2, Goal 1(2)]		Assist African Member Countries to improve the management and protection of selected Central and Western African Protected Area Networks (PAN) by directly addressing illegal logging. A diagnostic methodology/tool is to be developed to provide for comprehensive assessments of current levels of illegality in eight PANs, identifying the drivers behind illegal activities and the extent of their actions. Alternative solutions and the costs for implementing these will also be provided for each protected area, suggesting corrective actions at both the field and the national policy levels.  Estimated cost: US\$350,000 Expected funding source: Voluntary earmarked contributions

## COMMITTEE ON FOREST INDUSTRY

STRATEGIC POLICY ACTIVITIES		IMPLEMENTATION APPROACH AND COST IMPLICATIONS	
ACTIVITY			
54.	Study the technical and environmental standards of tropical timber products in international markets. [ITTA, 1994, Article 27, Paragraph 3(a)] [Yokohama Action Plan 3.3, Goal 1(4)]	<p>Make provisions for a study to review the technical and environmental standards relating to tropical timber products in major international markets to enhance market access.</p> <p>Estimated cost: US\$60,000 Expected funding source: Unearmarked funds of the Special Account</p>	
55.	Promote wood-based bioenergy using wood residues and wastes in tropical countries. [ITTA, 1994, Article 1(i), Article 27, Paragraph 3(b)] [Yokohama Action Plan 3.3, Goal 2(4)]	<p>Following-up on the recommendations of the ITTO International Conference on Wood-based Bioenergy, make provisions for studies and for convening three regional fora on wood-based bioenergy, including the use of wood residues and waste in tropical countries (in collaboration with FAO and other organizations as appropriate).</p> <p>Estimated cost: US\$300,000 Expected funding source: Unearmarked funds of the Special Account</p>	
56.	Promote further processing in tropical timber. [ITTA, 1994, Article 1(i), Article 27, Paragraph 3] [Yokohama Action Plan 3.3, Goal 1]	<p>In collaboration with FAO, support the development of small/medium/community-based enterprises by (i) carrying out case studies to document enterprises, opportunities and constraints of small and medium scale forest-based enterprises, focusing on tropical timber value-added products and niche markets; (ii) upon request, providing technical assistance to communities to help develop forest-based enterprises; and (iii) strengthening community networks for small and medium-sized enterprises.</p> <p>Estimated cost: US\$150,000 Expected funding source: Unearmarked funds of the Special Account</p>	
57.	Continue to review tropical timber transportation. [Yokohama Action Plan 3.1, Goal 2(7)]	Regular Sessions' work.	

## COMMITTEE ON FINANCE AND ADMINISTRATION

### ADMINISTRATIVE AND FINANCE ACTIVITIES

Activity	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
58. Review the independent audited statement for the 2007 and 2008 financial years. [ITTA, 1994, Article 27(6)]	Regular Sessions' work.
59. Make recommendations to Council on the appointment of auditors for a three-year term for the purpose of auditing the accounts of the Organization for the 2007, 2008 and 2009 financial years. [ITTA, 1994, Article 27(6)]	Regular Sessions' work.
60. Review and make recommendations to Council, as necessary, regarding the Organization's administrative budget for the year 2009 of the approved biennial administrative budget for the years 2008-2009. [ITTA, 1994, Article 27(6)]	Regular Sessions' work.
61. Examine and make recommendations to Council, regarding the approval of the Organization's biennial administrative budget proposals for the financial years 2010-2011. [ITTA, 1994, Article 27(6)]	Regular Sessions' work.
62. Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work. [ITTA, 1994, Article 27(6)]	Regular Sessions' work.
63. Examine and make recommendations to Council, on the budgetary implications of the Organization's work programme, and the actions that might be taken to secure the resources needed to implement it. [ITTA, 1994, Article 27(6)]	Regular Sessions' work.

## SECRETARIAT

The Secretariat, through the Executive Director, is responsible for the day-to-day running and administration of the Organization and for preparation for meetings. The work of the Secretariat is funded by the Administrative Account (75%), through the resources of the Programme Support Fund (13%), and through projects funded under the Special Account/Bali Partnership Fund (12%). The proposed work for the Secretariat in 2008-2009 will be guided by this Biennial Work Programme. The Secretariat will also implement (or as appropriate arrange for implementation of), pre-projects, projects and activities placed under the Secretariat's responsibility by Council, including:

- a. ITTO Fellowship Programme  
(Freezailah Fellowship Fund)
- b. Project PD 73/89 (M,F,I)  
Assistance for Project Identification and Formulation
- c. Project PD 13/99 Rev.2 (M,F,I)  
ITTO Information Network and Project Support
- d. Project PD 16/93 Rev.4 (M) Phase IV  
Market Information Service for Tropical Timber and Timber Products
- e. Pre-Project PPD 14/00 (M)  
Strengthening the Annual Market Discussion
- f. PD 359/05 Rev.1 (F)  
Building Capacity to Develop and Implement Afforestation and Reforestation Projects  
under Clean Development Mechanism (AR-CDM) of the Kyoto Protocol in Tropical  
Forestry Sector"

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**International Tropical Timber Organization  
Biennial Work Programme for the Years 2008-2009**

**Financing of the Work Programme**

Work Programme Activity Reference	Brief Description of Activity	Total Budget	Special Account Unearmarked	Bali Partnership BPF-B	Admin Acct Working Capital	Earmarked Voluntary Contributions
3	Assistance to LDC members	100,000				
10	TFU and MIS: 2008	1,600,000				100,000
11	ITTO and CITES (balance fund)	260,000		1,600,000		
11	ITTO and CITES-IUCN Red List of Species	50,000				260,000
12	Civil society/private sector partnerships	200,000				50,000
13	Innovative timber tracking systems and website	600,000				200,000
14	FLE-w/shop on Best Practices for W/Africa	70,000				600,000
14	Publication of w/shop outcomes	35,000				70,000
14	Assessing & monitoring illegal logging	100,000				35,000
14	CCPJ meeting in Indonesia	70,000				100,000
14	Durban w/shop	70,000				70,000
15	Assistance to communities-project proposals	100,000				70,000
15	Analysis of CFE in three regions	220,000				100,000
15	Assessment of forest tenure, conference	200,000				220,000
17	web-based database on production & trade	50,000				200,000
18	Country assistance-statistics collection	200,000	50,000			
19	Promote trade in Africa-ITC,NEPD,ATO	290,000	200,000			
20	Investment Promotion-studies, w/shops: '08	200,000	290,000			
22	Diagnostic Missions-assessment	150,000	200,000			
23	SFM Tropics 2010	400,000		150,000		
23	Harmonize SFM Tropics 2010 with FAO-FRA	100,000		400,000		
24	Climate change-ITTO's response	300,000				100,000
26	UNFF-Staff Secondment	400,000				300,000
26	UNFF country-led initiative-UNFF8	200,000	200,000			200,000
26	IUFRO-led CPF initiative GFIS: 2009	75,000	100,000			100,000
29	Outreach activities	225,000	75,000			
30	Assist TAG/CSAG members	80,000	200,000			
31	Expert Panels on Project Cycle:2008	380,000				25,000
39	Timber market study (two importers)	200,000			380,000	80,000
40	Statistical Work & Training W/shops	60,000	100,000			
41	Timber procurement policies	150,000	60,000			100,000
42	Timber Market-long term outlook	140,000				150,000
44	Competitiveness of trop. wood products	150,000	140,000			
45	Environmental Services-payment scheme	110,000	150,000			
47	C&I - additional w/shops	160,000	110,000			
48	Secondary Forest-GPFLR-addl w/shops	150,000				160,000
50	Biodiversity-guidelines & dissemination	120,000		150,000		
51	Update ITTO Guidelines for SFM	300,000		120,000		
52	Review ITTO Guidelines for Planted Tropical Forests	100,000				300,000
53	PAN Central & Western Africa: 2009	350,000				100,000
54	Tech. & Environ. Standards-study	60,000	60,000			350,000
55	Wood-based bioenergy-follow up	300,000	300,000			
56	Further processing of timber-FAO	150,000	150,000			
<b>Total:</b>		<b>\$9,225,000</b>	<b>\$2,385,000</b>	<b>\$2,420,000</b>	<b>\$380,000</b>	<b>\$4,040,000</b>

FORTY-THIRD SESSION  
5 – 10 November 2007  
Yokohama, Japan

### DECISION 3 (XLIII)

#### REVISION OF RULES OF PROCEDURE AND FINANCIAL RULES AND RULES RELATING TO PROJECTS OF THE ITTO

The International Tropical Timber Council,

Recalling Decisions 6(XIII), and 8(XXIX) on the Revision of Rules of Procedure, and Financial Rules and Rules Relating to Projects of the ITTO;

Recalling further the successful conclusion on 27 January 2006 of the International Tropical Timber Agreement, 2006, that will enter into force on or after 1 February 2008; and the consequent necessity for the revision of these rules;

Noting in particular the need to revise the rules of procedure, the financial rules for the Administrative Account, Special Account, and Bali Partnership Fund as provided for by Articles 7(a), 18(2) and 20(3) of the ITTA, 2006;

Appreciating the work of the Committee on Finance and Administration at its Twenty-second Session in revising these rules;

Noting further the recommendations of the Committee on Finance and Administration [Document CFA(XXII)/8];

Decides:

1. To approve the draft Financial Rules and Rules Relating to Projects of the ITTO, as contained in the Document CFA(XXII)/6/Rev.1, for consideration and final adoption at the first meeting of the ITTC under the ITTA, 2006;
2. To approve the draft Rules of Procedure, as contained in Document CFA(XXII)/7/Rev.1, for consideration and final adoption at the first meeting of the ITTC under the ITTA, 2006; and
3. Continue to use the Rules of Procedures [Document ITTC(XXIX)/32] and Financial Rules and Rules relating to Projects [Document CFA(II)/5/Rev.2] until decisions referred to in paragraphs 1 and 2 above have been taken.

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GENERAL

ITTC(XLIII)/17  
10 November 2007

Original: ENGLISH

FORTY-THIRD SESSION  
5 – 10 November 2007  
Yokohama, Japan

**DECISION 4(XLIII)**  
**CONSERVATION AND SUSTAINABLE USE OF BIODIVERSITY  
IN TROPICAL TIMBER PRODUCING FORESTS**

The International Tropical Timber Council,

Noting the importance of forest biodiversity and the valuable contribution that sustainably managed tropical timber production forests can make to biodiversity conservation at all levels;

Recalling Decision 4(XXXV), which authorised the engagement of consultants to review and revise the 1993 *ITTO Guidelines for the Conservation of biological diversity in Tropical Production Forests* adopted by Decision 4(XIII);

Further recalling Decision 8(XXX) on cooperation between ITTO and IUCN;

Acknowledging the valuable assistance given by the four Producer Member countries in which the draft guidelines had been field tested in accordance with the Recommendations from CRF XXXVII;

Also acknowledging the useful contribution of the individuals and institutions that have provided peer review of earlier draft material;

Recognising the value of operational guidelines in assisting Member Countries in building their capacity and accelerating their progress towards achieving Objective 2000;

Realising the need to raise awareness of this important issue:

Decides to:

1. Welcome the draft *ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Producing Forests*;
2. Request members and other interested parties to provide detailed comments on the content and observations on the title, structure and format by 15 February 2008;
3. Request the Executive Director to arrange for the incorporation of relevant comments and observations received into a final draft and make this final draft available widely in the three official languages of the Organisation to Members and other interested parties through the ITTO Website prior to review and formal adoption at the next Session;
4. Encourage Members to adapt and make use of relevant principles, guidelines and actions in the *Draft ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Producing Forests* on a regional, national and/or local basis wherever appropriate in their work, including ITTO project proposals and reporting;

5. Request the Executive Director to highlight and commend the *Draft ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Producing Forests* at relevant international events; and
6. Authorise the Executive Director to seek voluntary contributions to meet the financial requirements of this Decision, not exceeding US\$120,000. If sufficient funds are not received by 31 January 2008, the Executive Director is requested to use funds from Sub-account B of the Bali Partnership Fund.

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10 November 2007

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FORTY-THIRD SESSION  
5 – 10 November 2007  
Yokohama, Japan

## DECISION 5 (XLIII)

### APPLICATION OF ARTICLE 33 OF ITTA, 1994 (RELIEF FROM OBLIGATIONS) TO THE GOVERNMENT OF LIBERIA

The International Tropical Timber Council,

Aware that paragraphs (1) and (2) of Article 33 of the International Tropical Timber Agreement, 1994, "Relief from Obligations" state: "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," and "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,"

Recalling that the International Tropical Timber Council, at its Thirty-eighth Session held in Brazzaville, Republic of Congo, in June 2005, recommended, in view of the dire state of economy as a result of the prolonged civil war in Liberia, that if a formal declaration was received by the Government of Liberia, of the application of *force majeure* with documented justifications, it should consider whether to apply Article 33 of the International Tropical Timber Agreement, 1994;

Acknowledging that the Government of Liberia, through the letter of the Minister of Foreign Affairs of 30 May 2006, indicated that Liberia has emerged from a prolonged conflict and experienced fourteen years of civil war, which hampered the performance of the forestry sector in meeting its financial obligations to the International Tropical Timber Organization (ITTO) and other International Organizations; referred to the possibility that the ITTO provide technical and financial assistance to Liberia's forestry sector if the debt relief is granted by the International Tropical Timber Council; and requested the International Tropical Timber Council to initiate discussion of the waiver of Liberia debt and to unconditionally waive the Government of Liberia's financial obligations to a way forward.;

Recalling also that the International Tropical Timber Council, at its Forty-first Session held in Yokohama, Japan, in November 2006, decided that the Secretariat initiate consultations with the Government of Liberia and visit the relevant authorities in Monrovia with the view to the following:

- a. ensuring as far as is possible that a member of the Government of Liberia attends the next Council Session to provide relevant information on the debt relief request;
- b. gathering information from the Government of Liberia that allows for the updating of the information available as a result of the ITTO Country Mission held in 2005;
- c. determining on the basis of the contact held with Government of Liberia, the need for another technical Country Mission; and
- d. exploring the possibility of full participation of Government of Liberia in the activities of the ITTO under the International Tropical Timber Agreement, 1994, and gathering information on the intention of Government of Liberia regarding its ratification of the International Tropical Timber Agreement, 2006;

Recalling furthermore the recommendations of the Committee on Finance and Administration at its Twenty-first Session at the Forty-second Session of the International Tropical Timber Council in Port Moresby, Papua New Guinea in May 2007, relative to the previous request by the Government of Liberia for a debt waiver for the period 1986 – 2006 in accordance with Article 33 of the International Tropical Timber Agreement, 1994; and the conclusion of the Committee that the four recommendations of the Committee on Finance and Administration at its Twentieth Session held in November 2006, Yokohama, Japan, had been satisfactorily met;

Further recalling that the Committee on Finance and Administration, at its Twenty-first Session, concluded that the provisions of Article 33 of the International Tropical Timber Agreement, 1994, are applicable to the Government of Liberia;

Noting also the recommendation of the Committee on Finance and Administration, at its Twenty-first Session, that the Government of Liberia shall become eligible for the funding of Projects and Pre-Projects, provided that its settlement of contributions to the Administrative Account is not in arrears from 2007 onwards;

Welcoming that after careful deliberations the Committee on Finance and Administration recommended to the Council at its Forty-second Session in Port Moresby, Papua New Guinea that:

- a) The interest on the assessed contributions from 1986 – 1996, total of US\$35,295.35 be waived immediately,
- b) The Government of Liberia presents a repayment plan to settle the assessed contributions from 1989-2001, and
- c) The Government of Liberia settle the assessed contributions for 2002, 2006 and 2007 prior to the Council meeting in Yokohama, Japan in November, 2007;

Recognizing the International Tropical Timber Council's desire to facilitate and solicit funding and technical assistance to Liberia's forestry sector once it reached consensus on a debt rescheduling for the Government of Liberia;

Taking note that the Government of Liberia, following the recommendations of the International Tropical Timber Council at the Forty-second Session, has settled its contributions to the Administrative Budget for the year 2002 (US\$57,200.00), 2006 (US\$67,650.00) and 2007 (US\$69,412.00), totaling US\$194,262.00;

Acknowledging also that in the period 2003 – 2005 no revenues were generated by the Government of Liberia from tropical timber trade;

Decides:

1. to confirm that, following a careful analysis of the situation concerning the obligations of the Government of Liberia in the framework of the International Tropical Timber Agreement, 1994, and taking into account the fulfillment of the requests to the Government of Liberia by the International Tropical Timber Council, the provisions under Article 33 of International Tropical Timber Agreement, 1994, apply to the Government of Liberia;
2. to reschedule the outstanding arrears for the years 1989-2005, of the Government of Liberia in the amount of US\$ 839,143.00 as contained in the payment plan (see Annex);
3. to confirm that with this decision Liberia has become eligible for funding for Projects and Pre-Projects;
4. to restore the voting rights of the Government of Liberia upon payment of its contributions for the years 1997-2001 and for the year 2008 as specified in the attached Annex, paragraph II; and
5. to monitor the implementation of this Decision on the basis of information provided by the Government of Liberia.

Annex

**PAYMENT PLAN TO RESCHEDULE THE OUTSTANDING ARREARS  
OF THE GOVERNMENT OF LIBERIA TO THE ITTO ADMINISTRATIVE BUDGET**

- I. Under the conditions of Decision 7 (XXXIII) Annex I, paragraph 1 of part C, once obligations from years 2002 and beyond are settled, the total contributions of the Government of Liberia for the years 1989-1996, total of US\$379,941.00 will be written off over a period of five years;
- II. Taking into account the exceptional circumstances in Liberia as referred to above, the contributions for the years 1997-2001, total of US\$265,250.00 will be settled for 30%, total of US\$79,575.00 to be paid by the Government of Liberia in the year 2008, in addition to its contribution to the Administrative Account for 2008, upon which it will be relieved of obligations regarding the remaining contributions for the years 1997-2001;
- III. In view of the exceptional circumstances in Liberia referred to above and taking into account that from 2003-2005 no revenues were generated by the Government of Liberia from tropical timber trade, the contribution for the years 2003 – 2005, total of US\$193,952.00, will be settled for 20%, total of US\$38,790.40 to be paid by the Government of Liberia before the end of 2009, in addition to its contribution to the Administrative Account for 2009, upon which it will be relieved from obligations regarding the remaining contributions for the years 2003-2005; and
- IV. Contributions to the Administrative Account by the Government of Liberia are due on 1 January of the budget year concerned, and Decision 7 (XXXIII) provides for an opportunity to be granted a discount if the contribution is paid in full within four months of this due date.

\* \* \*

FORTY-THIRD SESSION  
5 – 10 November 2007  
Yokohama, Japan

## DECISION 6 (XLIII)

### MEETING ON OPERATIONAL MODALITIES OF FUTURE WORK OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL

The International Tropical Timber Council,

Recalling Decision 7(XXXIII) to implement actions with the view to improving efficiency in the work of Council and Secretariat and improving the profile and streamlining work of the Committees;

Further recalling Decision 4(XLII) on financial arrangements related to hosting Council sessions outside the headquarters of the Organization; and

Noting that the Council will benefit from experience with different modalities for the organization of work of the ITTO under the forthcoming ITTA, 2006; and

Finally noting that the Council is yet to decide on the frequency of Council sessions under the ITTA, 2006;

#### Decides to:

- 1 Hold a four-day meeting on operational modalities of future work of the International Tropical Timber Council in Accra, Ghana, from 2 to 5 June 2008, with the following agenda:
  - a. Review and clarify the operational issues that will need to be considered on the entry into force of the ITTA, 2006;
  - b. Make proposals to Forty-fourth session of the ITTC on these operational issues particularly in respect of Thematic Programmes, the modalities of the work of the Committees and the organisation of the project cycle under the new agreement;
  - c. Organize a one-day Conference for ITTO member countries on regional challenges and to identify specific regional issues and development assistance needs in the context of ITTO.
- 2 Maintain the spring project cycle for 2008 by providing for a time-bound electronic no objection procedure to accept Expert Panel Ratings for projects and pre-projects and request the Chairperson's donor consultation group to meet and make proposals on project and pre-project funding and allow the Secretariat to make provisions for immediate implementation of projects and pre-projects.
- 3 Authorize the Executive Director to seek voluntary contributions to meet the financial requirements of this Decision, not exceeding US\$ 300,000. If sufficient funds are not received by 31 January 2008, the Executive Director is requested to use funds from the unearmarked funds of the Special Account.

\* \* \*



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FORTY-THIRD SESSION  
5 – 10 November 2007  
Yokohama, Japan

# STATEMENT 1(XLIII)

## IN APPRECIATION OF THE OUTSTANDING AND DEDICATED SERVICE OF DR. MANOEL SOBRAL FILHO AS EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Recalling Decision 3(XXVII), by which it appointed Dr. Manoel Sobral Filho as the Executive Director of the International Tropical Timber Organization (ITTO) for a period of four years, beginning on 6 November 1999;

Further recalling Decision 5(XXXIV), which renewed the mandate of Dr. Sobral with effect from 6 November 2003 to 5 November 2007;

Fully recognizing his outstanding and dedicated service to the Organization;

Appreciating that Dr. Sobral led the Organization with passion, openness, warmth, inclusiveness and good humour;

Hereby extends its deepest gratitude to Dr. Manoel Sobral Filho for the extraordinary energy, dynamism and creativity he invested in the International Tropical Timber Organization throughout his tenure, for his unflagging commitment to promoting international trade in tropical timber, the sustainable management of tropical forests and the sustainable development of tropical forest industries, and for his strong, competent and visionary leadership in guiding the Organization to its current high international standing.

Wishes him the best of health and every success for the future.

