



**INTERNATIONAL TROPICAL
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THIRTY-NINTH SESSION
7 – 12 November 2005
Yokohama, Japan

**REPORT OF THE
INTERNATIONAL TROPICAL TIMBER COUNCIL
AT ITS THIRTY-NINTH SESSION**

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REPORT

OPENING OF THE SESSION (Agenda Item 1)

1. The Thirty-ninth Session of the International Tropical Timber Council was opened by the Chairperson of the Council, Mr. Alhassan Attah (Ghana). In his address the Chairperson welcomed delegates to the Session and, on behalf of the Council, expressed gratitude and appreciation to the Government and People of Japan, particularly the City of Yokohama for the warmth, hospitality and excellent arrangements put in place to host the Council Session. He also expressed gratitude to the Government and People of the Republic of Congo for the warm reception offered to delegates during the Thirty-eighth Session of the Council held in Brazzaville, Republic of Congo. The Chairperson acknowledged with gratitude the presence and participation of H.E. Mr. Hiroshi Nakada, Mayor of the City of Yokohama, and the Ministers of States of Malaysia and Guyana.
2. The Chairperson briefed the Council on the outcome of his consultations with the Governments of Mexico and Papua New Guinea on the venue for the hosting of the Fortieth Session of the Council in May/June 2006. He reported that the Fortieth Session of the Council would be hosted by the Government of Mexico and also stated that the Government of Papua New Guinea had expressed interest in hosting the Forty-second Session of the Council in the spring of 2007. He expressed his gratitude to the Government of Papua New Guinea for the understanding, flexibility and willingness to reach compromise that made it possible to reach a consensus on the issue.
3. On the negotiations of a successor agreement to the ITTA, 1994, the Chairperson urged delegates to appreciate the fact that they were dependent on each other with a common purpose and therefore should strive to reach agreement during the Fourth Part of the U.N. Conference for the Negotiations of a successor Agreement to the ITTA, 1994 scheduled in January 2006. He noted that the outcome of the Fourth Part of the U.N. Conference would impact on the future outcome of the Sixth Session of the UNFF scheduled for February 2006. "We should strive to reach agreements next year in the forestry sector", the Chairperson stated. He cautioned that if delegates failed to reach agreement the ITTO could easily become irrelevant in the future and spell doom for tropical timber.
4. The Chairperson noted that although ITTO was the fore runner in the development of criteria and indicators, few Members had been able to put in place structures to show evidence of sustainability. He urged Member Countries to create partnerships with the private sector and civil society to implement activities and programmes that could show credibility of the source of raw materials as well as establish the sustainability of their forests. He also noted that the resources available to the Organization, in particular that for the financing of pre-project and project activities had been on the decline and the funding base had also remained amongst a limited number of countries and urged Member Countries to explore mechanisms that would broaden the financing base and additionally make ITTO attractive to the private sector, particularly those that want to make change to global poverty given the relationships between forests, environment and poverty.
5. 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 that the 1980s witnessed a period of mass consumption of resources and energy, and the destruction of tropical forests. He indicated that ITTO was established against this background with the objective of preserving tropical forest resources and promoting their sustainable management and trade in timber through cooperation between producing and consuming countries. He stated that the City of Yokohama had long been working to mitigate environmental problems and therefore, the establishment of ITTO in Yokohama was a momentous event. The Mayor expressed his disappointment that although ITTO had executed several projects in accordance with specific objectives and guidelines, illegal logging was still going on in many tropical countries. He recalled that the G8 Summit in Gleneagles in July 2005 focused attention on the issue of illegal logging which reaffirmed that illegal logging was not merely a problem for producing countries but one to be addressed globally. He stated that tropical forests were both life-supporting for the people residing in the area and precious assets for all humankind that must be protected and properly used for the prevention of global warming, assurance of biodiversity, and preservation of the environment on a global scale.

6. H.E. Mr. Nakada stated that the City of Yokohama had been designated as a "peace messenger" by the United Nations and had been working for world peace and progress through its support to ITTO and other international organizations. He reiterated Yokohama's keen interest and strong desire in human advancement around the world. He commended ITTO for taken on the difficult yet crucial mission of contributing to development and supporting socioeconomic advancement in tropical countries while protecting their tropical forests and improving the global environment.
7. In her address to the Council, H.E. Ms. Carolyn Rodrigues, Minister of Amerindian Affairs of Guyana highlighted some of the challenges facing Guyana in the conservation and sustainable development of its forests. She stated that more than 11% of Guyana's total land mass belonged to Amerindians – except for sub-surface rights they owned everything on the land. However, the Amerindians were not required to follow any forestry regulations since indigenous peoples in general had been known to put systems in place to ensure that natural resources were used in a sustainable manner. She, however, noted that with recent socio-economic development Amerindians had moved from basic survival to the quest for an improved life, such as better homes, better education, better health facilities, better transportation, electricity, telephones, etc. and they were turning to the forest and rivers that had sustained them for centuries in order to make money to meet these needs. She indicated that this had resulted in over exploitation of certain timber species to the point of scarcity and in some cases extinction. H.E. Ms. Carolyn Rodrigues also informed the Council on some measures being pursued by the Government of Guyana in the management of its natural resources, including:
- Moving to establish a system of protected areas;
 - Granting of conservation concession to Conservation International;
 - Granting of more than 1.5 million acres of land to Amerindian communities in 2004;
 - Tabling of a new Amerindian Act in Parliament which would give the Amerindian communities increased control over natural resources; and
 - Establishment of the Iwokrama International Center for Forest Conservation and Development.

H.E. Ms. Carolyn Rodrigues expressed her gratitude to ITTO and donor countries for the financial assistance provided to projects in Guyana. She cited the Governments of Japan, U.S.A., Switzerland and South Korea for commendation.