\* \* \*



## **ANNEX IV**

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

**Documents:   CEM-CFI(XLI)/8**

**CRF(XLI)/11**

**CFA(XXII)/8**



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FORTY-FIRST SESSION  
5 – 10 November 2007  
Yokohama, Japan

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

### **FORTY-FIRST SESSION OF THE COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND THE COMMITTEE ON FOREST INDUSTRY**

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#### **Report**

**Appendix A: Technical Assessment of Project and Pre-project Proposals in the  
Areas of Economic Information and Market Intelligence and Forest  
Industry and Summary Table**



## REPORT

### 1. Opening of the Session

The Forty-first Session of the Committees was opened on 5 November 2007 at the Joint Session of the Committee on Economic Information and Market Intelligence (CEM), the Committee on Reforestation and Forest Management (CRF), the Committee on Forest Industry (CFI), and the Committee on Finance and Administration (CFA), chaired by Dr. Flip Van Helden (the Netherlands), Chairperson of CRF. This Joint Session considered Agenda items 1-4. Joint Sessions of the Technical Committees were also convened under the chairmanship of Dr. Flip Van Helden (the Netherlands), Chairperson of CRF, to consider item 6(A) of the Agenda and item 9(v) of the Agenda of the CRF, respectively. The subsequent meetings of the CEM and CFI were conducted in joint sessions by Ms. Chantal Adingra (Côte d'Ivoire), Chairperson of CEM and Mr. Dani Pitoyo (Indonesia), Chairperson of CFI. The list of participants is presented in document ITTC(XLIII)/Info. 2.

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

The Agenda for the Joint Session of the Committees as contained in documents CEM-CFI(XLI)/1, CFA(XXII)/1 and CRF(XLI)/1 was duly adopted.

### 3. Admission of Observers

The Committees admitted the observers listed in document ITTC(XLIII)/Info.3 as approved by the Council.

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

The Committees noted the presentation made by Dr. Guy C. Robertson (USA), member of the Expert Panel on behalf of Dr. Bipin Behari (India), Chairman of the Expert Panel for Technical Appraisal of Project Proposals at its Thirty-fourth Meeting held from 30 July to 3 August 2007 in Yokohama, Japan as contained in document CEM,CRF,CFI,CFA(XLI)/1. In summary, the report of the Expert Panel indicated:

- (i) a total number of 37 proposals evaluated comprising 31 project and 6 pre-project proposals, the same number of proposals assessed at the previous Expert Panel meeting.
- (ii) a total number of 16 proposals (43% of proposals evaluated) comprising 12 project and 4 pre-project proposals were accorded category 1 rating, compared with 45% accorded at the previous Expert Panel meeting.
- (iii) eight (8) out of the 16 proposals accorded category 1 rating (50%) were revised proposals.
- (iv) the percentage of proposals requiring amendments or reformulation was still high.
- (v) fifteen (15) proposals were sent back to proponents for revision and six (6) were recommended not to be approved by the Committees.

Mr. Robertson presented the general comments made by the Expert Panel at its Thirty-fourth Meeting including:

- (i) the common weaknesses of many proposals already pointed out by previous Expert Panels.
- (ii) lack of clear and comprehensive problem analysis in the problem tree.
- (iii) lack of focus of specific objectives.
- (iv) inconsistency between logical framework matrix and key issues of the problem and its analysis.
- (v) inadequate risk analysis and failure to address risk mitigation measures.
- (vi) weak project sustainability.
- (vii) inadequate presentation of budget items and supporting terms of reference (TORs).
- (viii) reminder of the fact that a pre-project mainly aims at developing a project proposal, although it did not always result in quality proposals.

He further highlighted the persistent problems in project formulation. For regional proposals presented by a single country, there was often the lack of evidence of support and commitment from partner countries or organizations. The section on the origin of a proposal also suffered from missing, irrelevant or inadequate information such as country priorities, recommendations of ITTO missions as well as completion reports and ex-post evaluation reports of relevant projects.

On the experience of the Expert Panel in the application of the new (revised) ITTO system for technical appraisal of project and pre-project proposals, Mr. Robertson indicated that the new system did significantly facilitate the systematic analysis of proposals but that there was still room for improvement. However, the Panel found that the proposals formulated under the current manual remained difficult to assess because the structure as presented in the current manual was quite different from that used in the new appraisal system. The Expert Panel was of the strong opinion that a new category for "re-formulation of the project proposal" should be created and included in the new system; and that Category 2 should be sub-divided into (a) essential modifications and (b) reformulation.

The delegation of the Philippines commented that the structure of the new appraisal system being used was not in harmony with the current Manual for Project Formulation and that the Expert Panel had to resort to interpolation in carrying out the assessment. The delegation of the Philippines further called for the adoption of the revised manual for project formulation and its synchronization with a new appraisal system to be developed. The delegation of Japan informed the Committees that the Thirty-fourth Expert Panel also assessed three proposals formulated using the revised manual for project formulation which could be regarded as pilot-testing of the manual. He requested that the time frame for the testing be clearly defined.

As regards the Revised Project Cycle Manuals and Guidelines, the Secretariat informed the Joint Committees that the Council, at its Forty-first Session in November 2006, after considering the proposed documents, had requested Members to send their comments on these documents in writing to the Secretariat by early 2007. Additionally, Members were encouraged to use the proposed manuals on trial basis with a view to find improvements that could be incorporated. Subsequently, the Secretariat engaged consultants to assist five member countries in Africa, Asia and the Latin America and Caribbean to prepare project proposals using the revised manual including conducting of workshops on the use of the new manuals. The Committee further noted that all these assignments were expected to be completed by early 2008, and accordingly, the agenda items at the Forty-fourth Session of the ITTC could consider the revised documents for approval.

Following up on the ITTO Qualifying System (Qualitative Award Criteria and Weighted Scores for project and pre-project proposals), the Secretariat recalled that the Council, at its Thirty-eighth Session in May 2005, had discussed the consultants' proposal and requested the Expert Panel to apply this appraisal system and to report at the Fortieth Session of the Council. Subsequently, at the Fortieth Session of the Council the revisions to improve the appraisal system were approved.

The delegate of Japan stated that the Expert Panel was currently using both the old and the new appraisal systems and suggested that once the Expert Panel had more projects/pre-projects reviewed applying the new system, the Council could reappraise the system and make appropriate recommendations for further improvement in due course.

#### 5. Report on Completed Projects and Pre-projects

The Committees considered the Report of Completed Projects and Pre-projects as contained in document CEM-CFI(XLI)/2 as follows:

#### **Committee on Economic Information and Market Intelligence**

PD 124/01 Rev.2 (M)  
Phase I Stage 2

Promotion of Sustainable Management of African Forests (Africa)

The Secretariat reported on the successful implementation of the project and noted that Phase I had been split into two stages to facilitate funding. The project had assisted adoption of the ATO/ITTO PC&I in all African member countries and facilitated the establishment of C&I working groups in most of them. The Committees noted that Phase II of the project was now underway and was extending work to countries not covered in Phase I. The Committees further noted that the implementing agency had submitted the completion report and the final audited financial statements to the ITTO Secretariat in accordance with the project agreement signed with ITTO. The Committees duly declared the project complete.



PD 171/02 Rev.4 (M)

Transparency in Trade Flows and Distribution of Tropical Wood Products in China

The Secretariat reported on the successful implementation of the project. The Committees noted that the implementation of the activities of the project had resulted in the realization of its outputs as planned, thereby contributing to the enhancement of the transparency of the Chinese market for tropical wood products. The Committees further noted that the implementing agency had submitted the completion report and the final audited financial statements to the ITTO Secretariat in accordance with the project agreement signed with ITTO. The Committees duly declared the project complete.

PD 194/03 Rev.2 (M)

Expanding and Improving Global Mangrove Database and Information System (GLOMIS) and its Networking (Japan/Global)

The Secretariat reported that the project was successfully implemented and that the GLOMIS website and database/CD-ROM were now widely available and consulted. The representative of the implementing agency (ISME) expressed his gratitude to ITTO for supporting the project and noted that ISME was maintaining GLOMIS to the extent its resources would permit. The Committees noted that the implementing agency had submitted the completion report and the final audited financial statements to the ITTO Secretariat in accordance with the project agreement signed with ITTO. The Committees duly declared the project complete.

PPD 93/04 (M)

Analysis of the Current Status and Development of a Project Proposal for the Strengthening of the Forest Statistical Information Centre in Honduras

The Secretariat provided an overview of the implementation of the pre-project, noting that it had successfully met its objectives and achieved cost savings of 33%. The Committees noted that the pre-project activities included a number of workshops involving stakeholders to determine how the national forest statistical information centre could be strengthened. The stakeholders suggested that weaknesses of the existing centre could be overcome by improving computer hardware and software and human capacity at the Centre for Information and Forest Statistics. As a result of these activities, the Committees noted that the implementing agency was able to draft a full ITTO project proposal, PD 443/07 Rev.1 (M), which was approved and financed by the Council at its Forty-second Session in May 2007. The Secretariat reported that the unspent balance of the pre-project finance had been returned and the implementation of the project would commence shortly. The delegate of the USA highlighted the pre-project's success and urged the Expert Panel to use this pre-project as an example of a sound pre-project proposal.

### **Committee on Forest Industry**

PD 146/02 Rev.1 (I)

Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar)

The Secretariat reported on the implementation of the project. The Committees noted that the project had produced several technical manuals and reports for plantation management, harvesting, processing and utilization of bamboo. The project had carried out a comprehensive research and development work for enhancing the growing stock of bamboo in the country and the development of bamboo products, which had been overlooked in the past, with the active participation of local farmers who were dependant on bamboo for general utility and also as a source of income for livelihood. The Committees also noted that the completion report of this project and its final audited financial statements had been submitted to the Secretariat in accordance with the project agreement. The Committees declared this project complete.

PPD 19/01 Rev.2 (I)

Sustainable Management of Non-Timber Forest Products (NTFPS) in Cameroon, Congo, Gabon and Central African Republic (CFC/ITTO/68FT)

The representative of the implementing agency (IUCN for Central Africa) reported on the implementation of the pre-project which was completed on schedule with the objective of improving knowledge on the production of non-timber forest products (NTFPs) in the Congo Basin region, in order to maximize their contributions to local economic development. The outputs produced by the

pre-project included country studies for NTFPs in Cameroon, Republic of Congo, Gabon, and Central African Republic, as well as a regional study. A regional workshop to validate the studies was conducted in Douala, Cameroon on 5-6 October 2006, and it offered refined strategies and recommendations for the sustainable management of NTFPs in the region. The Committees noted that the completion report had been submitted by the implementing agency and that the final audited financial statements would be forwarded to the ITTO Secretariat shortly. The Committees declared the pre-project as complete, subject to the receipt of the final audited financial statements.

6. Ex-post Evaluation

**(A) Ex-post Evaluation Reports**

To facilitate the sharing of experiences and lessons learned from ex-post evaluation of projects among members, the consideration of ex-post evaluation reports was undertaken at the Joint Session of the Technical Committees. The Committees considered the Ex-post Evaluation Reports [Executive Summary] as contained in document CEM-CFI(XLI)/3.

**Committee on Economic Information and Market Intelligence**

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

A presentation before the Committee was made by the consultant, Mr. Don Wijewardana (New Zealand) in respect of his ex-post evaluation report on the project. He noted that the specific objective of the project was to facilitate the availability and access to/dissemination of data and experiences on cases of successful implementation of sustainable forest management by the private sector and its contribution to attainment of the ITTO 2000 Objective at the FMU level. The consultant reported that the project was managed efficiently with the approved budget, even though it was affected by unforeseen problems and experienced a ten month delay. The consultant explained that this was the first major effort at bringing together the experiences of successful forest companies working towards the attainment of ITTO Objective 2000. He said that the project had successfully achieved its specific objective and contributed to its development objective of implementing SFM. The major contribution of the project was that, for the first time, companies at the FMU level in all three regions had been surveyed using a common denominator. The results of the project, based on the practical experiences of the companies involved in the project, provided a wealth of information and could be used as a baseline for shaping future policies of promoting ITTO Objective 2000. The consultant noted that the project helped chart several steps of a course towards SFM and contributed significantly to our understanding on implementing SFM on the ground. He also presented a number of recommendations for the formulation and implementation of similar projects in future.

An oral report was made by the Secretariat on the progress in the implementation of the ex-post evaluation of the following completed project:

PD 41/99 Rev.4 (M)                      Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) (Philippines)

The Committees noted that this project would be evaluated together with a related project, PD 133/02 Rev.3 (M), once that project was reported complete and selected for ex-post evaluation at the next session of the Committees.

**Committee on Forest Industry**

Oral reports were made by the Secretariat on the progress in the implementation of the ex-post evaluation of the following completed projects:

PD 34/99 Rev.2 (I)                      Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines

PD 35/99 Rev.4 (I)                      Performance Evaluation of Export Wood Furniture in Relation to Strength and End-use Applications Using Established Test Standard (Philippines)

PD 68/01 Rev.2 (I)                      Training in Reduced Impact Logging in Guyana

PD 94/90 Rev.3 (I)	The Integration of Forest-Based Development in the Western Amazon - Phase II – Technology for Sustainable Utilization of Raw Forest Materials (Brazil)
PD 69/01 Rev.1 (I)	Improved and Diversified Use of Tropical Plantation Timbers in China to Supplement Diminishing Supplies from Natural Forests
PD 46/97 Rev.3 (I)	Community Forest Product Processing in the Puerto Dias Extractive Reserve (Brazil)
PD 10/00 Rev.2 (I,F)	Sustainable Management and Utilization of Sympodial Bamboos in South-China
PD 51/00 Rev.2 (I,M)	Improvement of Rubberwood Utilization and Marketing in Thailand

The Committees noted that a consultant had been identified to undertake the ex-post evaluation of PD 51/00 Rev.2 (I,M) in Thailand and that the report of the ex-post evaluation of this project was expected to be presented at the next session of the Committees. Two other consultants had been identified to undertake a joint ex-post evaluation of PD 69/01 Rev.1 (I) and PD 10/00 Rev.2 (I,F) in China. The Committees also noted that the Secretariat was in the process of identifying consultants to undertake the ex-post evaluation of the other projects.

#### **(B) Selection of Projects for Ex-post Evaluation**

The Committees duly selected the following projects for ex-post evaluation:

##### **Committee on Economic Information and Market Intelligence**

PD 194/03 Rev.2 (M)	Expanding and Improving Global Mangrove Database and Information System (GLOMIS) and its Networking (Japan/Global)
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##### **Committee on Forest Industry**

PD 146/02 Rev.1 (I)	Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar)
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#### **7. Review of Projects, Pre-projects and Activities in Progress**

The Committees considered the Report of Projects and Pre-projects in Progress as contained in document CEM-CFI(XLI)/4 and took note of progress in the implementation of the following projects and pre-projects:

##### **(A) Projects and Pre-projects under implementation**

##### **Committee on Economic Information and Market Intelligence**

1. PD 16/93 Rev.4 (M)  
Phase IV, 2007      Market Information Service for Tropical Timber and Timber Products, Phase IV, 2007 (Global)
2. PD 40/96 Rev.5 (M)      The Establishment of a National Statistical System for Imported Timber and Timber Products (Egypt)
3. PD 124/01 Rev.2 (M)  
Phase II Stage 1      Promotion of Sustainable Management of African Forests (Africa)
4. PD 133/02 Rev.3 (M)      Timber and Timber Products Trade Flow Study in the Philippines
5. PD 168/02 Rev.1 (M)      Establishment of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistical Data in Togo

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| 6. PD 182/03 Rev.2 (M)      | Enhancement of the Forest Statistics Information and Management System (STATFOR) through the Integration of a Computer Module for Processed Log Management (Gabon)                      |
| 7. PD 192/03 Rev.3 (M)      | A Comprehensive Information System for Sustainability of the Wooden Furniture Industry in Malaysia  |
| 8. PD 196/03 Rev.1 (M)      | Upgrading and Strengthening of the National Forest Statistical Information System in Venezuela  |
| 9. PD 264/04 Rev.3 (M,I)    | Timbers of Tropical Africa Part 1: Group 7(1) within the PROTA Programme (Ghana)  |
| 10. PD 291/04 Rev.2 (M)     | Establishment of a Network to Facilitate Collection, Processing and Dissemination of Statistics Pertaining to Tropical Timber and Other Forestry Parameters in India                    |
| 11. PD 295/04 Rev.2 (M)     | Creating and Sustaining a Market for Environmental Services from China's Tropical Forests   |
| 12. PD 338/05 Rev.1 (M,I)   | Promotion of Guatemalan Certified Timber and Timber Products Trade  |
| 13. PD 340/05 Rev.2 (M,F,I) | National Forest Statistical Information System in Guatemala   |
| 14. PD 353/05 Rev.2 (M,F,I) | Adoption and Implementation of the Forestry Information System (FIS) for the Philippines  |
| 15. PD 391/06 Rev.2 (M)     | Promoting and Creating Market Demand for Certified Tropical Wood and Verified Legal Tropical Wood (Japan)   |
| 16. PD 415/06 Rev.2 (M)     | Systematisation and Modelling of Economic and Technical Information to Train Professionals Related to the Production, Processing and Marketing of Timber Products – Phase II (Colombia) |
| 17. PD 440/07 Rev.1 (M,I)   | Improving the Detection and Prevention of Illegal Logging and Illegality in Shipment and Trade of Wood Products in Guyana   |
| 18. PD 443/07 Rev.1 (M)     | Strengthening of the Forest Statistics and Information Center – CIEF (Honduras)   |
| 19. PPD 8/98 Rev.1 (M)      | Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)   |
| 20. PPD 14/00 (M)           | Strengthening the Market Discussion (Global)  |
| 21. PPD 45/02 Rev.3 (M)     | Technical Assistance of the Formulation of a Project Aimed at Capacity Strengthening for the Sustainable Management of Natural and Planted Forests in Panama                            |
| 22. PPD 61/02 Rev.2 (M)     | Review of the Present Situation and Development of a Strategy and Project for Enhancing the National Forestry Statistics Management System (Côte d'Ivoire)                              |
| 23. PPD 62/02 Rev.1 (M)     | Establishing a Forest Statistics Management System in the Democratic Republic of Congo  |
| 24. PPD 101/04 Rev.1 (M)    | Development and Promotion Program for Financial Compensation and Environmental Services Derived from Tropical Forest Ecosystems in Guatemala  |

**Committee on Forest Industry**

1. PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (Global)
2. PD 39/93 Rev.4 (I) Project for the Development, Application and Evaluation of Biomass Energy Technologies through Briquetting, Gasification and Direct Combustion of (Wood and Agricultural) Wastes (Malaysia/Cameroon)
3. PD 37/94 Rev.3 (I) Strengthening of the Forest Products Laboratory of IBAMA (Brazil)
4. PD 46/96 Rev.2 (I) Establishment of a Wood Workers and Craftsmanship Village (Ghana)
5. PD 44/98 Rev.2 (I) Handbook on Tree and Wood Identification of 100 Lesser-used and Lesser-known Timber Species from Tropical Africa with Notes on Ethnography, Silviculture and Uses (Ghana)
6. PD 13/99 Rev.2 (M,F,I) ITTO Information Network and Project Support (Phase II) (Global)
7. PD 31/99 Rev.3 (I) Non-timber Production and Sustainable Development in the Amazon (Brazil)
8. PD 36/99 Rev.4 (I) Processing and Utilization of Almaciga (*Agathis philippinensis* Warb.) Resin as Source of Industrial Chemicals (Philippines)
9. PD 40/00 Rev.4 (I) Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)
10. PD 65/01 Rev.2 (I) Training in Reduced Impact Logging in Cambodia
11. PD 73/01 Rev.5 (I,M) Promotion of Tropical Non-wood Forest Products (NWFPs) in Guangxi Autonomous Region, China Based on Sustainable Community Development
12. PD 77/01 Rev.2 (I,F) Contribution to the Development of Skills and Technical Training Structures at the Mbalmayo National School of Forestry (Cameroon)
13. PD 100/01 Rev.3 (I) Capacity Building for the Development of a Sustainable Rattan Sector in China Based on Plantation Sources
14. PD 103/01 Rev.4 (I) Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development in China and other Asian Countries (China)
15. PD 108/01 Rev.3 (I) Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia
16. PD 131/02 Rev.4 (I) Training of Forest Practitioners for the Improvement of Forest Industry in Cambodia
17. PD 233/03 Rev.2 (I) Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)
18. PD 268/04 Rev.3 (I) The International Conference on Innovation in Tropical Forestry and Forest Products Industries (Innovations for Tropical Timber) (Côte d'Ivoire)
19. PD 275/04 Rev.3 (I) Improvement of the Sustainable Management and Utilization of Non-Timber Forest Products (NTFPs) in Cambodia

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| 20. PD 277/04 Rev.3 (I)  | Promoting Selected Non-Timber Forest Products Based on Community Participation Approach to Support Sustainable Forest Management in East Kalimantan (Indonesia) |
| 21. PD 286/04 Rev.1 (I)  | Strengthening the Capacity to Promote Efficient Wood Processing Technologies in Indonesia (Indonesia)   |
| 22. PD 306/04 Rev.1 (I)  | Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia   |
| 23. PD 318/04 Rev.2 (I)  | Quality Control and Standardization of Ghanaian Wood Products   |
| 24. PD 333/05 Rev.2 (I)  | Development and Delivery of a Vocational Training Programme in Reduced Impact Logging and Sustainable Forest Management Practices in Guyana                     |
| 25. PD 334/05 Rev.2 (I)  | Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines)         |
| 26. PD 344/05 Rev.2 (I)  | Utilization of Lesser Used Wood Species in Guyana   |
| 27. PD 347/05 Rev.2 (I)  | Promoting Access to the Forest Sector Activities by Gabonese Nationals through the Development of the SME Forest Partnership                                    |
| 28. PD 398/06 Rev.2 (I)  | Promoting the Utilization of Plantation Timber Resources by Extending Environmentally Sound Preservation Technology (China)                                     |
| 29. PD 416/06 (I)        | Regional Workshop on Processing, Marketing and Trade of Quality Wood Products of Teak Plantations (India)   |
| 30. PD 431/06 Rev.1 (I)  | Processing and Utilization of Trees on Farmlands and Logging Residues through Collaboration with Local Communities (Ghana)                                      |
| 31. PD 384/05 Rev.3 (I)  | Testing Laboratory for the Development of Quality Standards for Mexican Primary and Processed Tropical Forest Products  |
| 32. PPD 5/00 Rev.1 (I)   | Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India  |
| 33. PPD 97/04 Rev.1 (I)  | Improve Strategies and Assess Training Needs to Achieve SFM in Suriname   |
| 34. PPD 112/05 Rev.2 (I) | Guatemalan Forest Industry Development Project  |
| 35. PPD 121/06 Rev.2 (I) | Development of Value-Adding Processes for Short-Rotation, Small-Diameter Community Teak Plantations in Java and Eastern Indonesia                               |
| 36. PPD 125/06 Rev.2 (I) | National Training Program to Promote the Adoption of Reduced Impact Logging (RIL) in Papua New Guinea   |