8. In his address to the Council, H.E. Datuk Peter Chin Fah Kui, Minister of Plantation Industries and Commodities of Malaysia reaffirmed Malaysia's commitment to the objectives of ITTO. He hoped that the successor agreement to the ITTA, 1994 would be a more effective instrument taking into account the balance of rights and responsibilities between producing and consuming Members. He also expressed his gratitude and appreciation to the Government of Japan, particularly the City of Yokohama for the hospitality and support provided to ITTO which had enabled the organization to grow into a respectable international organization. H.E. Datuk Peter Chin Fah Kui briefed the Council on Malaysia's progress in implementing sustainable forest management and recalled Malaysia's one hundredth anniversary of forest management which was celebrated four years ago. He indicated that Malaysia was still very much a green country, with almost 60% of its land under natural forest cover, and 14.4 million hectares or 44% of the land area as legally constituted permanent reserved forests. He, however, noted with disappointment that although the ITTO criteria and indicators had been negotiated and adopted by consensus by the Council, some consuming Member Countries were still not recognizing the ITTO criteria and indicators as a framework for their public timber procurement policy. He stated that trade in certified timber would only succeed if it was driven by both producers and consumers based on the principle of burden-sharing. The Honourable Minister also reaffirmed Malaysia's full cooperation to combat illegal logging. He stated that as one of the measures to combat illegal logging Malaysia had imposed a mandatory prison sentence, (minimum of one year and a maximum of 20 years) and a fine of RM500,000 (US\$135,135) on offenders and these measures had deterred illegal logging. In addition, issuance of timber import licenses had been restricted only to those who could show proof of bona fide export sources and checks were often made to verify the authenticity of documentation from the responsible agency overseas. Enforcement had also been strengthened to prevent the entry of illegal logs and timber from Indonesia. H.E. Datuk Peter Chin Fah Kui mentioned that Malaysia was a partner to the European Union's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan and had commenced preliminary discussions concerning a Voluntary Partnership Agreement (VPA) on a possible legality licensing scheme. The Malaysian Timber Certification Council (MTCC) had also joined the Timber Trade

Federations of the United Kingdom, the Netherlands, and Belgium in an initiative to ensure the importation of legally-sourced timber.

9. H.E. Datuk Peter Chin Fah Kui proposed that the Committees on Forest Industry and Economic Information and Market Intelligence should remain as separate entities in the successor Agreement to the ITTA, 1994, and that merging the two Committees would dilute their vital roles and importance. He also urged the Council not to lose ITTO's commodity focus by including in the successor Agreement to the ITTA, 1994 other elements for which ITTO had neither the resources nor the means to achieve.
10. Prof. Don Kon Lee, President of International Union of Forestry Research Organization (IUFRO) for 2006-2010 addressed the Council on "Enhancing Partnership between ITTO and IUFRO". He underlined IUFRO's mission of promoting the coordination and international cooperation in scientific studies embracing the whole field of research related to forests and trees. Prof. Lee proposed some projects for possible collaboration between ITTO and IUFRO, including:
 - Restoration of degraded tropical forests through development for assessing criteria and indicators of forest degradation and restoration based on regional networking;
 - An international partnership project to enhance access to forest information at a global scale involving more than forty-five (45) international organizations including ITTO, FAO and CIFOR;
 - Strengthening capacity building in developing countries to expand and foster research capacity in developing and economically disadvantaged countries and promoting well defined multilingual forest terminology; and
 - Enhancement of education and training to contribute to the sustainable and equitable forest management and rehabilitation of deforested areas in tropical forest ecosystems of ASEAN Member Countries through collaborative partnership in research, capacity building and sharing scientific and technical information.
11. Prof. Lee proposed the following areas for possible collaboration between ITTO and IUFRO:
 - Conservation and sustainable forest management in tropical forests;
 - Enhancement of capacity building in developing countries;
 - Adapting science-based policy to local circumstances;
 - Development of information sharing; and
 - Development of criteria and indicators.
12. In his statement to the Council, Mr. Naoto Maeda, Director-General of the Forestry Agency of Japan commended the efforts of ITTO Member Countries towards sustainable tropical forest management. He noted that ITTO was the only international organization whose activities were focused on tropical forests and tropical timber and was proud that the Headquarters of ITTO was in Yokohama, Japan. Mr. Maeda noted that the problem of illegal logging was not only causing damage and depletion of forests, especially tropical forests, but also was greatly inhibiting the implementation of sustainable forest management policies of importing as well as exporting countries. He urged the Council to give priority to the resolution of the problem. He stated that since the G8 Summit held in Okinawa and Kyushu in 2000, Japan had placed great emphasis on the issue of illegal logging and had maintained the fundamental stance of not using illegally-logged timber. Mr. Maeda also stated that during the G8 Summit in Gleneagles, U.K., the Government of Japan announced "Japan's Climate Change Initiative" including an approach to combating the problem of illegal logging as a follow-up to the G8 Forest Action Programme. He hoped that the new ITTA, while maintaining the spirit of the current ITTA, would incorporate the changing conditions faced by tropical forests and thereby contribute to the socio-economic development of Member Countries while ensuring a global-scale environmental preservation. He hoped that Member Countries would be able to reach a consensus during the Fourth Part of the U.N. Conference scheduled for January 2006. Mr. Maeda pledged Japan's continued support to the activities of ITTO.

ASCERTAINMENT OF THE QUORUM (Agenda Item 2)

13. The Executive Director, Dr. Manoel Sobral Filho, reported that the quorum for the Thirty-ninth 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)

14. The Chairperson referred to document ITTC (XXXIX)/1 and invited comments from the Council on the provisional agenda. In the absence of any comments, the provisional agenda was adopted.

REPORT ON MEMBERSHIP OF THE COUNCIL (Agenda Item 4)

15. The Executive Director reported that there had been no change in the membership of the Council. The total membership remained at fifty-nine (59), comprising thirty-three (33) Producing and twenty-six (26) Consuming Members, including the European Community. The membership of the Council is attached to the agenda.

REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 5)

16. The report of the Credentials Committee was presented by the Chairperson of the Committee, Dr. Norini Haron (Malaysia). She reported that the Committee was composed of representatives from Canada, China, Colombia, Gabon, Malaysia, Portugal, Togo and United Kingdom. The Committee met on 11 November 2005 and accepted the credentials of forty (40) countries and the European Community participating in the Thirty-ninth Session of the Council and the Sessions of the Committees.

DISTRIBUTION OF VOTES FOR 2005 (Agenda Item 6)

17. The Executive Director referred to document ITTC(XXXIX)/1 containing the distribution of votes for 2005. He informed the Council that the distribution of votes for 2005 was adopted by the Council, in accordance with Article 10(6) of the ITTA, 1994 at its Thirty-eighth 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 2006.

ADMISSION OF OBSERVERS (Agenda Item 7)

18. The Chairperson drew the Council's attention to document ITTC(XXXIX)/Info.3 which listed 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)

19. The Executive Director welcomed delegates to the Thirty-ninth Session of the Council. He expressed his gratitude to the City of Yokohama for its continuous support to ITTO since its inception in 1986. He noted that the continuous support by the City was certainly a reflection of the commitment of her citizens to the sustainable development and conservation of tropical forests in particular and to our planet's well-being in general. Dr. Sobral expressed his gratitude and appreciation for the participation of H.E. Mr. Hiroshi Nakada, Mayor of the City of Yokohama, H.E. Ms. Carolyn Rodrigues, Minister for Amerindian Affairs of Guyana, H.E. Datuk Peter Chin Fah Kui, Minister of Plantation Industries and Commodities of Malaysia and Mr. Naoto Maeda, Director-General of the Forestry Agency of Japan.
20. Dr. Sobral noted that the negotiation of a successor agreement to the ITTA, 1994 was certainly the most crucial issue on the agenda for the Thirty-ninth Session of the Council. He reminded delegates that the ITTA, 1994 would expire at the end of 2006 and there would be no possibility of further extension if a successor agreement was not finalized by then. He urged delegates to make full use of the opportunities offered by the Council Session to work towards building consensus on the relatively few but core issues that remained unresolved. He further noted that there was a broad and strong consensus that the successor agreement to the ITTA, 1994, should maintain its focus on tropical forests and the international tropical timber trade while maintaining strong linkages to all forests and all timber trade. Dr. Sobral stated that there was a strong support for the new ITTA and for ITTO to continue concentrating on the promotion of sustainable management of tropical forests and the achievement of ITTO Objective 2000 and submitted that these were closely linked to deforestation and forest degradation, two of the most formidable challenges confronting the international forestry community.

21. Dr. Sobral noted that progress towards sustainable forest management had been made in the tropics over the last decade, particularly in policy and legislative reform, which undoubtedly reflected increased commitment to sustainable forest management which had been accompanied by other positive developments in many areas, including national forest programmes, guidelines, criteria and indicators for sustainable forest management, forest auditing and certification, forest conservation, rehabilitation and restoration, the involvement of the private sector in sustainable forest management initiatives, and partnerships involving civil society and other stakeholders. He stated that ITTO had been in the forefront of most of these developments. Dr. Sobral mentioned that the World Bank had also recently revised its forest strategy to allow more investment in natural forest management, and tropical countries would now have access to GEF support for the conservation and sustainable use of their forests. He indicated that, nevertheless, tropical forests continued to be lost at over 14 million hectares per year during the 1990s with fifteen of ITTO Producing Member Countries accounting for almost 80% of the natural forest loss. He urged the Council to make special and additional efforts in these countries. He noted that sustainable forest management to produce valuable, marketable timber and non-timber products remained the most effective way of delivering fair remuneration to owners of natural tropical forests which was essential in convincing and assisting forest owners in reducing the land degradation that had been often associated with unsustainable logging, and in limiting the conversion of forests to non-forest uses.
22. Dr. Sobral reiterated that ITTO Member Countries were making good progress towards sustainable forest management. He recalled that in 1988, the Council received a report which found that almost no tropical forest in Member Countries was being managed sustainably and indicated that evidence of progress would be found in the report on the "Status of Forest Management in the Tropics" that would soon be published. However, the report also acknowledged that problems with the full implementation of sustainable management in tropical forests were still prevalent, particularly those related to financial remuneration, as well as governance, enforcement, participation and actual forestry practice. Dr. Sobral was, however, optimistic and noted that apart from its comprehensive normative work covering five sets of guidelines as well as its criteria and indicators and related manuals and auditing systems, ITTO had provided grants worth more than US\$270 million to fund some 700 projects as well as activities including training, workshops, seminars and studies and some 170 projects were currently operational. He indicated that many projects had produced excellent results and cited transboundary conservation as one thematic project area where success had been achieved in a relatively short time. He noted that a new book published by Conservation International highlights ITTO's transboundary conservation work for commendation. He commended the generosity and vision of Member Country donors such as Japan, Switzerland and the United States who were the main donors for ITTO transboundary projects. Dr. Sobral also commended the innovative and constructive efforts of tropical countries like Malaysia, Indonesia, Thailand, Cambodia, Congo, Cameroon, Gabon, Peru, Ecuador and Bolivia in promoting peace, cooperation, biodiversity conservation and the well-being of border communities.
23. Dr. Sobral stated that the magnitude of the complex task of bringing forests under sustainable forest management is far beyond the capacity of governments and requires the concerted participation and support of all relevant stakeholders. He urged Member Countries to give more emphasis to the involvement, participation and partnership among stakeholders, including civil society and the private sector. He noted that the private sector had a strategic role to play in partnership with relevant stakeholders and that combining the efficiency of the private sector with the application of sound and responsible forest management practices could act as an effective agent of change, making the difference on the ground by actually improving the standards of forest management, particularly in enhancing the financial viability of forestry as a critical pre-requisite of sustainability.
24. On the issue of financing, Dr. Sobral stated that it was indeed paradoxical for an organization that had been recognized by nearly all in the international community for its outstanding work and long-running contribution to the sustainable management of tropical forests, to be confronted with an acute funding situation, which was, no doubt, tied to its over-dependence on a very narrow funding base. He, however, expressed optimism that the situation would be addressed. He believed that current donors not only recognized that decreasing support would adversely effect the future of ITTO, but also that additional Members would appreciate the competitive advantage that ITTO was enjoying and join forces to expand the funding base of the Organization.