**(B) Projects and Pre-projects pending Agreement**

**Committee on Economic Information and Market Intelligence**

- |                        |   |
|------------------------|---|
| 1. PD 406/06 Rev.1 (M) | Establishment of a National Forest and Timber Marketing Statistics System (Ecuador) |
|------------------------|---|

**Committee on Forest Industry**

- |                         |   |
|-------------------------|---|
| 1. PPD 68/03 Rev.2 (I)  | Study on Utilization of Plantation Teak (Myanmar)               |
| 2. PPD 133/07 Rev.1 (I) | Training Needs Analysis for the Builders' Woodworks Industry in |

the Philippines

**(C) Projects and Pre-projects pending financing**

**Committee on Economic Information and Market Intelligence**

1. PD 124/01 Rev.2 (M) Promotion of Sustainable Management of African Forests (Africa)  
Phase II Stage 2, Phase III
2. PD 379/05 Rev.3 (M) Enhancing Papua New Guinea's Timber Marketing Information System (MkIS)
3. PPD 132/07 Rev.1 (M,I) The Promotion of Plantation and Market of Potential Lesser Used Species (LUS) to Support Sustainable Wood-based Industries in Indonesia

**Committee on Forest Industry**

1. PD 299/04 Rev.4 (I) Reduction of Timber Wastes in Both Logging and Mechanical Processing Operations (Republic of Congo)
2. PD 285/04 Rev.3 (I) Introduction of a Village Industry in the Community around an Industrial Forest Plantation in Sumatra, Indonesia
3. PD 336/05 Rev.1 (I) Thermochemical Processing of Tropical Wood Waste for Furfuryl Alcohol, Phenols, Cellulose and Essential Oils (Ghana)
4. PD 348/05 Rev.2 (I) Composites from Wood Residues and Recycled Plastics for Increasing Utilization Efficiency of Wood Resources (Philippines)
5. PD 363/05 Rev.3 (I) Harmonizing Forestry Training in order to Develop National SFM Capacities in Congo
6. PD 364/05 Rev.3 (I) Providing Village Communities with Basic Technological Training for Extracting Valuable Essential Oils from Eucalyptus Citriodora Plantations in Rural Areas of Congo
7. PD 373/05 Rev.3 (I) Impacts of Integrating Forest-Based Medicinal Plant Production with Sustainable Forest Management on the Forest Ecosystem and Tropical Timber Supply (Philippines)
8. PD 385/05 Rev.3 (I,F) Industrialisation, Marketing and Sustainable Management of Ten Mexican Native Species
9. PD 401/06 Rev.2 (I) Value Adding and Kiln Drying of Commercial Timbers by Small Scale Community Saw Millers in Guyana
10. PD 413/06 Rev.2 (I) Optimization of Wood Residue Utilization and Investments in Ghana: Commercial Options for Industrial and Community Uptake
11. PD 422/06 Rev.1 (I) Sustainable Management and Utilization of Tropical Bamboo in Yunnan Province of China
12. PD 425/06 Rev.1 (I) Production and Utilization Technology for Sustainable Development of Eaglewood (Gaharu) in Indonesia
13. PPD 117/05 Rev.2 (I,M) Development of a Local Forest Industry Based on Sustainable Forest Management in the South-West Sector of the Lacandon Highlands National Park within the Mayan Biosphere Reserve, Peten, Guatemala
14. PPD 122/06 Rev.1 (I) Wood Technology (Guatemala)

The Committees held discussions on the following projects and pre-projects:

**Committee on Economic Information and Market Intelligence**

**PD 40/96 Rev.5 (M)**

**The Establishment of a National Statistical System for Imported Timber and Timber Products (Egypt)**

The Secretariat provided an overview of the implementation of the project, highlighting the implementation problems that had resulted in the extension of its implementation timeline of 62 months. The Secretariat indicated that the duration of the project had been extended for a 12 month period in September 2007. The Committees noted that the implementing agency had yet to submit project progress reports in 2007 but had requested disbursement of ITTO funds to complete project work. The Secretariat reported on the numerous attempts it undertook to contact the implementing agency to determine the status of the project without success. The delegate of Japan suggested that a technical mission be dispatched to Egypt to determine the status and problems associated with the project with a view to reporting back to the Committees.

**PD 124/01 Rev.2 (M)  
Phase II Stage 1**

**Promotion of Sustainable Management of African Forests (Africa)**

The Secretariat reported that it had proven necessary to divide Phase II of this project into two stages due to availability of funds in order to allow implementation to continue without interruption. The workplan and budget had been revised to reflect this. The Committees approved the revised budget and workplan for Phase II Stage 1 and noted that project activities were about to commence.

**PD 133/02 Rev.3 (M)**

**Timber and Timber Products Trade Flow Study in the Philippines**

The delegate of the Philippines reported that the final report of the project had just been submitted to the Secretariat during the session and that the audit of the project accounts was being undertaken. The Committees noted that this project would be declared complete at their next session.

**PD 168/02 Rev.1 (M)**

**Establishment of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistical Data in Togo**

The Secretariat reported on the delays encountered due to the replacement of the national consultant involved in the project before he could complete his tasks. The Committees noted that another national consultant was engaged to complete the work of the project and the project was granted an extension till December 2007. The Secretariat said that the project was on track to be completed in 2008.

**PD 182/03 Rev.2 (M)**

**Enhancement of the Forest Statistics Information and Management System (STATFOR) Through the Integration of a Computer Module for Processed Log Management (Gabon)**

The delegate of Gabon reported that after a delay in identifying a suitable international consultant, the project was now on track and all required information had been sent to the Secretariat to facilitate the commencement of its implementation. The Secretariat confirmed that the first installment of ITTO funds was being transferred to the implementing agency.

**PD 353/05 Rev.2 (M,F,I)**

**Adoption and Implementation of the Forestry Information System (FIS) for the Philippines**

The delegate of the Philippines reported that the implementation of project activities had commenced in July 2007 and that activities were being taken to extend the pilot FIS developed under an earlier project nationwide. The Secretariat noted that a PSC meeting was scheduled for the first quarter of 2008.



**PPD 8/98 Rev.1 (M)**

**Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)**

The Secretariat reported that administrative changes in the Government of Ecuador had delayed the implementation of the pre-project. However, the implementation of the pre-project had just been completed. It was expected that the pre-project would be declared complete at the next session of the Committees.

**PPD 62/02 Rev.1 (M)**

**Establishing a Forest Statistics Management System in the Democratic Republic of Congo (DRC)**

The Secretariat reported that the first component of the pre-project (assessment of DRC's forest statistics system) had been completed in 2006, but a long delay in identifying a suitable international consultant had been encountered. A consultant had recently been approved by ITTO and ITTO funds had been disbursed to facilitate the implementation of remaining project activities including the development of a full project proposal to improve DRC's forestry statistics capacity.

**PPD 101/04 Rev.1 (M)**

**Development and Promotion Program for Financial Compensation and Environmental Services Derived from Tropical Forest Ecosystems in Guatemala**

In the absence of a delegate from Guatemala, the Secretariat reported on the implementation of the pre-project. The Secretariat indicated that due to a new law in Guatemala on the administration of international funds, the implementation of the pre-project had been delayed. The Committees noted that pre-project experienced further delays due to the rescheduling of activities. Pre-project activities were expected to be completed in June, but a completion report and final audit report had not yet been received. The Secretariat would contact the implementing agency to determine the status of the pre-project and facilitate the completion of its activities.

**Committee on Forest Industry**

**PD 39/93 Rev.4 (I)**

**Research and Development in Energy Alternative from Biomass (Wood and Agricultural Residues) through Briquetting, Gasification and Direct Combustion (Malaysia and Cameroon)**

The Committees noted that the project was funded by the Common Fund for Commodities (CFC) and had commenced in 1997, with the aim of introducing and transferring biomass energy technologies to the commercial sector in Malaysia and Cameroon. The Malaysian component of the project has almost been fully implemented. However, the Committees noted that for the Cameroonian component of the project, no progress had been made in the last four years and recommendations of ITTO made in December 2003, August 2004 and June 2005 had not been taken up by the Energy Research Laboratory (LRE/IRGM), the implementing agency in Cameroon.

In view of the serious problems in implementing the Cameroonian component of the project, the Committees noted that a thorough assessment was necessary in order to assess the status and viability of the main elements of the project, including implementation arrangements. In this regard, the Committees recommended that a technical mission be sent to Cameroon to conduct the assessment. This assessment would include the technical capacity of the implementing agency/new implementing agency in Cameroon to implement this project. The mission was expected to facilitate the revision of the project document for eventual submission to the CFC Executive Board.

**PD 31/99 Rev.3 (I)**

**Non-Timber Production and Sustainable Development in the Amazon (Brazil)**

The Committees noted that the project had produced important outputs including (i) socioeconomic surveys, diagnosis and documentation of non-timber products; (ii) survey and treatment of scientific technological information on Amazonian non-timber forest products; and (iii) development of technologies for specific species/products. However, its implementation has encountered long delays and the implementing agency was seeking additional financial resources within Brazil to complete the

realisation of the expected outputs. The Committees also noted that all project activities were expected to be completed in the first half of 2008.

**PD 36/99 Rev.4 (I)**                      **Processing and Utilization of Almaciga (*Agathis philippinensis* Warb.) Resin as Source of Industrial Chemicals (Philippines)**

The Committees noted that this project investigated the technologies and economics of refining crude almaciga resin on a pilot scale for the development of industrial chemicals from refined resin. The project involved the promotion and transfer of improved tapping techniques for almaciga resin and development work for increased and further processing of almaciga resin into value-added products in order to promote development opportunities and income in almaciga-producing forest communities. The Committees took note of a request from the delegate of the Philippines to extend the project duration to July 2008 in order to facilitate the implementation of all techno-transfer activities pertaining to their commercialization of the technology for resin refining.

**PD 416/06 (I)**                      **Regional Workshop on Processing, Marketing and Trade of Quality Wood Products of Teak Plantations (India)**

The Secretariat informed the Committees that the Regional Workshop for Processing and Marketing of Teak Wood Products of Planted Forest, held in Peechi, India from 25 to 28 September 2007, was attended by a total of 90 delegates representing 14 countries in Asia, Australia, Europe, Central and South America. The workshop discussions included the formulation of a regional project proposal for the consideration of ITTO, on further processing of teak products coming from plantations and on enhancing capacity building among key stakeholders for better marketing of teak products.

The Committees also noted that during the workshop a satellite meeting was conducted by the members of the Steering Committee of TEAKNET, led by Kerala Forest Research Institute in India to discuss the reactivation of the network.

**PD 364/05 Rev.3 (I)**                      **Providing Village Communities with Basic Technological Training for Extracting Valuable Essential Oils from Eucalyptus Citriodora Plantations in Rural Areas of Congo**

The Secretariat informed the Committees that the Executive Board of the Common Fund for Commodities (CFC) at its 44<sup>th</sup> Meeting on 9 October 2007 approved the financing of the revised project [PD 364/05 Rev.4 (I)] in which Congo and Democratic Republic of Congo would participate with the CFC contribution of US\$480,511.00. The Committees recommended facilitating the preparation of the Appraisal Report and Project Agreement to be signed between ITTO, the National Reforestation Service of Congo (SNF) and CFC so that the project could start in the middle of 2008.

**8. Consideration of Project and Pre-project Proposals**

The Committees considered the following three project proposals and one pre-project proposal that had been evaluated and commended by the Thirty-fourth Expert Panel for the Technical Appraisal of Project Proposals as contained in document CEM-CFI(XLI)/4. The Committees recommended that these proposals as amended be approved by the Council and that funding be made immediately available at its current Session.

**Committee on Economic Information and Market Intelligence**

PD 449/07 Rev.2 (M)                      Enhancing Forest Law Enforcement in Papua New Guinea

PPD 139/07 Rev.1 (M)                      Strengthening of the National Forest Information System (Thailand)

**Committee on Forest Industry**

PD 397/06 Rev.3 (I)                      Sustainable Development of the Wood-based Industries in South Kalimantan (Indonesia)

PD 448/07 Rev.2 (I)

Sustainable Utilization and Marketing of Selected Non-Timber Forest Products to Support the Handicraft Industry and the Development of Rural Communities (Philippines)

The Committees considered in detail the comments and recommendations of the Thirty-fourth Expert Panel for Technical Appraisal of Project Proposals on the above proposals, and the revisions incorporated in the final versions in response to these comments and recommendations as applicable. The final versions of all proposals were duly evaluated by the Committees.

The Committees further considered the following project and pre-project proposals that had been evaluated by the Thirty-fourth Expert Panel for the Technical Appraisal of Project Proposals which decided not to commend these proposals which were submitted to the Committees for final appraisal.

#### **Committee on Economic Information and Market Intelligence**

PD 427/06 Rev.2 (M)

Implementation of Guidelines to Mitigate Illegal Logging: A Step to Sustainable Forest Management in Indonesia

#### **Committee on Forest Industry**

PPD 120/06 Rev.2 (I)

Sustainable Forest Management through Community Development for Manufacture of Bamboo Based Composites in the State of Orissa (India)

The Committees recommended that the proposals should not be further considered by ITTO.

The Committees considered the following proposal appraised and commended to the Committees for consideration by the Thirty-second Expert Panel for the Technical Appraisal of Project Proposals but had been withheld previously as the submitting country did not meet the requirements specified in Decision 7(XXXIII), Annex I, Part C, paragraph 2 regarding the Status of Arrearages in Contribution Affecting Eligibility to Submit Project Proposals.

PD 435/06 Rev.1 (I)

Nanotechnology Applied to Tropical Timber Products (Brazil)

The Committees recommended that the proposal be approved by the Council and that funding be made immediately available at its current session.

The Committees further considered the following two project proposals that had been evaluated by the Thirty-first Expert Panel for the Technical Appraisal of Project Proposals which concluded that the proposals were weak and recommended that the proposals should not be approved by the Committees.

#### **Committee on Economic Information and Market Intelligence**

PD 357/05 Rev.2 (M,F)

Support Project to the Establishment and Initial Operation of a Voluntary and Independent Monitoring System for the Forest Concessions of Central Africa (FORCOMS) (CAR)

#### **Committee on Forest Industry**

PD 355/05 Rev.2 (I)

Capacity Building for Environmental and Forestry Training Institutions in Central Africa and Continuous Training for Forest Concession Personnel (CAR)

The Committees recommended that the proposals should not be further considered by ITTO.

The detailed results of the Committees' evaluation and appraisal of all the foregoing proposals are presented in Appendix A.

9. Policy Work

Three issues and six strategic policy activities under the CEM and five strategic policy activities under the CFI were discussed by the Committees.

**Committee on Economic Information and Market Intelligence**

**Market Access**

The Committees noted that negotiations under the WTO Doha Rounds were still on-going. On the enforcement of the CE marking (strength and safety certification) of all structural timber placed in the market in the EU, the delegation of Malaysia informed the Committees that costs of testing could be a problem facing some exporters and enquired whether the EU would be amenable to testing being undertaken by authorized companies in exporting countries.

The Committees also noted the deliberation of the Council on reports stating that the Government of Norway had banned the use of all tropical wood, including certified wood, in all public buildings and in materials used in the building process in that country.

**Forest and Timber Certification**

The Committees agreed to consider this issue under item (viii) – 'Monitor Progress Being Made Regarding the Comparability and Equivalence of Certification Systems' [PP-A/39-175].

**Selected Data and Analysis from ITTO Annual Review and Assessment of the World Timber Situation – China**

The Committees were briefed by the Secretariat on selected market information on China from the ITTO Annual Review and Assessment of the World Timber Situation 2006. She highlighted data regarding China as a market for primary tropical wood products and noted the difficulties in analyzing data from secondary sources for both China and many of its trading partners. China's market for primary tropical wood products was slowing although it remained the largest market for logs. Domestic plywood production continued to grow at the expense of imports of tropical plywood. China's exports of secondary processed wood products also continued to grow substantially, with the USA being a major final destination for a large proportion of tropical wood products. She noted some trade issues that might influence China's position as a major market for primary tropical wood products and as a formidable competitor in secondary processed wood products markets. These included the impact of the US housing downturn, the impact of the Russian log export tax and demographic changes.

The delegate from China congratulated the speaker on the presentation and stated that China would work with the Secretariat to ensure that accurate and timely information was made available to them. The delegation from the Netherlands thanked the speaker for the presentation and noted that a more long term view of the China market was needed to assess the situation more accurately. The delegation from Brazil noted that consideration of the supply potential from China's growing plantation forest estate needed to be considered when assessing China's market position. The TAG coordinator requested that the Annual Review be made more user-friendly and noted that it was dependent on accurate information from members. He noted that there were concerns for tropical producing countries regarding the competitiveness of their secondary processing industries in relation to these in China, particularly regarding the legality of raw material inputs.

The Committees agreed to continue consideration of this item at the next session, focusing on data and analyses with regard to new and emerging markets and the role of plantations in the supply of timber.

**Review of the Timber Market in Two Significant Tropical Timber Importing Countries [PP-A/36-149]**

The Secretariat informed the Committees that a review of the Iberian timber market was being undertaken and that the report of the review would be presented at the next session of the Committees.

The delegate of the USA noted that a number of reviews had already been undertaken, with demonstrated methodologies. He suggested that lessons could be learned from the existing studies

and the usefulness of the studies should be determined. The Committees concluded that lessons had been learned from the reviews undertaken and agreed to consider the usefulness of these reviews at the next session. The Committees further agreed to consider the selection of the two timber markets to be reviewed under the ITTO Biennial Work Programme for 2008-2009 at the next session.

#### Studies on Subsidies Affecting Tropical Timber Products [PP-A/39-172]

The Committees recalled that a preliminary study on subsidies was presented by Mr. Al Goetzl (USA) at the Thirty-ninth Session. At the request of the delegation of New Zealand, the Committees agreed to defer consideration of the need for additional ITTO work on subsidies to the current session in order to allow for further inter-sessional consultations amongst interested members.

The Secretariat reported that a non-paper from the Government of New Zealand, suggesting possible ways forward, had been received and circulated to the members of the Committees.

Further consultations on the issue were initiated by the delegation of New Zealand during the course of the current session of the Committees. The Committees agreed to give further consideration to the matter at the next session.

#### Consider Further Work on Forest Law Enforcement and Illegal Trade in Timber and Timber Products [PP-A/39-173]

The Secretariat informed the Committees that approval had been given to three private sector forest companies to participate in the ITTO pilot schemes on the feasibility of adopting timber tracking systems, namely P.T. Gema Hutani Lestari, Indonesia, Saban Enterprises Ltd., Papua New Guinea and MAILSAC, Peru. The Committees were further informed that the pilot schemes in Indonesia and Papua New Guinea were being implemented while the proposal from the company in Peru was being revised.

The Secretariat also informed that ITTO resources were still available to provide support to up to two more schemes in Africa and Latin America and the Caribbean.

#### Enhancement of Statistical Work and Training Workshops on Statistics [PP-A/39-174]

The Secretariat reported that in 2007 this activity had continued to facilitate ITTO's subscription to the Global Trade Atlas (GTA), participation in the work of the Inter-Secretariat Working Group on Forest Statistics (IWG) and co-sponsorship of a statistical training workshop in Chile in collaboration with FAO. A second statistical training workshop had been scheduled to be conducted in India in late 2007 but had been postponed to early 2008.

In response to a query from the delegation of the USA, the Secretariat reported that the statistical capacity building activities of ITTO had resulted in improvements in country capacity, but that such efforts needed to be maintained due to the generally rapid turnover of staff carrying out statistical work in most countries. It was proposed and generally agreed that the Committees could play a more proactive role in identifying countries that might benefit from ITTO assistance in this area and in urging these countries to seek it.

#### Monitor Progress Being Made Regarding the Comparability and Equivalence of Certification Systems [PP-A/39-175]

The consultant, Dr. Markku Simula, presented the 'Draft Report on the Comparability and Acceptance of Forest Certification Systems' as contained in document CEM-CFI(XLI)/6. He noted there was a general convergence of all types of certification schemes and all criteria combined represented a comprehensive set of requirements. However, he noted concerns about the forest certification schemes reviewed, including the uneven geographical coverage, varying terms and definitions, limited transparency and participation of tropical countries and lack of consideration of implications of schemes for tropical producers. The consultant's report suggested that ITTO should support the development of national standards; develop a common approach to standards of legal origins and compliance; establish the feasibility of including social criteria in chain-of-custody standards; support research on certification's impacts; promote financing mechanisms for SFM; monitor certification systems and their implementation; and promote certification in community and smallholder forests.

The delegate of Japan noted that certification was beneficial for FMUs, but looking at the benefits to sustainable forests as a whole, its usefulness had not been proven and that a 'green premium' had not been realized. The delegate of Malaysia noted that the report was comprehensive, informative and thought-provoking. He indicated that certification should be undertaken in stages and explained that the MTCC system was in a transition and would soon utilize the FSC principles as a template. He appealed to consumers not to be too stringent on producers and called for greater cooperation among more stakeholders on certification issues. The delegate of the EC said that the recommendations were of interest but required some fine tuning, such as those concerning systems for verifying legality of timber. The delegate of Ghana suggested that ITTO could help promote national schemes which faced difficulties in gaining acceptance in the international markets. The delegate of the Netherlands said that experience gained with regard to other commodities such as soy and palm oil could help inform further discussions on timber certification, and that experience gained in timber is relevant for other commodities.

Dr. Simula indicated that certification was not a direct tool to combat deforestation and was not meant to place value on forests. The consultant noted that certification could serve as a tool for reputational risk as it can be used to verify environmental services such as carbon and biodiversity.

The Committees thanked the consultant for his excellent presentation and agreed to give further consideration to this issue at the next session.

#### **Economic Valuation of the Forest Sector with Particular Reference to the Amazon Basin [PP-A/39-176]**

The Secretariat reported on the delay in the implementation of this activity due to staff changes in the Amazon Cooperation Treaty Organization (ACTO) and the ITTO Regional Office for Latin America and the Caribbean. Following the appointment of the new ITTO Regional Officer for the region, preparations for the implementation of the activity had been resumed and the regional workshop to be conducted under the activity had been scheduled to take place in Ecuador in January 2008. The Committees noted that the activity would be included in the ITTO Biennial Work Programme of 2008-2009 for CEM.