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

25. The Chairperson presented the report of the Informal Advisory Group (IAG), as contained in document ITTC(XXXIX)/2. He reported that the IAG held its seventeenth meeting on 6 November 2005. The meeting was attended by the Chairperson and Vice-Chairperson of the Council, the Chairpersons of the Committees, the Spokespersons of the Producer and Consumer Groups, a representative of the Government of Japan and the Executive Director.
26. Issues considered by the IAG included negotiations of a successor agreement to the ITTA, 1994; ITTO Biennial Work Programme for 2006-2007; Council decision-making process – ITTC Decision 7(XXXIII); consideration of draft decision/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII) on "Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization"; and a list of possible decisions for the Thirty-ninth Session of the ITTC. The IAG also recommended that the Council might consider in due course the efficacy of extending the duration of the ITTO Yokohama Action Plan to 2007 or prepare a new ITTO Action Plan for 2007-2011, pending the outcome of the negotiations on a successor agreement to the ITTA, 1994.
27. Mr. Luis Ernesto Barrera Garavito (Guatemala) noted the importance of the negotiations on a successor agreement to the ITTA, 1994 and sought further information from the Chairman of the Negotiations Conference on the critical issues which had not yet allowed an agreement to be reached. In his response, the Chairperson informed the Council that the Chairman of the Negotiations Conference, Amb. Carlos Antonio Da Rocha Paranhos would brief the Council under provisional agenda item 12 and would highlight on the critical issues impinging on the progress of the negotiations.
28. Ms. Aulikki Kauppila (Finland) drew the Council's attention to paragraph 5 of the IAG report on "Negotiations of a Successor Agreement to the ITTA, 1994". She indicated that the IAG had deliberated extensively on this subject and had noted that the issue of informal negotiations among Members during the Thirty-ninth Session was very crucial and the most important task was to assist Member Countries to understand each other's proposals. She indicated that the report as presented did not capture the informal negotiations among Members and called for an amendment to the report.
29. The Council adopted the report of the IAG as amended.

CITES LISTING PROPOSALS BY MEMBERS – DECISION 3(XVI) (Agenda Item 10)

30. 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 reported that the Secretariat had not been informed by any Member on such proposals. He also informed the Council that the Secretariat had been contacted by the CITES Secretariat and some interested Member Countries with the view to developing a large capacity building project to assist countries to implement the requirements of CITES listed tropical timber species. He reported that a draft project concept had already been prepared and would be presented to the Committee on Economic Information and Market Intelligence.
31. Mr. John Bazill (European Community) noted that the collaborative work between ITTO and CITES was one area where ITTO had a comparative advantage given ITTO's experience in sustainable forest management and trade. He pledged the European Community's interest in developing and funding such a proposal. He noted that the proposal would be an example of the programmatic approach to funding which the European Community would be advocating in the successor agreement to the ITTA, 1994. He proposed that the CITES related work in the Biennial Work Programme for 2006-2007 should be given a higher profile.
32. Ms. Sri Murniningtyas (Indonesia) informed the Council that Indonesia was in consultation with other range states to consider the listing of *Intsia bijuga* and *Intsia palembanica* (Merbau) in CITES Appendix III with annotation No.5 meaning the restriction of the exports of logs, sawntimber and veneer from Indonesia. She indicated that the inclusion of those species in CITES Appendix III would assist Indonesia in controlling the sustainability of those species and the uncontrollable flows of illegal trade of those species from Indonesia. She reiterated that in

accordance with listing procedures under CITES, Indonesia was still in the stage of consultation and would update the Council on further developments in due course.

33. Dr. David Brooks (U.S.A.) expressed gratitude to Indonesia for the information on the consultative process for the listing of Merbau in CITES Appendix III. He also welcomed the concept note on the development of a capacity building project with CITES to assist countries to implement the requirements of CITES listed timber species. He indicated that this would offer opportunities to further build synergies between ITTO and CITES and enhance the work of the two Organizations.
34. Mr. Dike Kari (Papua New Guinea) commended Indonesia for providing the Council with information on the consultative process it was undertaken to list Merbau in Appendix III of CITES. He emphasized the importance of the implications of these listings and their impact on the trade for range states.

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

35. The report was presented by Dr. Steven Johnson (ITTO Secretariat). Dr. Johnson provided a brief background on the data for the Annual Review and Assessment of the International Timber Situation. He mentioned that the Secretariat did not receive the responses to the Joint Questionnaire on time and appealed to Member Countries to endeavour to submit their data on time. He noted that ten Member Countries – Bolivia, Brazil, Central African Republic, China, Democratic Republic of Congo, Fiji, Liberia, Nigeria, Papua New Guinea and Vanuatu did not provide any responses to the Joint Questionnaire and for these countries the Secretariat had to use data from alternative sources such as COMTRADE.
36. On the quality of the data received by the Secretariat, Dr. Johnson stated that seventeen countries provided good responses to the Joint Questionnaire (JQ). He explained that good response meant:
 - All major sections of the JQ were filled;
 - Internally consistent (material balance, year on year trends, unit values, compatibility between tables);
 - More or less consistent with trade partner reports; and
 - On time

Countries that provided good responses were Republic of Congo, Côte d'Ivoire, Myanmar, Panama, Peru, Suriname, Trinidad and Tobago, Denmark, Finland, France, Germany, Japan, Netherlands, New Zealand, Spain, Sweden and U.S.A. Dr. Johnson stated that for some of the Consumer Member Countries tropical trade data were either missing or unusable and for some other Consumer Countries tropical production data were missing or unusable. Some Producing Member Countries did not provide information on production data or the data were unusable.