#### **Committee on Forest Industry**

- (i) Promote Wood-based Bioenergy using Wood Residues and Wastes in Tropical Countries  
[PP-A/39-183]

The Committees were briefed by the Secretariat on the outcome of the International Conference on Wood-based Bioenergy which took place in Hannover, Germany on 17-19 May 2007 in conjunction with the LIGNA+ 2007. The Committees noted that the Conference was hosted by the German Federal Ministry of Economics and Technology and organized in collaboration with FAO. The Secretariat highlighted the main outcomes of the Conference: (i) since wood-based bioenergy was a rapidly developing sector, detailed investigation into its potential and the policy and other measures needed to stimulate it at the country level was warranted; (ii) measures to increase the use of wood-based bioenergy must always be within the limits of SFM; (iii) policies affecting wood-based bioenergy, and their implementation, should not create undue market distortions; (iv) the transfer to developing countries of energy and resource-efficient technologies for wood-based bioenergy must be a priority; and (v) convening regional fora for governments, the private sector and civil society for the sustainable development of a viable wood-based sector in the tropics. The Secretariat informed the Committees that the presentations, findings and recommendations of the Conference had been made available on ITTO's website and that the proceedings of the conference were under preparation.

The delegate of the Netherlands noted that the Conference was convened amid growing concerns over climate change. He expressed concern over the replacement of natural forests by biofuels and questioned whether the conference discussions included issue of CO<sub>2</sub> reduction efficiency and guidelines to avoid the replacement of natural forests by the biofuel sector. The delegate of Mexico supported the development of such guidelines related to biofuels production. The Secretariat explained that the Conference was focused on the use of wood residues generated from the tropical timber industry and that the holding of three regional fora on wood-based bioenergy had been included in the draft ITTO Biennial Work Programme for 2008-2009.

- (ii) Promote Private Investment Through Facilitating Information Exchange on Investment Opportunities – Organization/Convening of Investment Promotion Forum/Seminar [PP-A/39-184]

The Committees were updated by the Secretariat on the completion of two regional fora to promote investment in natural tropical forests. The Secretariat informed the Committees that the Asia-Pacific Tropical Forest Investment Forum was held in Bangkok, Thailand from 6 to 8 August 2007. The Secretariat also informed the Committees that the West and Central Africa Tropical Investment Forum was held in Accra, Ghana from 28 to 30 August 2007. The objective of both forums was to build on lessons from previous investment forums and to increase understanding of the opportunities and constraints to investment in natural tropical forests in the two regions.

The delegate of Ghana presented the outcomes of the regional investment forum in Accra, by highlighting the constraints to investment in large, small and medium scale enterprises and environmental services. However, important new developments such as REDD and payment for environmental services held promise for new investment in natural tropical forests. Participants in the meeting recommended that ITTO, *inter alia*, should assist NGOs in helping local communities access markets and certification, encourage governments to reformulate land tenure and harmonize forest policies with other sectoral policies, and encourage buyers, donors and the international community to promote innovative and financing mechanisms and apply landscape-based approaches in improving rural livelihoods and addressing deforestation.

The Secretariat reported on the outcomes of the regional investment event in Bangkok, noting that many of the outcomes from the regional forum raised issues similar to those discussed in the forum in Accra, despite their different geographic locations. The Secretariat explained that participants in the Bangkok forum encouraged ITTO to, *inter alia*: commission economic viability studies and pilot projects for payment for environmental services schemes, estimate the benefits from carbon market to forest dwelling communities, design default values for tropical forest types for investors' use, develop capacity-building workshops to enable small business in the forests and the NTFP sector to attract greater investment and improve national guidelines on forest investment. The Secretariat indicated that participants' suggestions on promoting payment for environmental services and holding national workshops on forest investment were contained in the draft ITTO Biennial Work Programme for 2008-2009. The delegate of Thailand thanked the Secretariat for successfully organizing the conference in Thailand.

- (iii) Promote Increased and Further Processing in Tropical Timber

The Committees noted that as a follow up to the study on "Community-based Forest Enterprises (CFE) in Tropical Forest Countries: Status and Potential", presented at the ITTO Conference on Community Forest Management and Enterprises, held in Rio Branco, Brazil in July 2007, small/medium scale and community forest enterprises had assumed a relevant role in the sustainable management of forests by providing employment, revenue investment and being responsible for the management of around 370 million hectares of natural forests around the world. The Committees noted that further work was needed including conducting specific case studies to identify existing opportunities for small/medium CFE's in the domestic or international market place as an activity in the ITTO Biennial Work Programme for 2008-2009.

- (iv) Assess Opportunities for and Promote Development of Non-Timber Forest Products and Forest Services which can improve the economic attractiveness of maintaining the forest resource base [PP-A/39-185]

The Secretariat informed the Committees that the International Conference on the Sustainable Development of Non-Timber Forest Products and Forest Services was held at the International Rattan and Bamboo Tower in Beijing, China from 19 to 21 September 2007. The Conference, hosted by the Chinese Academy of Forestry, was organized in collaboration with the International Network for Bamboo and Rattan, the International Centre for Bamboo and Rattan, and FAO. The recommendations of the Conference highlighted by the Secretariat include: fully recognize the huge existing and potential role of NTFPs and forest environmental services in sustaining and adding wealth to people living in and around forests; improve the terminology and definitions of NTFPs and environmental services to ensure a consistent approach to their management and trade; institute and support participatory processes to develop and improve legal and policy frameworks that support the production and trade of NTFPs and services, including by addressing land tenure, resource assess

and user rights, where necessary; review the need for new and/or improved financial mechanisms to promote community-based enterprises based on NTFPs and environmental services with the objective of reducing poverty; and develop guidelines for the sustainable and socially equitable use of NTFPs and environmental services in the context of SFM.

The Secretariat informed the Committees that the presentations, findings and recommendations of the Conference had been made available from ITTO's website and that the proceedings of the conference were under preparation. The delegate of China commended the ITTO Secretariat for its cooperation with the Government of China in organizing the Conference in Beijing.

(v) International Conference on the Transportation of Timber Products [PP-A/31-111C]

The Secretariat recalled that at the Thirty-ninth Session of the Committees, agreement was reached on the Terms of Reference for the Study on the International Transportation of Tropical Timber Products and that the study should help the Committees to deliberate on whether to convene an international conference on the transportation of tropical timber products. The Secretariat further recalled the study as presented under document CEM-CFI(XLI)/7.

The study was presented by one of the consultants, Mr. Jean-Jacques Landrot from ATIBT. The study focused on matters relating to: (i) What were the various processes for shipping tropical timber products from producer to consumer countries?, (ii) Which elements in the shipping process might allow for illegal trade of logs and tropical timber products?, and (iii) What kind of tools could be created to ensure legal shipments of timber?. The consultant explained the process of shipping tropical timber, the documentation required for shipment, the statistical discrepancies in trade data, available mechanisms for ensuring the legality of tropical timber, and provided recommendations for further action by the Council.

Following the presentation, the delegate of the European Community thanked the consultant for the useful information but pointed out that further legal analysis was needed. The delegate of Côte d'Ivoire raised the issue of which measurement system would be most appropriate for international shipping, as well as the economic implications involved in unifying such a system in member countries. Following the interventions by the delegates of the USA, Brazil, Malaysia and the coordinator of the Trade Advisory Group (TAG), the Committees decided not to proceed with the convening of an international conference on transportation of tropical timber products but agreed to keep the subject of tropical timber transportation as one of the items to be considered under policy work by the Committees at the next session.

10. Biennial Work Programme of the Committees for 2008-2009

The Committees considered and agreed to the project and strategic policy activities to be undertaken in 2008-2009 by the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry as contained in Decision 2 (XLIII) on the ITTO Biennial Work Programme 2008-2009.

11. Election of Chairpersons and Vice-Chairpersons for 2008

Following the usual consultations undertaken by the producer and consumer groups, Ms. Michele Mire (USA) was elected Chairperson of the CEM and Ms. Siti Syaliza binti Mustaphe (Malaysia) was elected Vice-chair for 2008. Dr. Jürgen Blaser (Switzerland) was elected Chair of the CFI and Mr. James Nirmal Singh (Guyana) was elected Vice-chair for 2008.

12. Dates and Venues of the Forty-second, Forty-third and Forty-fourth Sessions of the Committees

The Forty-second Session of the Committees would be held in conjunction with the Forty-fourth Session of the International Tropical Timber Council.

The Forty-third Session of the Committees would be held in conjunction with the Forty-fifth Session of the International Tropical Timber Council.

The Forty-fourth Session of the Committees would be held in conjunction with the Forty-sixth Session of the International Tropical Timber Council.



13. Other Business

No other business was considered by the Committees.

14. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects and pre-project approved at this Session:

**Committee on Economic Information and Market Intelligence**

PD 449/07 Rev.2 (M)	Enhancing Forest Law Enforcement in Papua New Guinea [US\$473,040]
PPD 139/07 Rev.1 (M)	Strengthening of the National Forest Information System (Thailand) [US\$84,505]

**Committee on Forest Industry**

PD 397/06 Rev.3 (I)	Sustainable Development of the Wood-based Industries in South Kalimantan (Indonesia) [US\$155,196]
PD 435/06 Rev.1 (I)	Nanotechnology Applied to Tropical Timber Products (Brazil) [US\$412,619]
PD 448/07 Rev.2 (I)	Sustainable Utilization and Marketing of Selected Non-Timber Forest Products to Support the Handicraft Industry and the Development of Rural Communities (Philippines) [US\$354,672]

- (ii) The Committees recommended that the following proposals as amended be approved for immediate implementation at this Session:

PD 364/05 Rev.4 (I)	Providing Village Communities with Basic Technological Training for Extracting Valuable Essential Oils from Eucalyptus Citriodora Plantations in Rural Areas of Congo (Republic of Congo) [US\$480,511]
PD 385/05 Rev.4 (I,F)	Industrialisation, Marketing and Sustainable Management of Ten Mexican Native Species (Mexico) [US\$314,678]

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

**Committee on Economic Information and Market Intelligence**

PD 124/01 Rev.2 (M) Phase II Stage 2, Phase III	Promotion of Sustainable Management of African Forests (Africa) [Phase II Stage 2 - US\$544,070, Phase III - US\$1,444,144]
PD 379/05 Rev.3 (M)	Enhancing Papua New Guinea's Timber Marketing Information System (MkIS) [US\$637,308]
PPD 132/07 Rev.1 (M,I)	The Promotion of Plantation and Market of Potential Lesser Used Species (LUS) to Support Sustainable Wood-based Industries in Indonesia [US\$69,001]

**Committee on Forest Industry**

PD 285/04 Rev.3 (I)	Introduction of a Village Industry in the Community around an Industrial Forest Plantation in Sumatra, Indonesia [US\$319,221]
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PD 299/04 Rev.4 (I)	Reduction of Timber Wastes in Both Logging and Mechanical Processing Operations (Republic of Congo) [US\$608,970]
PD 348/05 Rev.2 (I)	Composites from Wood Residues and Recycled Plastics for Increasing Utilization Efficiency of Wood Resources (Philippines) [US\$99,792]
PD 363/05 Rev.3 (I)	Harmonizing Forestry Training in order to Develop National SFM Capacities in Congo (Republic of Congo) [US\$493,042]
PD 373/05 Rev.3 (I)	Impacts of Integrating Forest-Based Medicinal Plant Production with Sustainable Forest Management on the Forest Ecosystem and Tropical Timber Supply (Philippines) [US\$222,993]
PD 401/06 Rev.2 (I)	Value Adding and Kiln Drying of Commercial Timbers by Small Scale Community Saw Millers in Guyana [US\$347,004]
PD 413/06 Rev.2 (I)	Optimization of Wood Residue Utilization and Investments in Ghana: Commercial Options for Industrial and Community Uptake [US\$488,806]
PD 422/06 Rev.1 (I)	Sustainable Management and Utilization of Tropical Bamboo in Yunnan Province of China [US\$511,920]
PD 425/06 Rev.1 (I)	Production and Utilization Technology for Sustainable Development of Eaglewood (Gaharu) in Indonesia [US\$499,975]
PPD 117/05 Rev.2 (I,M)	Development of a Local Forest Industry Based on Sustainable Forest Management in the South-West Sector of the Lacandon Highlands National Park within the Mayan Biosphere Reserve, Peten, Guatemala (Guatemala) [US\$54,000]
PPD 122/06 Rev.1 (I)	Wood Technology (Guatemala) [US\$49,926]

15. Report of the Session

The Committees adopted this report for submission to the Council, with due acknowledgement to the work of the Secretariat under the able guidance of the Chairpersons of the Committees.

## APPENDIX A

### TECHNICAL ASSESSMENT OF PROJECT AND PRE-PROJECT PROPOSALS IN THE AREAS OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND FOREST INDUSTRY AND SUMMARY TABLE

#### Committee on Economic Information and Market Intelligence

- (i) PD 449/07 Rev.2 (M) Enhancing Forest Law Enforcement in Papua New Guinea

The Committees noted the presentation made by the delegate of Papua New Guinea. The Committees further noted that the recommendations and comments made by the Thirty-fourth Expert Panel for Technical Appraisal of Project Proposals had been adequately addressed in the revised proposal. The Committees recommended that the proposal be approved for immediate funding and implementation.

- (ii) PPD 139/07 Rev.1 (M) Strengthening of the National Forest Information System (Thailand)

The Committees noted the presentation made by the delegate of Thailand. The Committees further noted that the recommendations and comments made by the Thirty-fourth Expert Panel for Technical Appraisal of Project Proposals had been adequately addressed in the revised proposal. The Committees recommended that the proposal be approved for immediate funding and implementation.

- (iii) PD 427/06 Rev.2 (M) Implementation of Guidelines to Mitigate Illegal Logging: A Step to Sustainable Forest Management in Indonesia

The Committees noted the presentation made by the delegate of Indonesia. The Committees further noted the comments and recommendations of the Thirty-fourth Expert Panel for Technical Appraisal of Project Proposals. The Committees recommended that this proposal should not be further considered by ITTO.

- (iv) PD 357/05 Rev.2 (M,F) Support Project to the Establishment and Initial Operation of a Voluntary and Independent Monitoring System for the Forest Concessions of Central Africa (FORCOMS)(Central African Republic)

In the absence of the delegation of the Central African Republic (CAR), the Committees noted the presentation made by the Secretariat. The Committees further noted the comments and recommendations of the Thirty-first Expert Panel for Technical Appraisal of Project Proposals and recommended that the proposal should not be further considered by ITTO.

#### Committee on Forest Industry

- (i) PD 397/06 Rev.3 (I) Sustainable Development of the Wood-based Industries in South Kalimantan (Indonesia)

The Committees noted the presentation made by the delegate of Indonesia. The Committees further noted the comments and recommendations of the Thirty-fourth Expert Panel for Technical Appraisal of Project Proposals. The Committees recommended that the proposal be approved for immediate funding and implementation.

- (ii) PD 448/07 Rev.2 (I) Sustainable Utilization and Marketing of Selected Non-Timber Forest Products to Support the Handicraft Industry and the Development of Rural Communities (Philippines)

The Committees noted the presentation made by the delegate of the Philippines. The Committees further noted the comments and recommendations of the Thirty-fourth Expert Panel for Technical Appraisal of Project Proposals. The Committees recommended that the proposal be approved for immediate funding and implementation.

- (iii) PPD 120/06 Rev.2 (I) Sustainable Forest Management through Community Development for Manufacture of Bamboo Based Composites in the State of Orissa (India)

The Committees noted the presentation made by the Secretariat. The Committees further noted the comments and recommendations of the Thirty-fourth Expert Panel for Technical Appraisal of Project Proposals. The Committees recommended that this proposal should not be further considered by ITTO.

- (iv) PD 435/06 Rev.1 (I) Nanotechnology Applied to Tropical Timber Products (Brazil)

The Committees noted the presentation made by the delegate of Brazil. The Committees further noted that the recommendations and comments made by the Thirty-second Expert Panel for Technical Appraisal of Project Proposals had been adequately addressed in the revised proposal. The Committees recommended that the proposal be approved for immediate funding and implementation.

- (v) PD 355/05 Rev.2 (I) Capacity Building for Environmental and Forestry Training Institutions in Central Africa and Continuous Training for Forest Concession Personnel (Central African Republic)

The Committees noted the presentation made by the Secretariat. The Committees further noted the comments and recommendations of the Thirty-first Expert Panel for Technical Appraisal of Project Proposals. The Committees recommended that this proposal should not be further considered by ITTO.

**SUMMARY TABLE**  
**TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS**

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	ITTO BUDGET US\$	DURATION (MONTHS)	GEOGRAPHIC COVERAGE	RECOMMENDATION(*)
<b>Committee on Economic Information and Market Intelligence</b>					
PD 449/07 Rev.2 (M,I)	h,k	473,040	24	Papua New Guinea	1
PPD 139/07 Rev.1 (M)	d,n	84,505	8	Thailand	1
PD 427/06 Rev.2 (M)	a,b,c,d,f,k,l,m	632,286	36	Indonesia	5
PD 357/05 Rev.2 (M,F)	a,b,c,d,e,f,g,h	514,076	36	CAR	5
<b>Committee on Forest Industry</b>					
PD 397/06 Rev.3 (I)	c,d,h,i,j,l	155,196	18	Indonesia	1
PD 448/07 Rev.2 (I)	c,f,i	354,672	24	Philippines	1
PPD 120/06 Rev.2 (I)	c,f,i	107,950	12	India	5
PD 435/06 Rev.1 (I)	c,f,i	412,619	24	Brazil	1
PD 355/05 Rev.2 (I)	c,d,h,i,j,l	155,196	18	CAR	5

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



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Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM  
THE FORTY-FIRST SESSION OF THE COMMITTEE ON  
REFORESTATION AND FOREST MANAGEMENT**

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**Appendix I    Technical Evaluation of Project and Pre-Project Proposals  
in the Field of Reforestation and Forest Management**





## **REPORT**

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

The Forty-first Session of the Committees was opened on 5 November 2007 at the Joint Session of the Committee on Reforestation and Forest Management (CRF), the Committee on Economic Information and Market Intelligence (CEM), the Committee on Forest Industry (CFI), and the Committee on Finance and Administration (CFA), chaired by Dr. Flip Van Helden (the Netherlands), Chairperson of CRF, assisted by Ms. Chantal Adingra (Côte d'Ivoire), Chairperson of CEM. This Joint Session considered CRF Agenda items 1-4, 6(A) and 9(v). The subsequent meetings of the CRF were chaired by Dr. Flip Van Helden (the Netherlands), Chairperson of CRF. The Chairperson for CRF informed the Committee that its current Vice-Chairperson, Mr. Alfredo Carrasco Valdivieso (Ecuador), was unable to be present once again. In this light, the Producer Caucus elected Mr. Carlos Enrique Gonzalez Vicente (Mexico) as the Vice-Chairperson of the CRF. The list of participants is presented in document ITTC(XLIII)/Info.2.

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

At its first meeting in a Joint Session on 5 November 2007, the Committees formally adopted the Agenda of its Forty-first Session as contained in document CRF(XLI)/1 and, in order to facilitate the sharing of experiences and lessons learned from ex-post evaluations of projects among Members, the Committees further presented their current ex-post evaluation reports at the Joint Session of the Committees.

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

The Committees admitted the observers listed in document ITTC(XLIII)/Info.3 as approved by the Council.

### **Item 4 - Report of the Expert Panel for Technical Appraisal of Project Proposals**

The Committees noted the presentation made by Dr. Guy C. Robertson (USA), member of the Expert Panel on behalf of Dr. Bipin Behari (India), Chairman of the Expert Panel on the Report of the Expert Panel (EP) for Technical Appraisal of Project Proposals at its Thirty-fourth Meeting held on 30<sup>th</sup> July to 3<sup>rd</sup> August 2007 in Yokohama, Japan as contained in document CEM,CRF,CFI,CFA(XLI)/1. In summary, the report of the Expert Panel indicated:

- (vi) a total number of 37 proposals evaluated comprising 31 projects and 6 pre-project proposals, the same number of proposals assessed at the previous EP meeting.
- (vii) a total number of 16 proposals (43% of proposals evaluated) comprising 12 projects and 4 pre-project proposals were accorded category 1 rating, compared with 45% so accorded at the previous EP meeting.
- (viii) eight (8) out of the 16 proposals accorded category 1 rating (50%) were revised proposals.
- (ix) the percentage of proposals requiring amendments or reformulation was still high.
- (x) fifteen (15) proposals were sent back to proponents for revisions and six (6) were recommended for disapproval by the Committees.

Mr. Robertson presented the general comments made by the Expert Panel at its Thirty-fourth Meeting including:

- (ix) the common weaknesses of many proposals already pointed out by previous EPs.
- (x) lack of clear and comprehensive problem analysis in the problem tree.
- (xi) lack of focus of specific objectives.
- (xii) inconsistency between logical framework matrix and key issues of the problem and its analysis.
- (xiii) inadequate risk analysis and failure to address risk mitigation measures.
- (xiv) weak project sustainability.
- (xv) inadequate presentation of budget items and supporting terms of reference (TORs).
- (xvi) reminder of the fact that a pre-project mainly aims at developing a project proposal, although it did not always result in quality proposals.

He further highlighted the persistent problems in project formulation. For regional proposals presented by a single country, there was often the lack of evidence of support and commitment from partner countries or organizations. The section on the origin of a proposal also suffered from missing, irrelevant or inadequate

information such as country priorities, recommendations of ITTO missions as well as completion reports and ex-post evaluation reports of relevant projects.

On the experience of the EP in the application of the new (revised) ITTO system for technical appraisal of project and pre-project proposals, Mr. Robertson indicated that the new system did significantly facilitate the systematic analysis of proposals but that there was still room for improvement. However, the Panel found that the proposals formulated under the current manual remained difficult to assess because the structure as presented in the current manual is quite different from that used in the new appraisal system. The EP was of the strong opinion that a new category for "re-formulation of the project proposal" needs to be created as new category in the new system; and that Category 2 may be sub-divided as (a) essential modifications and (b) reformulation.

The delegation of the Philippines commented that the structure of the new appraisal system being used is not in harmony with the current Manual for Project Formulation and that the EP requires a lot of interpolation in carrying out the assessment. The delegation of the Philippines further called for the adoption of the revised manual for project formulation and its synchronization with a new appraisal system yet to be developed. The delegation of Japan informed the Committee that the Thirty-fourth EP also assessed three proposals formulated using the revised manual for project formulation which was considered as pilot testing the manual. He requested that the time frame for this testing be clearly defined.