37. Dr. Johnson noted that Malaysia had become the biggest tropical plywood exporter since 2004 and also highlighted the increasing exports of tropical plywood from China. In terms of export of tropical primary wood and wood products, the Asia-Pacific was by far the largest exporter while China, Japan and the European Community were the major importers of tropical primary wood and wood products. Dr. Johnson also noted that since 2002 ITTO Consumer imports of secondary products had maintained their ascendancy over primary products.
38. Dr. Tetra Yanuariadi (Indonesia) stated that there were some discrepancies between import and export reports in the data quoted in Table 2.1 of document ITTC(XXXIX)/4 regarding Indonesia's log exports for 2004. He informed the Council that Indonesia had banned the export of logs since 2001 and that the data required further analysis. He also called for a revision of Indonesia's data on plywood and sawnwood due to discrepancies in the units of measurement. Dr. Johnson noted the comments and proposed to hold further discussions with the Indonesian delegation regarding Indonesia's plywood and sawnwood data.
39. Mr. John Bazill (European Community) referred to page 8 of document ITTC(XXXIX)/4 regarding EU's FLEGT licensing scheme and stated that the scheme would only apply to exports from countries with which the EU would sign voluntary bilateral agreements and not all timbers exported to the European Community. He recalled that copies of the EU's FLEGT regulation

were circulated during the Thirty-sixth ITTC Session in Interlaken, Switzerland and these regulations had been discussed and agreed by Member States of the EU and would soon be adopted and published.

40. Mr. John Ekow Otoo (Ghana) acknowledged the tremendous benefit to Member Countries through ITTO's collaboration with FAO, ECE and Eurostat in administering the Joint Questionnaire. He noted that the JQ had led to a reduction in the work load of Member Countries in responding to statistical enquiries. He further noted the discrepancies in trade statistics, particularly differences between export and import data and proposed increased training and capacity building targeted at data processing personnel in Producing Member Countries. He also called for the harmonization of the custom code to allow for traceability of wood material as well as exchange of information on imports and exports of wood products so as to be able to identify discrepancies and possible illegal trade. He proposed collaboration between ITTO, FAO and World Custom's Union to facilitate the harmonization of the custom's code.

NEGOTIATING A SUCCESSOR AGREEMENT TO THE ITTA, 1994 – DECISIONS 4(XXXII), 8(XXXIII) AND 6(XXXIV) (Agenda Item 12)

41. A report on the progress in the negotiations of a successor agreement to the ITTA, 1994 was presented by Amb. Carlos Antonio Da Rocha Paranhos, Chairman of the U.N. Conference. He noted that the Third Part of the U.N. Conference was held in June 2005 in Geneva and the current status of the negotiations had been reflected in document TD/Timber 3/L.6 which had been circulated to Members and also available on both the UNCTAD and ITTO websites. Amb. Paranhos reminded Members that the ITTA, 1994 would expire at the end of 2006 and the Fourth Part of the Conference would be the last negotiating round.
42. Amb. Paranhos noted that Member States had so far agreed on a number of issues including: the two categories of membership – producers and consumers; the composition; powers and functions of and quorum for the Council; cooperation with other organizations; privileges and immunities; forms of payment; annual report and review; general obligations of Members; most Articles under Chapter X on miscellaneous obligations; and some of the final clauses about amendments, withdrawal, exclusion and settlement of accounts. He indicated that the Conference had also agreed that the successor agreement would remain in force for a period of 10 years initially with the possibility of two extensions, one of 5 years and another of 3 years. He noted, however, that there was still a lot of work to be done on key aspects of the successor agreement. The main questions stemming out from the preamble, the objectives and the definitions were about the scope of the agreement, including the concept of sustainable forest management and legal harvesting. He noted that there were still questions on the organization and administration and cited issues like the name of the Organization, frequency of Council Sessions and questions on terminology.
43. Amb. Paranhos further noted that even though the negotiations had progressed there were still major issues at stake pertaining to voting and the financing of the Organization. Should the voting procedure be based solely on simple majority vote or should it be based on special vote? He explained further that if special vote were to be adopted, it might impact on how the Council would take decisions when establishing its rules and regulations to carry out provisions of the agreement, amending, extending or renegotiating the agreement, appointing the Executive Director or excluding a member from the Agreement. Amb. Paranhos stated that some issues were of a cross-cutting nature such as the linkages between voting distribution and procedures to assess contributions and between financial accounts and the operational activities.
44. Amb. Paranhos reiterated that financing was at the heart of the negotiations and divergence was persisting on the financial arrangement of the successor agreement. He noted that the Conference was close to an agreement on the basic structure of the financial accounts, including the concept of shifting some funding for policy work from voluntary to assessed accounts. He indicated that that would require setting up two accounts or sub-accounts, one covering the administrative part of the work, the other for key activities or key policy work. He noted, however, that the Conference was much further apart on the content especially on the definition of what the key policy or work programme account should cover and the financial burden sharing.
45. Amb. Paranhos informed the Council that he would be meeting informally with delegates in order to bridge the gap between the divergent views and to bring clarity to the various proposals. He said that that would enable him to present a compromise text on key Articles for the consideration

of Member Countries at the next round of the negotiations scheduled for January 2006. He urged delegates to show flexibility and willingness to find compromises.