As regards the Revised Project Cycle Manuals and Guidelines, the Secretariat informed the Joint Committees that the Council, at its Forty-first Session in November 2006, after considering the proposed documents, had requested Members to send their comments on these documents in writing to the Secretariat by early 2007. Additionally, members were encouraged to use the proposed manuals on trial basis with a view to find improvements that could be incorporated. Subsequently, the Secretariat engaged Consultants to assist five member countries in the Africa, Asia and in the Latin American regions to prepare project proposals using the revised manual including conducting of workshops on the use of the new manuals. The Committee further noted that all these assignments are expected to be completed by early 2008, and accordingly, the agenda items at the Forty-fourth Session of the ITTC could consider the revised documents for approval.

Following up on the ITTO Qualifying System (Qualitative Award Criteria and Weighted Scores for project and pre-project proposals), the Secretariat recalled that the Council, at its Thirty-eighth Session in May 2005, had discussed the Consultants' proposal and requested the Expert Panel on Project and Pre-project Proposals to apply this appraisal system and to report at the Fortieth Session of the Council. Subsequently, at the Fortieth Session of the Council the revisions to improve the appraisal system were approved.

The representative of Japan stated that the Expert Panel on Project and Pre-project Proposals are currently using both the old and the new appraisal systems and suggested that once the Expert Panel had more projects/pre-projects reviewed applying the new system, at a later date the Council could reappraise the system and make appropriate recommendations for further improvements.

#### **Item 5 - Report on Completed Projects and Pre-projects**

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

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

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

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

## 5.1 Completed Projects

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

- 1) PD 23/00 Rev.4 (F) **Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers (Peru)**

The Committee took note that the Executing Agency has submitted the project Completion Report, several technical reports and Final Financial Audit Report. The Committee therefore decided to consider the project as completed.

- 2) PD 195/03 Rev.2 (F) **To Establish a National Monitoring Information System for the Effective Conservation and Sustainable Management of Thailand's Forest Resources (Thailand)**

The Committee took note that the Executing Agency has submitted the Completion Report and a series of Technical Reports. The Secretariat also informed the Committee that an adequate Final Financial Audit Report had recently been submitted by the Executing Agency. The Committee therefore decided to consider the project as completed.

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

- 1) PD 14/98 Rev.4 (F) **Sustainable Use and Reforestation of Amazon Forests by Indigenous Communities (Peru)**

The Committee took note that this project was reported as completed at its Fortieth Session, but that the Final Financial Audit Report was still pending. In this light, the Committee urged the Executing Agency to submit the project's Final Financial Audit Report to the Secretariat prior to the next Council Session.

- 2) PD 12/99 Rev.4 (F) **Model Forest Management Area (MFMA) – Phase III (Malaysia)**

The Committee took note that the Executing Agency had submitted the Completion Report and a Technical Report but that the Final Financial Audit Report was still pending. The Committee therefore decided to consider the project as completed upon the reception of a satisfactory Final Financial Audit Report by the Secretariat, and requested the Executing Agency to submit the project's Final Financial Audit Report to the Secretariat prior to the next Session.

- 3) PD 176/02 Rev.1 (F) **Use of Remote Sensing Technology and Information Systems to Support Forestry Legislation Monitoring in the Republic of Congo (Republic of Congo)**

The Committee took note that technical activities have been completed and the Executing Agency has submitted the Project Completion Report and Final Technical Report, but the Final Financial Audit Report is still pending. The Committee therefore decided to consider the project as completed upon the reception of a satisfactory Final Financial Audit Report by the Secretariat, and requested the Executing Agency to submit the project's Final Financial Audit Report to the Secretariat prior to the next Session.

## 5.2 Completed Pre-projects

### (A) Completed Pre-projects, Including Financial Audit

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

The Committee took note that this pre-project was reported as completed at its Fortieth Session pending financial audit report. The Secretariat informed the Committee that an adequate Final Financial Audit Report had recently been submitted by the Executing Agency. The Committee therefore decided to consider the pre-project as completed.

**2) PPD 84/03 Rev. 1 (F) Formulation of a Sustainable Forest Management Project for the Production Forest Area in the Northern and North-Eastern Regions of the Department of Antioquia, Colombia (Colombia)**

The Committee took note that this pre-project was reported as completed at its Fortieth Session, pending Financial Audit Report. The Secretariat further informed the Committee that a satisfactory Final Financial Audit Report has been submitted by the Executing Agency. The committee therefore decided to consider the pre-project as completed.

**(B) Completed Pre-projects, Pending Financial Audit**

**1) PPD 72/03 Rev.1 (F) Technical Assistance for the Development of a Project Proposal on Institutional Strengthening for Forest Fire Prevention, Mitigation and Management in the Natural and Planted Forests of Panama (Panama)**

The Committee took note that the Completion Report, several Technical Reports and a project proposal have been submitted by the Executing Agency, pending the Final Financial Audit Report. The Committee therefore decided to consider the pre-project as completed upon the reception of a satisfactory Final Financial Audit Report by the Secretariat.

**2) PPD 92/04 Rev.1 (F) Identification of a rehabilitation and Management Project for the Degraded Secondary Forests of the Mvila Department in Cameroon (Cameroon)**

The Committee took note that this project was reported as completed at its Fortieth Session, but the Final Financial Audit Report is still pending. In this light, the Committee urged the Executing Agency to submit the project's Final Financial Audit Report to the Secretariat prior to the next Council Session.

**3) PPD 103/04 Rev.2 (F) Rehabilitation of Degraded Forest Using Indigenous Species through Collaboration with Local Communities in West Kalimantan, Indonesia (Indonesia)**

The Committee took note that the Executing Agency has submitted the Completion Report and a series of Technical Report but the Final Financial Audit Report is still pending. The Committee therefore requested the Executing Agency to submit the Final Financial Audit Report prior to the next Council Session.

**Item 6 - Ex-post Evaluation**

**(A) Reports on Ex-post Evaluation of Projects**

The Committee was informed that the ex-post evaluation of the following project, selected by the Committee at its Thirty-ninth Session, has been completed:

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

The Committee took note of the presentation of the synthesis of the ex-post evaluation as contained in document CRF(XLI)/6 by the Team Leader of the evaluation team, Mrs. Monica Borner-Loewensberg. After recalling in her presentation that the objective of the project was to design, implement and monitor timber company and local community-based ecosystem management systems in the contiguous Kabo, Pokola and Loundougou forest management units adjacent to the Nouabale-Ndoki National Park, Mrs. Borner highlighted the following issues: protection of wildlife, education and awareness of communities, research and monitoring, alternative activities for communities, and participative management of natural resources for and with communities.

During the ensuing discussion, special attention was given to the following aspects in relation to the implementation of similar projects:

1. The need to involve communities at the beginning of the consultation process for a successful project implementation based on a participatory approach;

2. Legal considerations on the effective access by communities to forest land and forest resources;
3. Long term commitment regarding the education, awareness and sensitization of communities on biodiversity conservation and management;
4. Development of income generating activities and/or sustainable alternative sources of proteins for communities in order to decrease the pressure on natural forests and wildlife; and
5. The importance to structurally organize communities in order to facilitate their empowerment in relation to the biodiversity conservation and management.

The Committee requested the Secretariat to ensure that the ex-post evaluation findings be taken into account in the second phase of the project. The Committee reiterated the importance of the projects' logical frameworks in future ex-post evaluations of projects. The Committee commended the report presented by the consultant and also requested the Secretariat to ensure its dissemination.

## **(B) Selection of Projects for Ex-post Evaluation**

According to Decision 3(XXVIII), "Ex-post Evaluation of Projects", the Committees are requested to consider as candidates for ex-post evaluation all completed individual projects or group of projects. The Committee, at its Thirty-seventh Session, decided to select further projects for ex-post evaluation during the Forty-first Session, based on an updated short list to be prepared by the Secretariat of projects completed since 2004 in the Reforestation and Forest Management Division and not previously selected for ex-post evaluation. The Committee also requested the Secretariat to consider a new theme under which it should group completed projects in the short list to be prepared, this being that of Criteria and Indicators of Sustainable Forest Management. Accordingly, a shortlist of completed projects was provided in document CRF(XLI)/5 for the Committee's action at this Session.

The Committee took note of the aforementioned document and established a small informal working group consisting of delegates representing Ghana, Switzerland, USA and the Secretariat to consider the ex-post evaluation of projects using the list as the basis for their work.

The working group, in reviewing the list, noted that the projects under the themes of forest management/inventory and of forest rehabilitation currently contained enough completed projects throughout the three tropical regions, and also had not been previously specifically recommended for ex-post evaluation, and therefore presented to the Committee two lists of 7 and 4 projects respectively pre-selected for ex-post evaluation grouped under the aforementioned themes. In addition, It also noted that the Committee at its previous session had selected PD 14/98 Rev.1 (F) "Sustainable Use and Reforestation of Amazon Forests by Indigenous Communities" (Peru) for an ex-post evaluation and, as it was relevant to the theme on forest rehabilitation, also considered including this project in this thematic group. The working group's report was considered by the Committee, which approved the following projects ex-post evaluation by thematic group:

### **A) Thematic Group Evaluation: Forest Management/Inventory**

PD 68/89 Rev.1 (F)	Management of the Tapajós National Forest for Sustainable Production of Industrial Timber (Brazil)
PD 185/91 Rev.2 (F)	Sustainable Forest Management and Development in Peninsular Malaysia – Phase II (Malaysia)
PD 2/93 Rev.1 (F)	Integrated Pilot Management of the Ngoua II Forest North - Phase I: The Preparation of a Management Plan (Republic of Congo)
PD 8/98 Rev.4 (F)	Development of a Demonstration Area in the Sustainable Management of Gabonese Forests (Gabon)
PD 23/00 Rev.4 (F)	Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers (Peru)
PD 39/00 Rev.3 (F)	Sustainable Collaborative Forest Management: Meeting the Challenges of Decentralization in the Bulungan Model Forest (Indonesia)
PD 178/02 Rev.1 (F)	Information and Training Programme for Sustainable Forest Management in the Peruvian Amazon Region (Peru)

## **B) Thematic Group Evaluation: Forest Rehabilitation**

- |                     |   |
|---------------------|---|
| PD 30/97 Rev.6 (F)  | Rehabilitating Degraded Forest through Collaboration with Local Communities (Ghana)                                     |
| PD 14/98 Rev.1 (F)  | Sustainable Use and Reforestation of Amazon Forests by Indigenous Communities (Peru)                                    |
| PD 49/99 Rev.2 (F)  | Pilot Plan for the Sustainable Management of 10,000 hectares of Secondary Forest in San Lorenzo, Esmeraldas (Ecuador)   |
| PD 51/99 Rev.2 (F)  | Support to Grassroot Forestry Promotion Initiatives in the Yoto Area (Togo)   |
| PD 122/01 Rev.1 (F) | Support for the Establishment of a Cuttings Propagation Unit for the Production of Samba and other Local Species (Togo) |

The Committee further requested the Secretariat to make the necessary arrangements for the conduct of the ex-post evaluations before the Committee Session in November 2009, and also prepare an updated "Shortlist of Completed Projects Relevant for Ex-post Evaluation in the Field of Reforestation and Forest Management" for the November 2009 Session, which should include all completed projects since 2006 not previously selected for ex-post evaluation.

### **Item 7 - Review of Implementation of Approved Projects and Pre-projects**

#### **7.1 Project Work in Progress**

The Committee took note of a status report [document CRF(XLI)/4] by the Secretariat on the 102 projects, in the field of Reforestation and Forest Management, that have been approved by the Council, and which are either: A) in the process of implementation (69), B) awaiting the signing of an Agreement (6), C) projects awaiting financing (18), or D) falling under the sunset provision since the last Session (9).

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

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

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

#### **(A) Projects under implementation**

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

The Delegation from Cameroon informed the Committee on progress made by the Government to comply with conditions for further ITTO support to this suspended project: (a) the process for the gazetting of the Si-Kop Forest and signing of the Forest Classification Act is to be finalized soon, and (b) the ITTO funds (US\$ 110,982), that have been utilized by the Executing Agency for other expenditures without prior consultation with and expressed approval by ITTO, has been replenished. After a bilateral exchange between the Delegations of Cameroon and Japan, the Committee took note of the information and requested the project Executing Agency (ANAFOR) to address these issues for further ITTO support. The Committee recommended the Secretariat lift the suspension of the project as soon as all requirements are met. The Committee also requested that an independent mid-term evaluation be conducted prior to the restarting of project field activities.

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

The Committee recognized that the Executing Agency was facing serious administrative and management constraints that were currently hampering the successful completion of this project, and requested the Implementing Agency prepare, within a timeframe of six months, a formal request for an extension in time, together with the required modified work plan and budget amendments and the no-objection requests for the new project personnel, in order to reinstate the project's activities in 2008. In case the Executing Agency cannot comply with the aforementioned within the allocated timeframe but wishes to continue to seek options to complete the project successfully, the Committee recommends the Secretariat look into the possibility of carrying out an independent mid-term evaluation of the project and/or a fact-finding mission with a view towards seeking other alternatives available for the successful completion of this project.

- 3) **PD 17/99 Rev.3 (F) National Forest Inventory and Forest Resources Monitoring Program in Bolivia (INFOBOL-2001) (Bolivia)**

The Committee took note that the Executing Agency in Bolivia had reported this project as completed in March 2005, and that at the Committee's previous Session, the Secretariat reported that while the completion report and several technical documents and manuals had been submitted to the Secretariat, other means of verification such as the updated forest map of Bolivia and the reports on growth and yield, standing tree volumes and sustainable timber stock available from Bolivia's forest concessions had not been forwarded. The Committee therefore decided not to report this project as completed at its previous session, and requested the Secretariat to follow up on the pending matters. The Secretariat further contacted the ITTO's Official Contact Point in Bolivia, the Ministry of Rural and Agricultural Development and Environment, in this regard. The Ministry responded that, as the ministry had been completely restructured, several components of the project had been transferred to Bolivia's Superintendancy of Forests for follow-up, and that they had additionally taken legal action against the former project coordinator to comply with submitting the project's final technical reports and forest map. However, to date the aforementioned documents had not been located.

In this light, the Committee recommended the Secretariat consider the possibility of carrying out a fact finding mission to Bolivia and, based on the outcomes of this mission, further report the project as either satisfactorily or unsatisfactorily completed to the Committee at its next session.

- 4) **PD 20/99 Rev.2 (F) Establishment and Management of Production-Protection Community Forests in Lower and Middle Atrato, Department of Choco, Colombia (Colombia)**

The Committee took note that the Secretariat is currently expediting the process so as to lift the suspension in order for the project to reinstate its activities shortly.

- 5) **PD 32/99 Rev.2 (F) Productive Forest Management for the Rural Reserve Area of Guaviare (Colombia)**

The Committee took note that the Secretariat is currently expediting the process so as to lift the suspension in order for the project to reinstate its activities shortly.

- 6) **PD 54/99 Rev.2 (F) Alternative Financing Model for Sustainable Forest Management in San Nicolas, Colombia (Colombia)**

The Committee previously took note that all of the project's activities had been satisfactorily completed, except for the Clean Development Mechanism (CDM) provisions and validation process within the UNFCCC. It further noted that in September 2007 the new methodology and monitoring baseline developed by the project was approved by the Forestry and Reforestation Working Group of the CDM Executive Commission of the UNFCCC, and that the project still required to carry out the validation process of the methodology. Moreover, as this would require some months to be carried out the Executing Agency has requested another extension in time, including some budgetary modifications, until June 2008 without additional funds, to successfully achieve the project's objectives. It also noted that the Secretariat considered the extension to be justified. In this light, the Committee endorsed an extension of the project until the end of June 2008, without additional funds.

**7) PD 62/99 Rev.3 (F) Reforestation Pilot Project for the Recovery of Degraded Areas in the Medium Doce River Region, State of Minas Gerais, Brazil (Brazil)**

The Committee observed that progress in the implementation of this 4-year project appeared to be to be far slower than programmed. In this light, the Committee recommended the Secretariat discuss the possibility of carrying an independent mid-term evaluation of the project during the next Project Steering Committee meeting scheduled for December 2007.

**8) PD 5/00 Rev.4 (F) Training and Application of ITTO Criteria and Indicators for Sustainable Forest Management at the Forest Management Unit Level in Natural Production Forests of Ecuador (Ecuador)**

The Committee noted that the project had completed all its field activities and would shortly submit to the Secretariat the completion report and other relevant technical documents. In addition, the Executing Agency provided a formal presentation of the project's accomplishments at this Session of the CRF.

**9) PD 37/00 Rev.1 (F) Operational Strategy for Sustainable Forestry Development with Community Participation in India (India)**

The Committee took note that all planned activities of the project are expected to be completed by end of December 2007 with a significant amount of funds remaining. The Executing Agency presented a workplan and associated budget for eighteen-month extension utilizing the aforementioned unspent funds. In this light, the Committee approved an eighteen-month extension of the project starting January 2008, without additional funds, for which a definitive workplan shall be developed by the Executing Agency in close consultation with the Secretariat no later than February 2008 and be based on actual amount of unspent funds as of 31 December 2007.

**10) PD 138/02 Rev.2 (F) Integrated Evaluation and Strategy for the Sustainable Management of Secondary Forests in the Central Forest Region of Peru (Peru)**

The Committee took note of the Executing Agency's request for an extension in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project until the end of September 2008, without additional funds, as per the written request and justification, including budgetary modifications, submitted by the Executing Agency.

**11) PD 142/02 Rev.2 (F) Sustainable Production of National Forests under the "Regime of Forest Concessions" (Brazil)**

The Committee took note of the Executing Agency's request for an extension in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project until the end of December 2008, without additional funds, as per the written request and justification, including budgetary modifications, submitted by the Executing Agency.

**12) PD 152/02 Rev.3 (F) Demonstration Project for the Rehabilitation and Multipurpose Sustainable Management of Mangrove Forest Ecosystems on the Coast of Ecuador (Ecuador)**

The Committee noted that since the Thirty-ninth session of the Committee the Secretariat had received several technical papers, including an integrated management plan for a mangrove area in southern Ecuador, and had scheduled a Project Steering Committee meeting and field visit in Machala on March 12 – 15, 2007 to assess progress as related to the aforementioned documents, but that the EA excused itself at the very last minute from participating. It further observed that, in lieu of this meeting, the Secretariat in conjunction with a representative of the Government of Japan, had decided to hold a special meeting involving all the local stakeholders in the project, which included representatives of the universities, local governments, NGOs and mangrove-dwelling communities, to discuss the interim results of the project. At this meeting it was learnt that, while the mangrove-dwelling communities had had high expectations from the project, the EA had relinquished all physical presence in the area since October 2006. Moreover, it was noted that the management plan and some other technical documents had originated from institutions other than CORMADERA.

In this light, on April 11, 2007 the Executive Director suspended the project and notified the Government of Ecuador and CORMADERA accordingly. Moreover, the Executive director instructed a



special ITTO monitoring and evaluation mission on PD 152/02 Rev.3 (F) be carried out to assess the situation and propose remedial measures. The mission, led by Mr. Mahboob Hasan, ITTO Finance/Administrative Officer, and Mr. Jorge Malleux, ITTO Regional Officer for Latin America, visited Ecuador from the 4<sup>th</sup> to the 13<sup>th</sup> of June 2007.

The Committee took note of the mission's full findings, as described in the executive summary of the mission's report as contained in document CRF (XLI)/10 and the mission's detailed report, and the Mission Leader's presentation of the findings in which he basically reiterated the 24<sup>th</sup> Expert Panel's overall assessment of the project proposal, in that it had fundamental deficiencies in terms of the project design, unrealistic outputs, inadequate operational procedures and was implemented by an Executing Agency with no experience whatsoever in mangrove management. Also mentioned was the mismanagement of project funds in the amount of US\$105,868.99 which is to be refunded to the Project account.

The Committee further recalled that, it had approved the project proposal for financing against the advice of the 24<sup>th</sup> Expert Panel which had concluded that it could not commend the original project proposal to the Committee.

The Committee also noted and thanked the Government of Ecuador for providing all the facilities and follow-up information required by the mission during their visit to Ecuador. The representative of Ecuador further stated that Ecuadorian Government had instructed the National Comptroller to audit CORMADERA's expenditures related to the project and that it would pursue all legal procedures required for CORMADERA to reimburse any misappropriated funds, which it suggested be used to initiate another mangrove project managed by another executing agency.

In this light, the Committee decided to terminate the project and requested the Secretariat to take a more proactive approach in the case of such serious problem and to strictly adhere to ITTO's Rules of Procedure for cases such as this one. The Committee further recommended the Government of Ecuador to submit an entirely new proposal for the sustainable management of Ecuadorian mangroves through the ITTO project cycle, rather than requesting the application of the remaining funds to implement another mangrove project in Ecuador.

**13) PD 237/03 Rev. 4 (F) Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru – Phase II (Peruvian Component) (Peru)**

The Committee took note that in the interim period between the two phases of the project, the Peruvian government, based on the Peace Treaty with Ecuador and the management plans and other studies developed by the project's first phase, on August 9, 2007 legally declared the creation of the following: The Ichigkat Muja – Condor Range National Park over 88,477 ha; The Tutanain Communal Reserve over 94,968 ha; and the Santiago Comaina Reserved Zone over 398,450 ha.

**14) PD 240/03 Rev.1 (F) Alternative Financing Model for Sustainable Forest Management in San Nicolás – Second Phase: Non-Kyoto Rehabilitation Areas (Colombia)**

The Committee took note of the Executing Agency's request for an extension in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project until the end of December 2008, without additional funds, as per the written request and justification, including an updated YPO and budgetary modifications, submitted by the Executing Agency.