46. Mr. Zhang Zhongtian (People's Republic of China) informed the Council that the last week of January 2006 would be the Chinese Spring Festival and proposed that there should be some flexibility in the commencing date of the Fourth Part of the U.N. Conference scheduled for 16-27 January 2007 in order to guarantee the full participation of the Chinese delegation. In his response, Amb. Paranhos informed the Council that there were several meetings to be organized by UNCTAD in Geneva and the period allocated for the Fourth Part of the U.N. Conference for the negotiations of the successor agreement to the ITTA, 1994 had been agreed for quite some time and would be difficult to amend. He appealed to the Chinese delegation to show flexibility and be present at the final round of the negotiations.

ITTO OBJECTIVE 2000 – DECISIONS 2(XXIX) AND 9(XXX) (Agenda Item 13)

(a) Report on Assistance Provided to Producer Countries to Identify Factors Limiting Progress towards Achieving ITTO Objective 2000

Achieving the ITTO Objective 2000 and Sustainable Forest Management in Mexico – Report of the ITTO Diagnostic Mission

47. The report was presented by Dr. Markku Simula (Finland), leader of the diagnostic mission. Other members of the mission were: Dr. Timothy Synnott, Mr. Gilberto Siqueira, and Ing. Victor Sosa (national forest consultant). The mission was conducted from 8 to 21 May 2005. The objective of the mission was to assist the Government of Mexico in identifying those factors that prevent or limit the country's progress towards achieving the ITTO Objective 2000 and sustainable forest management, and to recommend appropriate measures to overcome the constraints. The mission adopted the following methodology: (i) implementation of a background study; (ii) review of existing information; (iii) prior contacts with representatives of stakeholder groups; (iv) initial meetings with CONAFOR; (v) field visits in four states; (vi) additional consultations with representatives of stakeholder groups; (vii) presentation of preliminary findings to the National Consultative Forestry Council (Consejo Consultivo Nacional Forestal – CONAF) for discussion; (viii) analysis of the information collected and preparation of draft report; and (ix) preparation of final report on the basis of comments received from the Mexican Government and ITTO. The mission consulted with 200 representatives of different stakeholder groups.
48. The mission noted that Mexico was implementing a strategic forestry programme whose main objective was to promote and strengthen the sustainable development of forest ecosystems. The main laws regulating forest activities in the country were: the General Law for Sustainable Forest Development (2002) and its Decree, the General Law for Ecological Balance and Environmental Protection (1996) and its Decree in relation to Protected Areas, the General Wildlife Law (2000), the Sustainable Rural Development Law (2001) and the Agrarian Law (1992). The institutional structure of the forest sector had undergone frequent changes over the past 30 years, with CONAFOR as the current focal entity, with wide-ranging responsibilities for the promotion of sustainable forest management. The Ministry of Environment and Natural Resources (SEMARNAT) was responsible for sectoral regulation and the Federal Office for Environmental Protection was in charge of auditing and monitoring production areas and natural protected areas (NPAs). The total forest area of Mexico was approximately 57 million hectares with about 32% as tropical or sub-tropical. Total timber stocks in the high and medium forests of Mexico amounted to 972 million m³, with an average of 168 m³/ha.
49. The mission noted that about 50% of forests in Mexico were under social ownership regimes comprising about 5,500 agricultural centers with a population of about 12 million. The effectiveness of monitoring and control was higher than in public forests and the level of over-exploitation of timber resources and forest degradation and deforestation were much lower than those found in timber concessions in other countries. The mission also noted that although multiple use of forests and timber harvesting in Mexico dated back to 3,000 years, formal management activities for the production of timber in the tropical forests of southeast of Mexico began in the 1950's, when a large-scale forest management plan was developed for a para-statal company in Quintana Roo. The area of commercial forest plantations was still limited, possibly about 100,000 hectares, but there were no reliable figures about the real extent.

50. The mission stated that Mexico was one of the twelve countries of the world considered to be mega-diverse in terms of biodiversity. The mega-diversity represented a challenge in terms of conservation and maintenance as there was a high incidence of endemic species.
51. The mission noted that over the past 10 years Mexico had significantly strengthened its implementation system of sustainable forest management and many of the necessary elements were already operational, although they needed to be improved and perfected. However, the process to improve production had been slow due to the limited capacity and willingness of the private sector to change forest management and industrial processing systems. The forest communities had found themselves in a vicious circle: the income levels derived from forest activities were not sufficient to justify the investments required to add value to their products or improve the efficiency of their operations. The mission identified the following limiting factors during the transition period towards sustainable forest management:
- (i) Inadequate or perverse incentives which had prevented forest owners from taking the first steps towards sustainable forest management because they promoted other land uses in forest lands. Incentives were mainly based on state and national policies aimed at providing support for rural development, without duly taking into consideration the potential of forest activities;
 - (ii) Internal limitations which were mainly related to the communities' limited human and financial resources; and
 - (iii) Institutional and market barriers which reduced the competitiveness of community forestry vis-à-vis other options available for the utilization of their natural resources.

The mission stated that all the community forest industries were being affected by most of these barriers in varying degrees. Out of the nearly 8,500 ejidos and communities with timber forest resources in Mexico, only 2,417 implemented commercial harvesting activities during 2002. This meant that only 28% of the communities had managed to take the administrative, technical and financial steps to develop and implement their management plans. The production potential of high and medium forests in the tropical region had been estimated at 1.4 million m³ per year, i.e. seven times the current production levels. The mission noted that timber production in natural forests was not competitive in terms of cost when compared to commercial forest plantations and indicated that forest management activities in tropical forests must be implemented with the multiple objective of combining timber production with non-timber products and environmental services, so as to generate sufficient income for the forest communities.