**15) PD 251/03 Rev.3 (F) Evaluation of Commercial Stocks and Strategy for the Sustainable Management of Mahogany (*Swietenia macrophylla*) in Peru (Peru)**

The Committee took note that both the CITES Administrative (INRENA) and Scientific (UNALM) Authorities in Peru have submitted follow-up project proposals to ITTO to address issues raised by CITES concerning mahogany and cedar, as follows: PD 467/07 (F) "Generating an Ongoing Information System on the Status of Mahogany (*Swietenia macrophylla*) Populations in Support of CITES Scientific Authority in Peru"; and PD 469/07 (F) "Evaluation of Commercial Stocks and Strategy for the Sustainable Management of Cedar (*Cedrela odorata*) in Peru". Moreover, the Expert Panel had appraised these proposals and, while both were categorized as a 2, the Panel also recommended the possibility, in lieu of the new proposal PD 469/07 (F), and in order to reduce costs substantially, of developing an addenda to PD 251/03 Rev.3 (F) "Evaluation of Commercial Stocks and Strategy for the Sustainable Management of Mahogany (*Swietenia macrophylla*) in Peru" requesting additional funds in order to also assess the status of Cedar, together with a work plan and related budget, and directly submit it to Council at its next session.

In this light, the Peruvian government has submitted a proposal for an extension with additional funds for project PD 251/03 Rev.3 (F), as contained in document CRF (XLI)/9. The Committee assessed the proposal and recommended that Council approve the request for additional funding for PD 251/03 Rev.3 (F), so as to include Cedar (*Cedrela odorata*) in its studies, and allocate US\$ 209,520 for its continued implementation.

**16) PD 319/04 Rev.2 (F) Modular System of Forest Management in the Brazilian Amazon (Brazil)**

The Committee took note of the Executing Agency's request for budgetary modifications due to current unfavorable exchange rates, without affecting the overall budget and the achievement of the project's envisaged outputs. In this light, the Committee endorsed the budgetary modifications, as per the written request and justification submitted by the Executing Agency.

**17) PD 383/05 Rev.2 (F) Community Forest Development in Gabon (Gabon)**

The Delegation from Gabon informed the Committee that the commencement of the project has been delayed because of a new rule regarding the obligation, for any project that requires national counterpart funds from the Government of Gabon, to get an authorization from the Ministry of Finance prior to the starting of its implementation. The Committee was also informed that the authorization was granted and the Executing Agency will submit the first yearly plan of operation by 31 December 2007. The Committee took note of the information and requested the Project Executing Agency (DGEF/MEFEPPN) to submit the first yearly plan of operation by end of December 2007 while taking necessary measures, in relation to the agreement governing the project implementation, for its commencement.

**(B) Projects awaiting implementation agreement**

**1) PD 234/03 Rev.3 (F) Building a Framework and Strategy for Sustainable Forest Management in Trinidad and Tobago (Trinidad and Tobago)**

The Committee took note that the Project Agreement had been sent to the Government of Trinidad and Tobago in August 2005 and that the Secretariat had periodically sent several reminders requesting follow up action in this regard. It further noted that to date the Secretariat had only received a weak verbal response from Trinidad and Tobago. In this light, the Committee decided to deem this project as Sunset at its next session, unless the agreement is signed before then.

**2) PD 367/05 Rev.2 (F) Promotion of Sustainable Management of Tropical Planted Forest in Congo's Tropical Forest Plantations (Republic of Congo)**

The Committee took note of the information by the Secretariat that the Project Agreement was duly signed on 7 September 2007.

**3) PD 376/05 Rev.2 (F) To Develop and Promote a Monitoring Information System to Support the Sustainable Development of Tree Resources Outside Forests at the Sub-district Level in Thailand (Thailand)**

The Committee took note of the information by the Secretariat that the Project Agreement has been sent to the Government of Thailand on 18 July 2006.

**4) PD 392/06 Rev.2 (F) Phase I: Regional Project to Promote Reduced Impact Logging in the Congo Basin (Gabon)**

The Committee took note of the information by the Secretariat that the Project Agreement was duly signed on 10 September 2007.

**5) PD 421/06 Rev.2 (F) Strengthening of the Production Chain for Timber from Forest Concessions and Other Forests under Management (Peru)**

The Committee took note of the information by the Secretariat that the Project Agreement was duly signed on 22 October 2007.

**6) PD 451/07 Rev.1 (F) Transboundary Biodiversity Conservation Area: The Pulong Tau National Park, Sarawak State, Malaysia- Phase II (Malaysia)**

The Committee took note of the information by the Secretariat that the Project Agreement has been sent to the Government of Malaysia on 19 September 2007.

**(C) Projects awaiting financing**

The Committee noted that eighteen (18) projects approved at earlier Sessions are still awaiting funding, out of which five (5) will be sunset if funding is not secured before the next Session.

- 1) PD 228/03 Rev.2 (F) Tropical Forest Fire Monitoring Management System Based on Satellite Remote Sensing Data in China – Phase II (Pending Finance) (China)
- 2) PD 294/04 Rev.4 (F) The Study and Demonstration of the Management of Secondary Forests in Tropical Regions for the Purpose of Enhancing Economic and Ecological Benefits (China) – Phase II (Pending Finance) (China)
- 3) PD 308/04 Rev.3 (F) Management of Secondary and Degraded Forests in the Peruvian Amazon Region by Indigenous Communities (Peru)
- 4) \*PD 327/05 Rev.3 (F) Rehabilitation and Management of the Degraded Tropical Forest Reserves in Ogun, Osun and Edo States of the Federal Republic of Nigeria through Community Participation (Nigeria)
- 5) PD 341/05 Rev.3 (F) Restoration and Sustainable Management of Mangrove Forests in the Tumbes Region, Peru (Peru)
- 6) PD 377/05 Rev.3 (F) Development of Cloning for Samba (Obéché), West African Mahogany and Tiokoué Tree Species (Côte d'Ivoire)
- 7) \*PD 387/05 Rev.2 (F) Promotion of Community-based Forest Plantations in Tanah Laut, South Kalimantan, Indonesia (Indonesia)
- 8) \*PD 395/06 Rev.1 (F) Implementation of a Model of Local Community Stewardship for Rehabilitation and Sustainable Use of Mangroves in North Sumatra Province (Indonesia)
- 9) \*PD 399/06 Rev.1 (F) Expansion of Application of Forest Resources Monitoring System (FORMS) in Timber Corridor Areas of the Philippines by Utilizing the Forest Canopy Density (FCD) Software (The Philippines)
- 10) PD 405/06 Rev.3 (F) Extending the Area under Sustainable Forest Management in the Forest Lands of the Emberá-Wounaan Comarca, Darien, Panama (Panama)
- 11) \*PD 407/06 Rev.1 (F) Support to the Implementation of the Action Plan for the Sustainable Management of the Assoukoko Gazetted Forest (Togo)
- 12) PD 420/06 Rev.2 (F) Developing and Strengthening Institutions for the Implementation of the Philippine Criteria and Indicators (C & I) for SFM and Auditing System (The Philippines)
- 13) PD 424/06 Rev.2 (F) Conservation and Utilization of Medicinal Plants in Ghanaian Forests Fringe Communities (Ghana)
- 14) PD 428/06 Rev.2 (F) Promoting the Rehabilitation, Management and Sustainable Use of Tropical Bamboo Forests in the North-Western Region of Peru (Peru)
- 15) PD 434/06 Rev.1 (F) Strengthening of the Aimex Seed Laboratory and Nursery (Brazil)
- 16) PD 436/06 Rev.1 (F) Forestry Partnership Pinhão Manso – Biodiesel Plant (Brazil)

- 17) PD 438/06 Rev.2 (F) Sustainable Forest Management for the Forest Production Area of the Northern and Northeastern Regions of the Department of Antioquia, Colombia (Colombia)
- 18) PD 456/07 Rev.1 (F) Building the Capacities of Forestry Training Institutions Members of the Network of Central African Forestry and Environmental Training Institutions (RIFFEAC) for Providing SFM Training for Forest Concessions (ITTO)

Note: Those projects with asterisk (approved but not funded within 20 months) will be sunset at the next Session.

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

The Committee noted that nine (9) projects have become sunset since its last Session.

- 1) PD 245/03 Rev.3 (F) Strategies for Sustainable Management and Use of the Sungai Sembilang Mangrove Ecosystem in South Sumatra (Indonesia)
- 2) PD 309/04 Rev.2 (F) Integrated Management of Mangrove Forests on the Caribbean Coast of Colombia (Colombia)
- 3) PD 311/04 Rev. 2 (F) Integrated Development of Cote d'Ivoire's South-western Coastal Forests with the Participation of Communities Living in Forest Areas (Cote d'Ivoire)
- 4) PD 314/04 Rev. 2 (F) Secondary Forest Management and Degraded Forest Land Rehabilitation Project in the N'Zi Comoe Area with Community Participation (Cote d'Ivoire)
- 5) PD 326/05 Rev.2 (F) Capacity Development of Private and Community Reforesters for the Sustainable Management of Teak Plantations in the Maritime and Plateaux Regions of Togo (Togo)
- 6) PD339/05 Rev.1 (F) Development of a Forest Genetic Improvement Programme to Enhance the Productivity and conservation of Tropical Forest Species in Guatemala (Guatemala)
- 7) PD 342/05 Rev.2 (F) Development of Policy and Management Scenarios for Sustainable Management of Ghana's High Forests (Ghana)
- 8) PD352/05 Rev.1 (F) Protocols and Criteria for Cedar (*Cedrela odorata*), Mahogany (*Swietenia macrophylla*) and Primavera (*Tabebuia donnell-smithii*) Germ Plasm Management in Southeast Mexico (Mexico)
- 9) PD 371/05 (F) The Rehabilitation of Mangrove on the Coastal Areas of Aceh Indonesia – Phase I (Indonesia)

**7.2 Pre-project Work in Progress**

Fourteen pre-projects have been approved by the Committee and are either: A) under implementation (9), B) awaiting the signing of an Agreement (1), C) awaiting financing (2) or D) falling under the sunset provision since the last Session (2). The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XLI)/4.

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

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

- 1) PPD 59/02 Rev.2 (F) **Pre-project for the Conservation and Management of Genetic Resources in the Natural Tropical Forests of Ecuador** (Ecuador)

The Committee recalled that at its previous session, the Secretariat had informed that the Final Report was incomplete and that the pre-project's main output, namely the feasibility study and a business strategy for the implementation of a forest seed bank in Ecuador, had not been attached, and therefore did not consider reporting this pre-project as complete at the previous session. Moreover, in light of the events

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surrounding PD 152/02 Rev.3 (F) also being implemented by CORMADERA, the Secretariat decided to request Mr. Jorge Malleux, ITTO Regional Officer for Latin America, to review and assess the pre-project's final report and main outputs during the visit to Ecuador that the special ITTO monitoring and evaluation mission on PD 152/02 Rev.3 (F) was to carry out from the 4<sup>th</sup> to the 13<sup>th</sup> of June 2007. The Regional Officer's report assessing the completion report and the feasibility study basically corroborated what the Secretariat had stated to the Committee at its previous session, namely the pre-project's main output, the feasibility study to establish a seed center in Ecuador, lacked many of the essential components of a feasibility study.

The Committee highlighted that pre-projects should be exclusively geared towards the formulation of project proposals and that small projects should not be submitted to ITTO as pre-project proposals. The Committee decided to request the Secretariat to report this pre-project as unsatisfactorily completed at its next session.

**2) PPD 94/04 Rev.1 (F) Evaluation of the Status of Forest Resources in Cote d'Ivoire**  
(Cote d'Ivoire)

The Committee was informed about the delay in the implementation of pre-project's activities due mainly to reasons beyond the control of the pre-project implementing team. The Executing Agency (DRCF/MEEF) had requested an additional extension in time, without additional funds, until February 2008 with a view towards completing the pre-project activities by then. An acceptable detailed work plan and associated budget for the extension period had been submitted to the Secretariat. In this light, the Committee endorsed an extension of the pre-project until February 2008, without additional funds.

(B) Pre-projects awaiting implementation agreement

**1) PPD 134/07 Rev.1 (F) Guidelines for the Restoration of Mangroves and Other Coastal Forests Damaged by Tsunamis and Other Natural Hazards in the Asia-Pacific Region** (Global-Japan)

The Committee took note of the information by the Secretariat that the Pre-project Agreement has been duly signed on 31 October 2007.

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

The Committee noted that two (2) pre-projects are still awaiting financing.

- 1) PPD 129/06 Rev.1 (F) Forest Promotion and Development by Native Communities in Peru (Peru)
- 2) PPD 131/06 Rev.2 (F) Restoration of Forest Landscape in Local Communities in Ghana (Ghana)

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

The Committee noted that two (2) pre-projects have become sunset since its last Session.

- 1) PPD 109/05 Rev.1 (F) Establishment of a Pilot Program for the Genetic Improvement of Native Forest Species (Ecuador)
- 2) PPD 116/05 Rev.1 (F) Decentralisation of Forest Seed Production and Marketing (Guatemala)

**Item 8 - Consideration of Project and Pre-project Proposals**

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

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

The Committee recalled its recommendation to the Council during its Eleventh Session in Yokohama in November 1992, requesting the Secretariat not to forward any revisions of proposals requiring complete

reformulation until these revisions had again been technically evaluated by the Expert Panel. In compliance with this, thirteen (13) project proposals were considered by the Committee; similarly two (2) pre-project proposals were considered.

• **CATEGORY ONE PROJECT PROPOSALS**

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 404/06 Rev.3 (F)	Conservation and Development in the Natural Protected Areas Complex of Tambopata (Peru) – Madidi (Bolivia) – Phase II	Peru and Bolivia
PD 419/06 Rev.3 (F)	Forest Seeds Management and Conservation	Côte d'Ivoire
PD 432/06 Rev.2 (F)	Promoting Adoption of Sustainable Forest Management in the Brazilian Amazon	Brazil
PD 441/07 Rev.2 (F)	Institutional Strengthening of ANAM for Integrated Fire Management in the Tropical Forests of Panama	Panama
PD 445/07 Rev.2 (F)	Integrated Sustainable Forest Management Project for Forest Areas in the Lower Catatumbo River Watershed, North Santander, Colombia	Colombia
PD 459/07 Rev.1 (F)	Improving the Enabling Conditions for Sustainable Management of Sandalwood Forest Resources in East Nusa Tenggara Province, Indonesia	Indonesia
PD 460/07 Rev.1 (F)	Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development	China
PD 466/07 Rev.1 (F)	Organizing and Convening the IV Latin American Forestry Congress (CONFLAT IV)	Venezuela
PD 470/07 Rev.1 (F)	Development and Implementation of Criteria and Indicators for Sustainable Management of Planted Forests and Community Forests	Thailand

• **CATEGORY FIVE (Old-System)/CATEGORY FOUR (New System) PROJECT PROPOSALS**

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 304/04 Rev.2 (F)	Management of Kayan Mentarang National Park (KMNP) to Promote Trans-boundary Conservation along the Border between Indonesia and Malaysian States of Sabah and Sarawak -Phase II	Indonesia
PD 429/06 Rev.2 (F)	Establishing a Model Forest in Campo-Ma'an, Cameroon	Cameroon
PD 430/06 Rev.2 (F)	Regeneration and Sustainable Management of Degraded Forest Ecosystems through the Promotion of Young People's Employment in the Republic of Congo	Republic of Congo
PD 437/06 Rev.1 (F)	Strengthening Capacity to Apply Criteria and Indicators to Consolidate Sustainable Forest Management in the Amazon	Brazil

• **CATEGORY ONE PRE-PROJECT PROPOSALS**

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PPD 135/07 Rev.1 (F)	Community-based Forest Management of Sungai Medihit Watershed	Malaysia
PPD 136/07 Rev.1 (F)	Study for the Conservation, Land Management and Sustainable Mountain Biodiversity Management in the Centre North Region of Togo	Togo

Details of the technical evaluation of these proposals are presented in Appendix I of this report. The Committee's recommendations regarding approval of these proposals are presented in Item 14 below.

## **Item 9 - Policy Work**

The Committee considered the following policy-related matters which are also included in the 2006-2007 ITTO Work Programme:

**(i) Review and update the ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests**

The lead consultant (Dr. Jeffrey Sayer) from IUCN presented the final draft of the aforementioned Guidelines, contained in document CRF(XLI)/7. These guidelines had been elaborated on since the ITTC36 in Interlaken and have been subject of an extensive consultative process. The Committee thanked IUCN for its good work and discusses these draft guidelines as well as the question how best to proceed. Several delegations expressed their appreciation for the work done and mentioned the fact that these guidelines could be used to present ITTO's work in this field at the upcoming international meetings on forestry and biodiversity conservation. Others were concerned with i) the use of the word 'guidelines' and the connection of this report with other ITTO guidelines; ii) the use of prescriptive language and iii) the fact that they felt the report required another review before the Council could adopt it.

A small working group was established to consider the available options to move forward. This group submitted a draft Decision to the Committee which, after the ensuing discussions, commended it to the Council for its consideration.

**(ii) Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests**

The Committee took note that the Government of Guyana had requested ITTO assistance in this regard. It further observed that the activities required for the development of a comprehensive strategy for Guyana to prevent, manage and monitor forest fires nationwide is to be initiated early next year.

**(iii) Monitor and assess the social, economic and environmental costs and benefits of sustainable management of natural forests. [Cooperate with FAO's Asia-Pacific Forestry Commission, the Regional Community Forestry Training Center (RECOFTC) and other organizations to convene an international conference on managing forests for poverty reduction, capturing opportunities for the benefit of the poor]**

The Secretariat informed the Committee that the publication stemming from the aforementioned conference ("A cut for the Poor") has been finalized and is available upon request from the Secretariat.

**(iv) Support the effective enforcement of forest laws and regulations that ensure sustainable forest management and secure the production base. [Cooperate with CIFOR, the Regional Community Forestry Training Centre (RECOFTC) and FAO's Asia Pacific Forestry Commission in the development and considering an activity that supports SFM in decentralized government bodies]**

The Secretariat informed the Committee that the proceedings of the regional workshop on forest Governance and Decentralization in Asia and the Pacific has been finalized and is available from the Ministry of Forestry of Indonesia/CIFOR upon request.

**(v) Promote the exchange of experience at the regional level on the implementation of sustainable forest management through ITTO supported projects**

The lead consultant (Dr. Marc Dourojeanni) presented the synthesis report, as contained in document CRF(XLI)/8, during the Joint Session of all Committees. The Committee appreciated his presentation and further recommended the project proponents, the Expert Panel and the Committees to take it into consideration the workshops' recommendations when considering new project proposals. Several Delegations suggested that such workshops become a regular feature of the Organization.

- (vi) **Monitor and assess the environmental, social and economic costs and benefits of forest plantation development and utilize that information to promote new plantations**

The Committee was informed that the publication is currently being edited and will be finalized in due course.

**Item 10 - Biennial Work Programme of the Committees for 2008-2009**

This Item was dealt with in an open-ended contact group and the Council.

**Item 11 - Election of Chairperson and Vice-Chairperson for 2008**

Mr. Carlos Enrique Gonzalez Vicente of Mexico was elected as Chairperson for 2008. Mr. Hideaki Takai of Japan was elected as Vice-Chairperson for 2008.

**Item 12 - Dates and Venues of the Forty-second, Forty-third and Forty-fourth Sessions of the Committee**

The Forty-second Session of the Committee would be held in conjunction with the Forty-fourth Session of the International Tropical Timber Council.

The Forty-third Session of the Committee would be held in conjunction with the Forty-fifth Session of the International Tropical Timber Council.

The Forty-fourth Session of the Committee would be held in conjunction with the Forty-sixth Session of the International Tropical Timber Council.

**Item 13 - Other Business**

None

**Item 14 - Recommendations to the International Tropical Timber Council**

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

**Projects**

PD 404/06 Rev.3 (F)	Conservation and Development in the Natural Protected Areas Complex of Tambopata (Peru) – Madidi (Bolivia) – Phase II (Peru and Bolivia) [US\$ 1,183,626]
PD 419/06 Rev.3 (F)	Forest Seeds Management and Conservation (Côte d'Ivoire) [US\$ 912,764]
PD 432/06 Rev.2 (F)	Promoting Adoption of Sustainable Forest Management in the Brazilian Amazon (Brazil) [US\$ 508,464]
PD 441/07 Rev.2 (F)	Institutional Strengthening of ANAM for Integrated Fire Management in the Tropical Forests of Panama (Panama) [US\$ 463,115]
PD 445/07 Rev.2 (F)	Integrated Sustainable Forest Management Project for Forest Areas in the Lower Catatumbo River Watershed, North Santander, Colombia (Colombia) [US\$ 813,591]
PD 459/07 Rev.1 (F)	Improving the Enabling Conditions for Sustainable Management of Sandalwood Forest Resources in East Nusa Tenggara Province, Indonesia (Indonesia) [US\$ 593,163]
PD 460/07 Rev.1 (F)	Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development (China) [US\$ 432,918]



- PD 466/07 Rev.1 (F) Organizing and Convening the IV Latin American Forestry Congress (CONFLAT IV) (Venezuela) [US\$ 95,077]
- PD 470/07 Rev.1 (F) Development and Implementation of Criteria and Indicators for Sustainable Management of Planted Forests and Community Forests (Thailand) [US\$ 209,574]

Pre-projects

- PPD 135/07 Rev.1 (F) Community-based Forest Management of Sungai Medihit Watershed (Malaysia) [US\$ 73,710]
- PPD 136/07 Rev.1 (F) Study for the Conservation, Land Management and Sustainable Mountain Biodiversity Management in the Centre North Region of Togo (Togo) [US\$ 52,358]

- (B) The Committee recommended that the Council approve the request for additional funding for PD 251/03 Rev.3 (F) and allocate US\$ 209,520 to finalize the work of the project.**

**Item 15 - Report of the Session**

The Committee accepted this Report for submission to the Council.

## Appendix I

### TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

#### (A) CATEGORY ONE PROJECT PROPOSALS

1. **PD 404/06 Rev.3 (F) Conservation and Development in the Natural Protected Areas Complex of Tambopata (Peru) – Madidi (Bolivia) – Phase II**  
(Peru and Bolivia)

##### Conclusion of the Forty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 404/06 Rev.3 (F) and recommended the Council to allocate US\$ 1,183,626 for its immediate implementation.

2. **PD 419/06 Rev.3 (F) Forest Seeds Management and Conservation** (Côte d'Ivoire)

##### Conclusion of the Forty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 419/06 Rev.3 (F) and recommended the Council to allocate US\$ 912,764 for its immediate implementation.

3. **PD 432/06 Rev.2 (F) Promoting Adoption of Sustainable Forest Management in the Brazilian Amazon** (Brazil)

##### Conclusion of the Forty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 432/06 Rev.2 (F) and recommended the Council to allocate US\$ 508,464 for its immediate implementation.