52. The mission noted that in approximately five years, timber from commercial forest plantations could account for 10% of the total national production. The mission identified the following limiting factors: (a) the current land tenure system; (b) the lack of complementary financing; (c) the species to be planted and the products to be obtained had not been clearly defined; and (d) limited interest from the private sector to invest in commercial forest plantations.
53. The mission identified five major constraints limiting progress towards the achievement of the ITTO Objective 2000:
- Limited capacity of forest owners to implement forest management practices and value-added processing of their products;
 - Insufficient knowledge on the technical basis of natural forest management and productivity of forest plantations;
 - Limited knowledge about diversification of production aimed at improving the economic viability of natural forest management;
 - Lack of transparency and efficiency in the timber market for the promotion of sustainable forest management, including a lack of information systems on sustainable forest management and of improved timber measuring and grading systems; and
 - A lack of appropriate sustainable forest management financing mechanisms.
54. The mission made a total of thirty-two (32) recommendations to the Government and other stakeholders. These recommendations are classified into following thematic areas: (a) policy and regulatory framework; (b) specific programmes; (c) financing; (d) industrial and marketing development; and (e) research. The recommendations are contained in document ITTC(XXXIX)/5. The mission also outlined twelve (12) elements for ITTO support programme for Mexico, including: (i) development of criteria and indicators, guidelines and manuals to be used

as technical and scientific bases for sustainable forest management in the high, medium and low tropical forests and mangrove forests of Mexico, based on the ITTO Criteria and Indicators and Guidelines; (ii) development and implementation of a training programme on priority issues such as low impact logging systems, forest road planning, business management of community-based forest enterprises, drying techniques, secondary processing, quality control, operational planning, marketing, business planning, etc., geared to instructors, technical services providers, and a pilot group of producers; and (iii) implementing a tropical timber market survey in major importing countries as a priority activity, with a focus on market niches for the identified tropical species.

55. Mr. Ramón Carrillo (Mexico) expressed gratitude to ITTO and the members of the diagnostic mission for a comprehensive assessment and reporting. He recalled that few years ago Mexico established a National Forestry Commission through a presidential decree with the objective of developing the productive capacities and conservation of forests in Mexico as well as to contribute to plans and programmes for the implementation of sustainable forest management. He indicated that over the last four years major progress had been made and cited the enactment of a new law on sustainable forest management that was in tune with current realities of the forestry sector in Mexico as well as the establishment of a national forestry fund for sustainable forest management under the Mexican Forestry Development Act. He stated that there had been a ten fold growth in the forestry fund since 2000. Mr. Carrillo indicated that Mexico was still facing major challenges to develop its forestry sector and therefore decided to become a member of ITTO in order to find new ways of thinking and new answers to the forestry challenges through exchange of experience and information with other Members of ITTO. He reaffirmed Mexico's commitment to work towards attaining the ITTO Objective 2000. He informed the Council that Mexico was working on the sustainable management of its mangrove forests as well as genetic materials that would further contribute to increased forest production. He reiterated his Government's gratitude to ITTO for the recommendations of the diagnostic mission.
56. Dr. Efransjah (Indonesia) commended the members of the technical mission for the comprehensive report. He noted that constraints to sustainable forest management due to the land tenure system and the various types of community forest owners were similar to those in other Producing Member Countries, such as Indonesia. He indicated that the lack of appropriate sustainable forest management financing mechanism was common to most Producing Member Countries and sought further clarification on the operationalization of the forestry fund in Mexico. He also sought further clarification on the recommendation to establish specific lines of credit for the provision of loans for sustainable forest management.
57. Mr. Kiyohito Ohnuma (Japan) welcomed the report of the technical mission and noted the steady progress being made in each producing region. He mentioned Japan's support to tropical countries through ITTO and other organizations aiming at promoting sustainable forest management. He expressed concern about the issue of illegal logging which was threatening sustainable forest management in not only producing countries but also in importing countries. He stated that the flow of cheap woods and wood products from illegal origin into importing countries had the tendency to affect market prices of timber in these countries leading to a decline in the market price of wood and thereby exerting pressure on sustainable forest management in importing countries. Mr. Ohnuma noted that the issue of illegal logging was included in the Gleneagles Action Plan at the G8 Summit where the Government of Japan also announced its Climate Change Initiative including illegal logging. He reported that the Government of Japan had taken action to tackle illegal logging through a government procurement policy, based on the principle that "illegally harvested timber should not be used" and was consulting on modalities for the implementation of this procurement policy in order to limit timber procurement to only those obtained from legal sources. He hoped that this government procurement policy would affect the private sector as well. Mr. Ohnuma also briefed the Council on the work of the Montreal Process Working Group on Criteria and Indicators for the conservation and sustainable management of temperate and boreal forests. He noted that the Working Group had made progress and was continuing to work together for high-level support and recognition. The Working Group was reviewing the internationally agreed framework of 67 indicators in order to enhance and validate them. The revised framework of indicators would be approved in July 2006 at a meeting to be hosted by Japan. He noted that ITTO had already gone through similar exercise and that it would be a good opportunity for ITTO and the Montreal Process to exchange experiences on lessons learnt. Mr. Ohnuma informed the Council that the Montreal Process Working Group was collaborating with ITTO, the Ministerial Conference on the

Protection of Forests in Europe (MCPFE), FAO and others working with indicators to develop an inter-C&I Process Workshop to be held in May 2006 to be hosted by the MCPFE in Poland.