4. **PD 441/07 Rev.2 (F) Institutional Strengthening of ANAM for Integrated Fire Management in the Tropical Forests of Panama** (Panama)

##### Conclusion of the Forty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 441/07 Rev.2 (F) and recommended the Council to allocate US\$ 463,115 for its immediate implementation.

5. **PD 445/07 Rev.2 (F) Integrated Sustainable Forest Management Project for Forest Areas in the Lower Catatumbo River Watershed, North Santander, Colombia** (Colombia)

##### Conclusion of the Forty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 445/07 Rev.2 (F) and recommended the Council to allocate US\$ 813,591 for its immediate implementation.

6. **PD 459/07 Rev.1 (F) Improving the Enabling Conditions for Sustainable Management of Sandalwood Forest Resources in East Nusa Tenggara Province, Indonesia (Indonesia)**

Conclusion of the Forty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 459/07 Rev.1 (F) and recommended the Council to allocate US\$ 593,163 for its immediate implementation.

7. **PD 460/07 Rev.1 (F) Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development (China)**

Conclusion of the Forty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 460/07 Rev.1 (F) and recommended the Council to allocate US\$ 432,918 for its immediate implementation.

8. **PD 466/07 Rev.1 (F) Organizing and Convening the IV Latin American Forestry Congress (CONFLAT IV) (Venezuela)**

Conclusion of the Forty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 466/07 Rev.1 (F) and recommended the Council to allocate US\$ 95,077 for its immediate implementation.

9. **PD 470/07 Rev.1 (F) Development and Implementation of Criteria and Indicators for Sustainable Management of Planted Forests and Community Forests (Thailand)**

Conclusion of the Forty-first Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 470/07 Rev.1 (F) and recommended the Council to allocate US\$ 209,574 for its immediate implementation.

**(B) CATEGORY FIVE (Old System)/FOUR (New System) PROJECT PROPOSALS**

1. **PD 304/04 Rev.2 (F) Management of Kayan Mentarang National Park (Kmpn) to Promote Trans-boundary Conservation along the Border between Indonesia and Malaysian States of Sabah and Sarawak -Phase II (Indonesia)**

Conclusion of the Forty-first Committee

The Committee noted that the 34th Expert Panel could not commend the revised project proposal and submitted it to the Committee for final appraisal. The Committee decided to endorse the decision of the Expert Panel and not to consider this proposal any further.

2. **PD 429/06 Rev.2 (F) Establishing a Model Forest in Campo-Ma'an, Cameroon (Cameroon)**

Conclusion of the Forty-first Committee

The Committee noted that the 34th Expert Panel submitted the project proposal to the Committee with the recommendation not to approve. The Committee decided to endorse the decision of the Expert Panel and not to consider this proposal any further.

3. **PD 430/06 Rev.2 (F)      Regeneration and Sustainable Management of Degraded Forest Ecosystems through the Promotion of Young People's Employment in the Republic of Congo (Republic of Congo)**

Conclusion of the Forty-first Committee

The Committee noted that the 34th Expert Panel submitted the project proposal to the Committee with the recommendation not to approve. The Committee decided to endorse the decision of the Expert Panel and not to consider this proposal any further.

4. **PD 437/06 Rev.1 (F)      Strengthening Capacity to Apply Criteria and Indicators to Consolidate Sustainable Forest Management in the Amazon (Brazil)**

Conclusion of the Forty-first Committee

The Committee discussed some perceived anomalies that occurred during the Expert Panel's appraisal of this proposal and, in light of extenuating circumstances that allowed only one revision of the proposal be appraised by the Expert Panel. The Committee concluded to recommend to the Council that the proposal be regarded as Revision 1, and therefore could be revised once more based on the Expert Panel's comments and recommendations of the original version of the proposal, and be resubmitted to the Expert Panel.

**TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS**

**(A) CATEGORY ONE PRE-PROJECT PROPOSALS**

1. **PPD 135/07 Rev.1 (F)      Community-based Forest Management of Sungai Medihit Watershed (Malaysia)**

Conclusion of the Forty-first Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 135/07 Rev.1 (F) and recommended the Council to allocate US\$ 73,710 for its immediate implementation.

2. **PPD 136/07 Rev.1 (F)      Study for the Conservation, Land Management and Sustainable Mountain Biodiversity Management in the Centre North Region of Togo (Togo)**

Conclusion of the Forty-first Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 136/07 Rev.1 (F) and recommended the Council to allocate US\$ 52,358 for its immediate implementation.

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

PROJECT DOCUMENT	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (months)	RECOMMENDATION*	
				34th EP	41st CRF
PD 404/06 Rev.3 (F)	1,183,626	Peru and Bolivia	30	1	1
PD 419/06 Rev.3 (F)	912,764	Côte d'Ivoire	36	1	1
PD 432/06 Rev.2 (F)	508,464	Brazil	24	1	1
PD 441/07 Rev.2 (F)	463,115	Panama	36	1	1
PD 445/07 Rev.2 (F)	813,591	Colombia	36	1	1
PD 459/07 Rev.1 (F)	593,163	Indonesia	36	1	1
PD 460/07 Rev.1 (F)	432,918	China	36	1	1
PD 466/07 Rev.1 (F)	95,077	Venezuela	6	1	1
PD 470/07 Rev.1 (F)	209,574	Thailand	24	1	1
PD 304/04 Rev.2 (F)	513,216	Indonesia	24	5 (os)	5
PD 429/06 Rev.2 (F)	499,559	Cameroon	36	4 (ns)	5
PD 430/06 Rev.2 (F)	427,754	Republic of Congo	36	4 (ns)	5
PD 437/06 Rev.1 (F)	2,237,538	Brazil	36	4 (ns)	2b
PPD 135/07 Rev.1 (F)	73,710	Malaysia	6	1	1
PPD 136/07 Rev.1 (F)	52,358	Togo	7	1	1

\* For Categories of Recommendation see Tables B and C.

TABLE B

Categories of Decision for 34th Expert Panel (old system)	Categories of Decision for 34th Expert Panel (new system)
<p>1. The Panel concluded that, with the incorporation of (any minor) (the) amendments noted, the (pre-) project proposal could be commended to the Committee for final appraisal. (In the view of the Panel, this (pre-) project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).)</p> <p>2. The Panel concluded that the (pre-) project proposal requires essential modifications (which are necessary for the project to succeed) and the Panel will need to assess the modified (pre-) project proposal before it can commend it to the Committee for final appraisal.</p> <p>3. The Panel concluded that a re-formulation of the (pre-) project proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal.</p> <p>4. The Panel concluded that a pre-project (not exceeding US\$ ..... ) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal.</p> <p>a: (Such a pre-project proposal could be commended to the Committee for final appraisal.)</p> <p>b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.)</p> <p>5. The Panel concluded that it could not commend the modified or revised (pre-) project proposal and submits it to the Committee for further appraisal.</p> <p>6. The Panel concluded that the (pre-) project proposal (, in its present form,) is not sufficiently relevant to the mandate of ITTO. (The Panel encourages the submitting agency to seek other sources of project support.)</p> <p>7. The Panel concluded that there is insufficient information to assess the (pre-) project proposal adequately.</p> <p>(Text in Parentheses is optional.)</p>	<p><b>Rating schedule of the revised ITTO System for Technical Appraisal of Project and Pre-project Proposals [doc.ITTC(XL)/5] of 13 April 2006</b></p> <p><b>Rating schedule for Project proposals</b></p> <p>Category 1: The Panel concluded that the proposal could be commended to the Committee with incorporation of amendments.</p> <p>Category 2: The Panel concluded that the proposal requires essential modifications and will be returned to the proponent. The Panel will need to assess the revised proposal before it can commend it to the Committee.</p> <p>Category 3: The Panel concluded that the proposal is not accepted because a pre-project proposal is required. According to the indication of the Panel the pre-project shall (a) be submitted to the Expert Panel for appraisal or (b) could be directly submitted to the Committee for appraisal.</p> <p>Category 4: The Panel concluded that the proposal is not commended to the Committee; the proposal is submitted with the recommendation not to approve the project proposal. Justification should be given to the proponent and the Committee (e.g. not passing thresholds; in case of rev.2 project proposals; project not relevant; project with insufficient information, etc.)</p> <p><b>Rating schedule for Pre-project proposals</b></p> <p>Category 1: The Panel concluded that the proposal could be commended to the Committee with the incorporation of amendments.</p> <p>Category 2: The Panel concluded that the proposal requires essential modifications and will be returned to the proponent. The Panel will need to assess the revised proposal before it can commend it to the Committee.</p> <p>Category 3: The Panel concluded that the pre-project proposal is not commended to the Committee. The proposal is submitted with the recommendation not to approve the pre-project proposal.</p>

TABLE C

Categories of Recommendation from 41st CRF to the Council	
1.	Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.
2.	Recommend to the ITTC that the proposal be revised and resubmitted: <ul style="list-style-type: none"><li>a) directly to the relevant Committee, or</li><li>b) to the Expert Panel.</li></ul>
3.	Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994.
4.	Recommend to the ITTC that a decision on the proposal be deferred until the next session.
5.	Recommend to the ITTC that the proposal should not be further considered by ITTO.

\* \* \*





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**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

**TWENTY-SECOND SESSION OF THE  
COMMITTEE ON FINANCE AND ADMINISTRATION**

**(5-10 November 2007, Yokohama, Japan)**



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

### **TWENTY-SECOND SESSION OF THE COMMITTEE ON FINANCE AND ADMINISTRATION**

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

1. The Chairperson, Mr. James Singh of Guyana, welcomed all delegates to the Twenty-second Session of the Committee.

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

2. The Chairperson suggested that the Committee takes up discussions agenda item by item in the order listed in document CFA(XXII)/1. The Vice-Chairperson of the Committee, Mr. Marcel Vernooij of The Netherlands was requested by the Chairperson to address a number of the agenda items.

3. The Chairperson drew the attention of the Committee to the work of the Panel on Sub-Account B of the Bali Partnership Fund (BPF) for the allocation of funds under Sub-Account B of the BPF, created under Council Decision 4(XXX). The scope of work of the Panel was subsequently expanded at the Thirty-fifth Session of the Council in November 2003, to include allocation from the Unearmarked Funds in the Special Account. The Panel would be chaired by the Chairperson of the Committee and would report directly to the Council. It would convene its first meeting on Thursday, 8 November 2007. He informed that the selection of the members of the Panel is to be finalized shortly with a view to commence its work.

#### **Item 3: Admission of Observers**

4. The Chairperson advised the Committee that the Council had admitted all applicants as shown on document ITTC(XLIII)/Info.3 which listed states, inter-governmental and non-governmental organizations applying for Observer status. The Committee concurred with the decision of the Council in this matter.

#### **Item 4: Report of the Expert Panel for Technical Appraisal of Project Proposals**

5. The Chairperson advised the Committee that the Report of the Thirty-third Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI,CFA(XLI)/1] were deliberated and concluded in the joint Session of the Committees on 5 November 2007. The joint Session had not requested the CFA for any follow-up.

#### **Item 5: Draft Biennial Administrative Budget for 2008-2009**

6. The Secretariat introduced document CFA(XXII)/2, which had been distributed to Members in August 2007 in accordance with Rule 3 of the ITTO's Financial Rules and Rules Relating to Projects that was amended by the Council at its Thirty-fourth Session in May 2003 [Decision 7(XXXIV)], for the preparation of the draft administrative budget for a biennial period, instead of an annual period. Following the instructions made at the Second Session of the Committee that the proposed budgets "should always be constructed using the current official U.N. exchange rate for the month of the Session in which it was considering the budget proposals", and as has been done in previous years, the Secretariat further amended the Proposed Administrative Budget for the Biennial 2008-2009 in document CFA(XXII)/2/Amend.1, dated 2 November 2007, applying the exchange rate of 114 Yen to US\$1.00 (for the month of November 2007) against the rate of 118 Yen to US\$1.00 which was used in August 2007.

7. The Secretariat explained that the revised proposed budget for 2008 amount to US\$5,576,672 against the approved budget for 2007 of US\$5,460,138 (representing an increase of US\$116,534 or 2.13%). The Secretariat pointed out that all expenditures in the proposed budget for 2008 have been kept at the same level as those for 2007, and that the increase was due primarily to decrease in the dollar/Yen exchange rate, though there was a real increase to take into account of the compulsory annual salary increment of staff in accordance with the U.N. salary scale and benefits.

8. The Secretariat further added that the indicative budget for 2009 prepared on the basis of the amended rules in the article 19 of the ITTA, 2006, on the assumption that the ITTA, 2006, will enter into force from the beginning of 2009. Accordingly, the budget for 2009, was prepared separately and taken into account the stipulations under the relevant Articles of the ITTA, 2006, including the stipulations in paragraph 2 of Article 19, i.e.

- (a) A separate column showing the "Basic Administrative Costs" such as salaries and benefits, installation costs, and official travel; and
- (b) Another column showing the "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 (Policy Work of the Organization), 27 (Statistics, Studies and Information) and 28 (Annual Report and Biennial Review) of the ITTA, 2006.

9. The Secretariat also informed the Committee that, to further strengthen the Organization's ability to plan, improve the implementation of and assess the impact of its activities, the Executive Director proposes in the budget for 2009 the creation of a new senior post at level D-1 of an "Assistant Director for Strategic Planning, Monitoring and Evaluation" and one post of "Secretary" at level GS-5 to service this programme area. The Executive Director, at a later meeting during the Session, also provided the job description for the post and emphasized the essential of the position to ensure success in improving the quality of the Organization's operational activities.

10. The Representative from Liberia strongly supported the addition of the new position in the Secretariat. In fact, he was surprised why such an important function was not created earlier in the Secretariat in view of the importance of strategic planning for the Organization. Representatives from Malaysia, Indonesia, Congo, Norway and Gabon also supported the necessity of having this senior position in the Secretariat.

11. The Representatives from the United States of America and the European Community, while recognizing the usefulness of the position for strategic planning, advised that it may be wise to consider the creation of the position in the context of the new ITTA, 2006. However, it was later suggested to leave the Executive Director within his discretion to start recruitment to fill this new position sometime in 2009 by reshuffling the current senior positions in the Organization, or by managing the costs within the current available resources without increasing the proposed budget for 2009.

12. The Representative from Germany informed that the inclusion of the new position should be considered only after the approval of the Thematic Programmes in the new Agreement (ITTA, 2006) and should not be taken up at this point in time while both the work programmes and the new Action Plan have not been approved. She also noted that most of the duties of the proposed new senior position of Assistant Director for Strategic Planning, Monitoring and Evaluation, appear to involve with project work and therefore consider that costs to finance the position should be financed, either in full or in part, from the resources of the Special Account or other Accounts and not from the Administrative Account.

13. The Representative from Japan advised that her delegation insists on a zero nominal growth budget and would be reluctant to accept any real increase in the proposed Biennial Administrative Budget. The Secretariat advised that normally the budget would be increased by about 2% to 3% due to the compulsory annual salary increment of staff in accordance with U.N. salary scale. Furthermore, the budget may be increased or decreased due to the fluctuation in exchange rates between the United States dollar and the Japanese Yen.

14. The Representative from the European Community suggested that in the preparation of future budgets, a total sum showing assessment of all Members of the Community may be presented. He also queried on some increases or decreases in the proposed assessment from Members to the draft Administrative Budget for 2008. The Secretariat advised that assessed amounts vary due to (a) the number of votes distributed to such members by the Council, and (b) the discount that members receive for timely payment of their contributions in the previous year in accordance with paragraph 7 of Article 19 of the ITTA, 1994.

15. The Representative from Germany pointed out that the draft Biennial Administrative Budget for 2008-2009 was circulated in August 2007 using the rate of exchange for that month of US\$1 = JPY.118, which has been increased by the use of the rate in November 2007 of US\$1 = JPY.114. The Secretariat explained that this has been the practice since the preparation of the Administrative Budget for the year 2000 which requires that the Administrative Budget be prepared and approved using the actual exchange rate of the United States dollar and the Japanese Yen at the time when the budget was prepared and approved.

16. The Representative from Germany, joined by Japan, advised that the proposed Biennial Administrative Budget for 2008-2009 with figures and explanations using the rates and scales applicable as of August 2007 had been considered by the authorities in their Governments and therefore requested the Secretariat to revise the proposed Budget applying the rate for August 2007. They further added that in the preparation of future Biennial Administrative Budgets, the rates and scales to be applied should be at the time when the budgets would be prepared (normally in August) and there is no need to further revise the budgets at the time the Committee consider for their approval. The Secretariat took note of this suggestion.

17. The Representative of the United States of America commented that the proposed budget for 2009 should not assume that the new Agreement (ITTA, 2006) would come into force in that year, and that the proposed Biennial Administrative Budget for the years 2008-2009 should be prepared in the same format, assuming that the Organization will continue its operation under the current Agreement (ITTA, 1994). Should the new Agreement comes into force, the Council would have to consider a new Biennial Administrative Budget for the two financial years which would be prepared taking into consideration of the stipulations in paragraph 2 of Article 19 of the ITTA, 2006.

18. In response to the above request, the Secretariat presented the revised Biennial Administrative Budget for 2008-2009 in document CFA(XXII)/2/Rev.1, dated 6 November 2007, with the proposed budget for both 2008 and 2009 presented in identical budget headings and formats. The proposed Biennial Administrative Budget for 2008-2009 was further revised on 8 November 2007 in document CFA(XXII)/2/Amend.2 by applying the exchange rate for August 2007 (of US\$1 = JPY.114).

19. The proposed Biennial Administrative Budget for 2008-2009 was again amended on 9 November 2007 in document CFA(XXII)/2/Amend.3 by excluding the expenditures in 2009 for the new senior position of Assistant Director for Strategic Planning, Monitoring and Evaluation, and for the post of Secretary to service this programme area. The amended Biennial Administrative Budget for 2008-2009 showed total estimated expenditures of \$5,354,602 in 2008 and \$5,368,504 in 2009. The majority of the Committee in general terms appreciated the proposal made by the Executive Director for the two new posts as referred to above and recommended that the matter be reconsidered at the next Session of the Council, while taking into account that the positions could be filled in 2009 subject to either availability of extra-budgetary resources or cost-savings from the current budget.

20. The Committee recommended that the Council approve the Biennial Administrative Budget for the Financial Years 2008-2009 as presented in document CFA(XXII)/2/Amend.4. The approved amount for the financial year 2008 would be US\$5,354,602 and the indicative budget for the financial year 2009 would be US\$5,368,504. The approved budget for 2008 (of \$5,354,602) will be further increased by US\$162,462 to take account of the discount to be granted to Members for prompt payment of their contributions in 2007 (in accordance to Rule 4, paragraph 3, of the Financial Rules and Rules relating to Projects), and at the same time, will be reduced by US\$1,064 by utilizing the bank interest earned in 2007 to square out the net amount to be assessed from Members. The net amount to be assessed from Members towards the Administrative Budget for the Financial Year 2008 is therefore US\$5,516,000. The assessed contribution from Members to the budget for 2008 is shown in document CFA(XXII)/2/Amend.4; and the Secretariat will be sending invoices to Members for payment in accordance to the Financial Rules.

#### **Item 6: Review of Contributions to the Administrative Budgets**

21. The Secretariat introduced document CFA(XXII)/3, prepared on 2 November 2007, which detailed the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2007, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed that, as shown in the document, in 2007, \$1,550,835.69 had been received to date from Producing Members out of the total net assessment of \$2,740,870.00; and \$2,691,503.00 had been received from Consuming Members out of the net assessed amount of \$2,719,268.00. Furthermore, assessment of a new Member, Poland, was approved by the Council for \$30,542.00, and that this amount had already been received. Additionally, the Secretariat also informed the Committee that on 6 November 2007, Ghana had paid the remainder of its contribution for 2007 in the amount of US\$59,412.00. As shown in the document, arrearages in contributions to previous years' budgets from Producing Members amount to \$4,815,363.20; and arrearages from Consuming Members amount to \$143,276.00. Furthermore, the outstanding payment of interest charges levied on late contributions under the ITTA, 1983, amount to \$169,585.11. The document also includes information on the status of arrearages in contribution by six members which affects the eligibility to submit project proposals, of which Liberia, as a special case, might be eligible provided that the settlement of the contributions are not in arrears from 2007 onwards.

22. The Committee took note of the report.

#### **Item 7: Current Status of the Administrative Account**

23. The Secretariat presented document CFA(XXI)/4 reporting the current status of the Administrative Budget for 2007, as at 2 November 2007, together with estimated expenditures for the current year. The Secretariat advised the Committee that with the contributions already received from Members as well as those anticipated to be paid to the Organization before the end of the current financial year, the estimated expenditures for current year would amount to \$4,680,296 (i.e. \$779,842 less than the total amount approved in the budget for 2007 of \$5,460,138). This was due to the fact that two positions were kept vacant since the beginning for the year, but are expected to be filled before the end of 2007.

24. The Secretariat further informed the Committee that total contributions received to-date is \$4,272,880.69, and together with contributions expected to be paid by members before the end of 2007 (of \$391,468.31), it is still anticipated that contributions would fall short to finance the expenditures for 2007 in the amount of \$15,947. The Secretariat, in this connexion, recalled Decision 2(XXXIV) in which the Council authorized the Executive Director to transfer, if and when necessary, an amount not exceeding US\$300,000 annually from the Working Capital Account to the current account in the Administrative Account to meet the shortfall of funds. Therefore, it is not necessary for the Committee to make a recommendation to the Council for the use of the WCA at this Session.

25. The Secretariat also informed the Committee that the resources of the Working Capital Account had been increased from the balance of \$1,935,025 at the end of 2006 to \$3,874,191.74 as at 2 November 2007, thanks to the payments by members of arrears in contributions to previous years' budgets of \$1,939,166.74.

26. The Committee took note of the report.

#### **Item 8: Resources of the Special Account and the Bali Partnership Fund**

27. The Secretariat presented document CFA(XXII)/5, which was a comprehensive listing of expenditures on, and contributions to, the two sub-accounts of the Special Account, namely Pre-Project and Project Sub-Accounts, and the Bali Partnership Fund (BPF). A list of completed Pre-Projects, Activities and Projects was also included in the document and showed the pro-rated refunds to relevant donors including the funds remaining under "monitoring and evaluation". In accordance with Council Decision 3(XXVIII) of May 2000, agreement of the donors was requested at regular intervals for the transfer of their share of the remaining "monitoring and evaluation" funds, to the "Pooled Sub-Accounts" for ex-post evaluations. The funds transferred to this pooled account to date, amount to US\$2,364,941.51 and regular ex-post evaluations of projects, as approved, are being carried out. Accordingly, the current available balance in this account amounts to US\$948,948.45.

28. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as of the end of the last session, forty-one Activities (including Activities for biennial work programme 2006-2007), five Pre-Projects and five Projects had been funded from the resources of Sub-Account B of the Bali Partnership Fund. Accordingly, the current available resources of Sub-Account B amount to US\$789,803.14. The Secretariat further informed the Committee that Panel on Sub-Account B of the BPF would be working during this Session of the Committee on identification of projects, pre-projects and activities that would be eligible for financing from these resources. The Secretariat added that the Council at its Thirty-fifth Session in November 2003, approved the recommendation of the Committee on Finance and Administration to expand the scope of the Panel on the Sub-Account B of the Bali Partnership Fund to oversee the allocation of resources from the "Unearmarked Funds" in the Special Account, the current available funds of which amount to US\$1,915,671.00. The Panel will report directly to the Council.

29. The Vice-Chairperson drew the attention of the members of the Committee on the summary of resources available on the Special Account, and also to the statement on the Bali Partnership Fund, with a view to take note on the availability of the funds.

30. The Secretariat also advised that since this document serves as an information and reference document, Members are invited to contact the Secretariat for further information or clarifications on the details either during the course of this Session or by correspondence at a later date.

31. The Committee took note of the document.

#### **Item 9: Debt Relief Request by the Government of Liberia**

32. The Vice-Chairperson recalled that at its Twenty-first Session held in Papua New Guinea, a number of recommendations were made regarding the debt relief request by the Government of Liberia, which was subsequently approved by the Council. Following one of the recommendations to develop a proposal to reschedule the outstanding arrears to the administrative budgets for the years 1989-2005 in the amount of \$896,343.00, the Government of Liberia proposed a Decision and it was circulated to the Members in early September 2007. The Chairperson also informed that noting the advice of Informal Advisory Group, the Council on Monday, 5 November 2007, had requested the Committee to deliberate on the proposed Decision and make recommendations.

33. The Vice-Chairperson concluded that the Committee expressed great sympathy to the current situation in Liberia, and was impressed by the progress made by the Government of Liberia, including the settlements of the Administrative contributions for the years 2002, 2006 and 2007, and in the implementation of various measures for the recovery of the forestry sector on the basis of the national forestry policy and implementation strategy.

34. The Committee decided to recommend to the Council for the approval of the draft Decision on "Application of Article 33 of ITTA, 1994 (Relief from obligations) to the Government of Liberia, including the payment plan to reschedule the outstanding arrears of the Government of Liberia to the Administrative Budget", as shown in the Annex to the draft Decision.

#### **Item 10: Biennial Work Programme of the Committee for the Years 2008-2009**

35. The Chairperson referred to the report by the Secretariat on the implementation of the Biennial Work Programme for 2008-2009 presented at this Session of Council in document ITTC(XLIII)/10 which included the Biennial Work Programme for the Years 2008-2009 of the Committee of Finance and Administration. He informed that during this Session, the document was introduced in Council and the Council had instructed for its deliberation in the respective Committees. The Chairperson reminded the Committee of its mandate under the ITTA, 1994, and noted that the technical committees will be responsible for setting priorities in their respective areas, while the CFA would be responsible for examining the work programme for its implications on the capacity and workload of the Secretariat and to highlight issues that should be raised to Council.

36. The Committee took note of the Biennial Work Programme for the Years 2008-2009, including administrative activities, strategic policy activities, and with special attention to the sections related to the Secretariat, and the Administrative and Finance Activities as shown in the Annex to this Report.

#### **Item 11: Review of the various Rules of the Organization**

37. The Secretariat presented the revised documents on Financial Rules and Rules Relating to Projects of the ITTO [document CFA(XXII)/6], and on Rules of Procedure [document CFA(XXII)/7], for the consideration the Committee on Finance and Administration, respectively, to facilitate Council consideration of necessary and/or recommended amendments, in connexion with the entry into force of the ITTA, 2006, which may enter into force definitively or provisionally on 1 February 2008 or any date thereafter.

38. The Secretariat informed the Committee that the proposed amendments to the rules are mainly to reflect the changes required under the ITTA, 2006.

39. The Committee reviewed the two documents on the rules in detail, and agreed on them after some further amendments. The Committee, on amendment to Rule on Languages and Record, Rule 32, paragraph 2, of the Rules of Procedure, noted that "a representative of a member may speak in a language other than an official language, if the member provides for interpretation into one such official language", and in such instances the member concerned will settle the extra costs involved.

40. The Committee took note of the two documents as amended and recommended their approval by the Council.

#### **Item 12: Election of Chairperson and Vice-Chairperson for 2008**

41. The Vice-Chairperson of the Committee for 2007, Mr. Marcel Vernooij of The Netherlands, was elected Chairperson of the Committee for 2008. Mr. Schadrack Ondoua Ekotto of Cameroon was elected Vice-Chairperson of the Committee for 2008.

#### **Item 13: Dates and Venue of the Twenty-third, Twenty-fourth and Twenty-fifth Sessions**

42. The Committee agreed that the Twenty-third, Twenty-fourth and Twenty-fifth Sessions would be held on the same dates and at the same venues as the Forty-fourth, Forty-fifth and Forty-sixth Sessions of the Council.

#### **Item 14: Other Business**

43. The Secretariat advised the Committee that the Staff Regulations and Rules, which are based on those of the United Nations, have not been revised since the beginning of the operation of the Organization. At the same time, the Staff Rules of the United Nations have been constantly revised and there appears now to be some discrepancies in some of the rates and scales which are fixed in the ITTO's Staff Regulations and Rules which had been changed in those of the United Nations. The Committee agreed to consider this matter at the next Session and requested the Secretariat to prepare the necessary documentation for this purpose.

#### **Item 15: Recommendations to the International Tropical Timber Council**

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

- (1) To approve the Biennial Administrative Budget for the Financial Years 2008-2009 as presented in document CFA(XXII)/2/Amend.4, of the amount of US\$5,354,602 for 2008 and the amount of US\$5,368,504 as indicative Budget for the Financial Year 2009. The assessed contributions from Members for 2008 will be US\$5,516,000 to take account of the discount to be given to Members for timely payment of their contributions in 2007 and to utilize part of the bank interest earned in the same year;
- (2) To approve the draft Decision on "Application of Article 33 of ITTA, 1994 (Relief from obligations) to the Government of Liberia", including the payment plan to reschedule the outstanding arrears of the Government of Liberia to the Administrative Budget, as shown in the Annex to the draft Decision; and
- (3) To approve the following revised documents:
  - (a) Proposed amendments to Financial Rules and Rules Relating to Projects of the International Tropical Timber Organization [document CFA(XXII)/6 Rev.1]; and
  - (b) Proposed amendments to Rules of Procedure [document CFA(XXII)/7 Rev.1].

#### **Item 16: Report of the Session**

45. The Committee adopted this report as amended.



Annex I

BIENNIAL WORK PROGRAMME FOR THE YEARS 2008 - 2009  
COMMITTEE ON FINANCE AND ADMINISTRATION

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(i) Review the independent audited statement for the 2007 and 2008 financial years. [ITTA, 1994, Article 27(6)]	Routine. Regular Sessions' work.
(ii) Make recommendations to Council on the appointment of auditors for a three-year term for the purpose of auditing the accounts of the Organization for the 2007, 2008 and 2009 financial years. [ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]	Routine. Regular Sessions' work.  At the Forty-second Session, the Council, on the recommendation of the Committee on Finance and Administration, appointed the audit firm "Arata Kansa Houjin (PWC Arata), Tokyo" to audit the Accounts of the International Tropical Timber Organization (ITTO) for the Financial Year 2007, keeping in view that the appointment of an Audit firm for the financial years 2008 and beyond or the re-engagement of this same Auditor, on annual basis, is subject to satisfactory performance, and shall be confirmed at the Forty-fourth Session of the Council.
(iii) Review and make recommendations to Council, as necessary, regarding the Organization's administrative budget for the year 2009 of the approved biennial administrative budget for the years 2008-2009. [ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]	Routine. Regular Sessions' work.
(iv) Examine and make recommendations to Council, regarding the approval of the Organization's biennial administrative budget proposals for the financial years 2010-2011. [ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]	Routine. Regular Sessions' work.
(v) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work. [ITTA, 1994, Article 27(6)]	Routine. Regular Sessions' work.

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
<i>[ITTA, 2006, Article 26(3)]</i>	
(vi) Examine and make recommendations to Council, on the budgetary implications of the Organization's work programme, and the actions that might be taken to secure the resources needed to implement it. <i>[ITTA, 1994, Article 27(6)]</i> <i>[ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.

## **ANNEX V**

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

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



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FORTY-THIRD SESSION  
5 – 10 November 2007  
Yokohama, Japan

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

**4 November 2007  
Yokohama, Japan**

**Twenty-first Meeting of the Informal Advisory Group (IAG)  
Yokohama, Japan, 4 November 2007**

**Report of the Chairperson**

**Introduction**

1. The Twenty-first Meeting of the IAG was convened on Sunday, 4 November 2007 at the Meeting Room of the ITTO Secretariat at 10:00 a.m. chaired by Ambassador Luis Macchiavello Amoroz (Peru), Chairperson of the Council. The meeting was attended by Ms. Katharina Kuehmayer (Austria), Vice-Chairperson of the Council, Ms. Chantal Adingra (Côte d'Ivoire), Chairperson of the Committee on Economic Information and Market Intelligence (CEM), Mr. Dani Pitoyo (Indonesia), Chairperson of the Committee on Forest Industry (CFI), Mr. Flip van Helden (Netherlands), Chairperson of the Committee on Reforestation and Forest Management (CRF), Mr. James Singh (Guyana), Chairperson of the Committee on Finance and Administration (CFA), Dr. B.C.Y. Freezailah (Malaysia), Producer Spokesperson, Mr. Yasuhiro Hamura (Japan), Representative of the Host Government of the Headquarters and Mr. Emmanuel Ze Meka, the Executive Director.
2. The IAG considered and adopted the following agenda for discussion:
  - i. Brief background on the IAG:
    - Decision 5(XXVI);
    - Report of the IAG at its Twentieth Meeting, 6 May 2007;
    - General observation by IAG Members;
  - ii. Frequency, duration and financing of Council Sessions;
  - iii. Council decision-making process – ITTC Decision 7(XXXIII);
  - iv. Consideration of draft decisions/elements of decisions, if any, submitted pursuant to ITTC Decision 7(XXXIII) – “Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization”;
  - v. List of possible decisions for the Forty-third Session of the ITTC and report to the Council; and
  - vi. Other matters.
3. In its deliberations, the IAG noted and made reference to Decision 5(XXVI) and the Report of the Informal Advisory Group (IAG) at its Twentieth Meeting held on 6 May 2007 in Port Moresby, Papua New Guinea as contained in document ITTC(XLII)/2 dated 6 May 2007. The IAG also recalled the consensus regarding the extension of its mandate and the continuation of its existence and role reached by the Council at its Thirtieth Session.

**Frequency, Duration and Financing of Council Sessions**

4. The IAG recalled the recommendation made at its previous meeting that this unresolved issue, which had thus far been taken up on an *ad hoc* basis, be considered by the Council at its current session with a view to arriving at a definitive decision. It further recalled the link between the issue and Decision 4(XLII) on Financial Arrangements Related to Hosting Council Sessions Outside the Headquarters of the Organization under which the Council decided to set dates and venues for Council Sessions outside Headquarters only after adequate funding was confirmed. It also noted the recommendation made at its previous meeting that the matter relating to ‘Council Decision-Making Process’ under Decision 7(XXXIII) be considered by the Council in conjunction with its deliberation on the issue concerning the frequency, duration and financing of its sessions.
5. The representative of the Host Government of the Headquarters reiterated that beginning from 2007, the Host Government through the City of Yokohama would bear the costs of convening only one session of the Council a year to be held at the Headquarters of the Organization in Yokohama, Japan. He added that although the Host Government was facing a difficult economic situation, it was trying to maintain its financial support to the Organization at a time when it was reducing its Overseas Development Assistance (ODA) to other bilateral and multilateral bodies by 3 to 4%.
6. The Producer Spokesperson, supported by the Chairpersons of the CEM and CFI, appreciated the position of the Host Government and thanked the Host Government for its past and continuous support to the Organization. They, however, underscored the necessity for a spring session of the Council to be held in a particular year in a producing member country in addition to the autumn session to be held in

Yokohama, Japan, in order to support the Organization's mission and to ensure that the Organization would not be detached from tropical forests. The urgency of addressing the issue was underlined by the invitation extended by the Government of Ghana to host the Forty-fourth Session of the Council in May 2008.

7. The IAG recognised that the Council would have to give consideration at its current session to the invitation of the Government of Ghana and to the need for a spring session to be held in addition to the autumn session to be convened in Yokohama, Japan, taking full account of Decision 4(XLII) and the position of the Host Government. In this regard, the IAG recommended that a contact group comprising the Chairperson, Vice-Chairperson, Consumer Spokesperson, Producer Spokesperson, three representatives from consuming member countries, three representatives from producing member countries and the Executive Director be convened to explore and identify possible options and modalities to resolve the issue with a view to facilitating the Council in taking a definitive decision on the issue.

#### **Council Decision-Making Process – ITTC Decision 7(XXXIII)**

8. The IAG noted that the implementation of the 'Streamlining Council Decision-Making Procedures' as contained in paragraph 4 of Annex 1 to ITTC Decision 7(XXXIII) on 'Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization' in respect of the current Session of the Council would not give rise to any problem since the duration of the Session was six days. However, the implementation of the procedures for the sessions of the Council with a duration of less than six days was still pending. In this connection, the IAG recalled and reiterated the recommendation made at its previous meeting that the matter on the Council decision-making process be considered by the Council in conjunction with its deliberation on the issue concerning the frequency, duration and financing of its session.

#### **Consideration of draft decisions/elements, if any, submitted pursuant to ITTC Decision 7(XXXIII) – "Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization"**

9. The IAG was informed that one draft decision had been submitted for the consideration and adoption by the Council at its Forty-third Session as follows:

(i) 'Liberia Debt Relief Request' submitted by the Government of Liberia.

The draft decision is contained in Annex A to this report.

10. The IAG noted that the draft decision had been submitted in accordance with the 'Streamlining Council Decision-Making Procedures' contained in paragraph 4, Annex 1 to ITTC Decision 7(XXXIII). In addition and pursuant to established procedures, the IAG deemed that the draft decision did not fall into the category of "routine or non-controversial matters not having financial implications" that could be incorporated into the Report of the Council at its Forty-third Session. Accordingly, the IAG recommended that the draft decision be presented by the Chairman to the Council as part of the Report of the IAG at its Twenty-first Meeting with a view to facilitating the consideration of the draft decision by the Council at its Forty-third Session under item 24 of its Agenda.
11. The IAG noted that the draft decision was submitted by the Government of Liberia in the context of its continuing efforts to take the necessary measures as recommended by the CFA in support of the Government of Liberia's request for debt relief pursuant to Article 33 of the ITTA, 1994. The draft decision contained, *inter alia*, a proposal to reschedule the outstanding arrears of Liberia to the Administrative Budgets of ITTO as recommended to the Council by the CFA at its Twenty-first Session.
12. In view of the long-standing nature of the issue that was first raised in June 2005 and considering the positive response of the Government of Liberia in taking the necessary measures as recommended by the CFA, the IAG recommended that the draft decision be considered by the CFA with a view to facilitating the Council in arriving at a definitive and favourable decision with regard to the request. Conscious of the fact that the issue might be setting a precedent for seeking relief from obligations under Article 33 of the ITTA, 1994, the IAG further recommended that due care be exercised by the CFA in finalizing the text of the draft decision and its reschedule plan.

### **List of possible decisions for the Forty-third Session of the ITTC and report to the Council**

13. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Forty-third Session as follows:
  - i. Projects, Pre-projects and Activities;
  - ii. Liberia Debt Relief Request;
  - iii. ITTO Yaounde Action Plan 2008-2013;
  - iv. ITTO Biennial Work Programme 2008-2009
  - v. Thematic Programmes;
  - vi. Revised ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests;
  - vii. Revised ITTO Rules of Procedures and Revised ITTO Financial Rules and Rules Relating to Projects.
14. The IAG anticipated discussions during the course of the current sessions of the Council and the Committees on some of these draft decisions that were related to the ITTA,2006 which had yet to enter into force and those that had significant financial implications.

### **Other Matters**

15. The Executive Director drew the attention of the IAG to reports stating that the Government of Norway had banned the use of all tropical wood, including certified wood, in all public buildings and in materials used in the building process in the country. The IAG expressed concern over the reports which, if confirmed, would constitute a discriminatory and unilateral act inconsistent with Articles 1(b) and 36 of the ITTA,1994. This issue would be taken up by the Council at its current session under item 11 of its Agenda. In addition, the IAG recommended that the issue be discussed by the caucuses and that a small working group be established to undertake consultations with the delegation of Norway and to gather more information on the reported ban.
16. The IAG was briefed on the slow progress in the process of signature and ratification of ITTA,2006. It noted that as at 4 November 2007, only four governments had ratified, accepted and definitively signed the agreement, namely Switzerland which signed and ratified the agreement on 13 December 2006 and 27 April 2007; United States of America which signed the agreement definitively on 27 April 2007; Japan which signed and accepted the agreement on 16 February 2007 and 31 August 2007; and Malaysia which signed and ratified the agreement on 25 March and 28 September 2007. In addition, a total of 12 other governments including the European Community had signed the agreement pending ratification, acceptance or approval, with the European Community having provisionally applied the agreement on 2 November 2007.
17. Since almost two years had lapsed after the ITTA,2006 was adopted on 27 January 2006, the IAG recommended that the Council urge those members and governments which attended the United Nations Conference for the Negotiation of a Successor Agreement to the ITTA,1994 but had not initiated or completed the process of signature, ratification, acceptance and approval to finalise the process at the earliest opportunity. The IAG further recommended that these members and governments be provided with comprehensive and concise information by the Secretariat on the actual procedures involved in the process of signature, ratification, acceptance and approval consistent with their respective national laws and procedures.
18. In full appreciation of the outstanding and dedicated service of Dr. Manoel Sobral Filho as Executive Director from 6 November 1999 to 5 November 2007, the IAG endorsed the proposal from the Executive Director that a statement expressing the Council's deepest appreciation and gratitude to Dr. Manoel Sobral Filho for his outstanding contributions and leadership to the Organization be considered and adopted at its current session.

### **Adjournment**

19. The Twenty-first meeting of the IAG was adjourned at 11:40 a.m.



## **ANNEX A**

## PROPOSAL FOR DRAFT DECISION

### LIBERIA DEBT RELIEF REQUEST

#### The International Tropical Timber Council (ITTC)

**Recalling**, Recommendations of the CFA at the 42<sup>nd</sup> Sessions in Port Moresby, Papua New Guinea (PNG) relative to the previous request on debt waiver for the period 1986 – 2006 by the Government of Liberia in compliance with Article 33 of the International Tropical Timber Agreement (ITTA) 1994;

**Taking note** of the recent settlement of the contributions to the Administrative Budget by GOL for the year 2006 [US\$67,650.00] and 2007 [US\$69,412.00] would be settled prior to the November Yokohama meetings;

**Noting also** that the GOL shall become eligible for the funding of projects and pre-projects, provided that the settlement of the contributions to the Administrative Account is not in arrears from 2007 onwards;

**Welcoming**, this understanding and after careful deliberations by the CFA reached a consensus and recommended to the council at its 42<sup>nd</sup> Sessions in Port Moresby, Papua New Guinea that:

- d) The interests on the assessed contributions from 1986 – 1996 be waived immediately; and
- e) The GOL presents a repayment plan to settle the assessed contributions from 1989-2001
- f) The GOL settle the assessed contributions for 2007 and 2002 prior to the next council meeting in Yokohama, Japan in November, 2007.

**Recognizing**, the fact that ITTC would facilitate and solicit funding and technical assistance to the country's forestry sector including regaining its voting rights with the council, if the debt relief vote is passed by the ITTC in favor of Liberia.

**Acknowledging**, the fact that the arrears of Liberia's contribution to the administrative budget for the period 2003 – 2005; is the period no revenues were generated by the GOL due to the UNSC Sanctions in July 2003, in the amount of **US\$193, 952.00** to be waived.

#### **Decides to:**

Approve the proposal of the Government of Liberia to reschedule the outstanding arrears for the years 1989-2005, in the amount of **US\$ 896,343.00** as contained in the payment plan attach.

**PROPOSAL TO RESCHEDULE THE OUTSTANDING ARREARS OF LIBERIA  
TO THE ITTO ADMINISTRATIVE BUDGET**

**PAYMENT PLAN**

**In Principle**, this plan demonstrates Government of Liberia (GOL) commitment to reschedule the payment of outstanding arrears for the years 1989-2005 in the amount of **US\$896,343.00**.

**Now, Therefore**, the GOL propose the following elements for considerations.

a) **Recommend the following elements:**

1. Assessed contribution for 2007 in the amount of **US\$69,412.00 will be paid by October, 2007;**
- a. For the years 1989-1996, total of US\$379,941.00 should be written off over a period of five years in accordance with the provision of **Decision 7 (XXXIII) Annex I, paragraph 1 of part C, once obligations from years 2002 and beyond are settled;**
- b. For the years 1997-2001 total of **US\$265,250.00 propose a 80% discount [US\$212,200.00]** and settle the balance **[US\$53,050.00]** in the year 2008;
- c. For the year 2002 will settle **the full amount of US\$57,200.00** at the closed of the year 2007;
- d. Attached is a decision proposing that for the years 2003, 2004 and 2005 a total amount of **US\$193,952.00, 100% relief in view of the exceptional circumstances which existed from 2003-2005, during which period Liberia did not earn revenues in the absence of tropical timber trade.**
- e. The assessed contributions for 2002 **[US\$57,200.00]** and 2007 **[US\$69,412.00]**, total **US\$126,612.00** will be paid by October, 2007.

\* \* \*