58. Mr. Patrick Smith (U.S.A) commended the mission for the comprehensive report. He also commended Mexico for the progress in sustainable forest management. He stated that through USAID and US Forest Service, the Government of the United States had been working very closely with Mexico on a range of forestry issues. He noted that the environment and the forestry sectors were areas of United States biggest investments in Mexico. He endorsed the recommendation to support sustainable forestry enterprises especially as they relate to community forestry. He indicated that it was important for support to be given to develop market linkages and business skills among other forms of assistance.
59. Dr. Bipin Behari (India) commended the mission for a comprehensive report. He also commended the Government of Mexico for her progress towards achieving sustainable forest management. He noted that the three areas of limitation towards achieving SFM were: (1) inadequate incentives for sustainable forest management; (2) internal limitations within the communities; and (3) institutional limitations. He underscored that these limitations were general and applicable to most developing countries.
60. Mr. Daniel Birchmeier (Switzerland) commended the members of the diagnostic mission for the excellent work carried out. He commended the commitment made by the Government of Mexico towards sustainable forest management and the achievement of ITTO's objectives. He noted that the support provided to the diagnostic mission clearly demonstrated the determination of Mexico to fulfill the goals and objectives of ITTO, in particular those relating to the sustainable management of Mexico's forests, ITTO's Objectives 2000 and the promotion of sound tropical timber trade. He indicated that the report of the mission had been most revealing regarding the problems facing the forestry sector of Mexico, including the rate of deforestation of about 400,000 hectares per year and stated that ITTO could not be absent in the search for solutions. He said that the report met Switzerland's expectations in identifying a number of key areas of Mexico's experiences and strengths which might be of benefit to other ITTO Members such as the high effectiveness of monitoring and control reached in Mexico's community forestry model and also the trade of non-timber forest products as well as the inclusion of environmental services in the search for economically viable solutions for the sustainable management of Mexico's tropical forests. He endorsed the statement contained in the report that as timber production in natural forests was often not competitive in terms of costs, forest management activities in tropical forests must be implemented with the multiple objective of combining timber production with the systematic use of non-timber forest products and environmental services so as to generate sufficient income for the forest communities. Mr. Birchmeier noted that ITTO had conducted a considerable number of country missions over the past ten years and proposed that an evaluation be conducted to determine the outcome of these missions and the follow-up activities derived from these missions in the respective countries. He indicated that the results of the evaluation should serve as a guide in preparing future country missions.
61. Mr. John Bazill (European Community) commended the mission for the comprehensive and informative report. He also commended the Government of Mexico for its commitment to sustainable forest management at all levels of government. He indicated that there were lots of interesting initiatives in Mexico which might be of interest to other ITTO Member Countries and highlighted Mexico's experiences in community forest management, given its forest tenure patterns and the considerable investments. Mr. Bazill noted that the report of the mission focused on the tropical forests of Mexico and wondered whether the mission would have come to a different conclusion if its attention had been focused on the entire country, given that large areas of Mexico were sub-tropical.
62. Dr. Markku Simula provided further information on some of the issues raised by delegations. He stated that the full report contained information on the specific factors limiting sustainable forest management in Mexico, in the context of community forestry. He indicated that it must be recognized that Mexico was one of the most advanced countries in the field of community forestry with lots of experiences that other ITTO Member Countries could benefit from. He also informed the Council that the Mexico Forestry Trust Fund, at State level, had been well organized. He explained further that although the decisions were made at the State level the funding came from both Federal and State contributions and in some cases also from the private sector. He noted that the models could be adapted for other countries.

(b) Report on Progress in the Implementation of National Training Workshops on the Use of ITTO Formats for Reporting on Sustainable Forest Management

63. The Executive Director presented the progress report. He reported that workshops had been organized in eighteen (18) countries: Bolivia, Cambodia, Cameroon, Central African Republic, Colombia, Côte d'Ivoire, Ecuador, Ghana, Guatemala, Mexico, Panama, Papua New Guinea, Peru, Philippines, Republic of Congo, Togo, Vanuatu and Venezuela. He indicated that workshops had been scheduled to be convened in Nigeria, Myanmar, India and Liberia in latter part of 2005 and the first half of 2006. Dr. Sobral also indicated that by the first half of 2006 over 1,000 forest managers would have been trained in the implementation of the ITTO Criteria and Indicators.
64. Mr. Luis Ernesto Barrera Garavito (Guatemala) commended ITTO for organizing the training workshops. He indicated there were over 500,000 hectares of community forests in Guatemala and many officials from both protected and production areas attended the workshop organized in Guatemala.
65. Mr. John Ekow Otoo (Ghana) expressed gratitude to the Council for the workshop which was organized in Ghana from 17 to 20 October 2005. He expressed his sincere thanks to the Governments of Japan and Switzerland for financing the workshop. He noted that the workshop provided an opportunity for the exchange of views on the reporting format and additionally to test its applicability to the forests of Ghana. He was hopeful that the workshop would see an improvement in Ghana's reporting on its progress in sustainable forest management and thereby provide reassurance to the international market on the status of Ghana's forests.
66. Mr. Ramon Carrillo (Mexico) expressed gratitude to ITTO for organizing the training workshop on C&I in Mexico. He noted that as a result of the workshop, Mexico had submitted a project proposal to ITTO to develop Mexico's criteria and indicators for its tropical forests.

(c) Status of Tropical Forest Management Report

67. The report was presented by Mr. Alastair Sarre and Dr. Steven Johnson (ITTO Secretariat). Mr. Sarre noted that Decision 9(XXX) authorized the Executive Director to prepare and publish a "Status of Tropical Forest Management Report" for ITTO Producing Member Countries based on available evidence, including:
- Examination of country reports using C&I reporting formats;
 - Meeting with government officials, professional foresters, industry, concessionaires, NGOs and people's organizations; and
 - Field visits to random sample of forest management units.
68. Mr. Sarre stated that twenty-three (23) countries submitted reports using the ITTO C&I reporting format. Information was also obtained from the ITTO technical missions as well as the ITTO C&I training workshops. Other sources of information for the publication of the 'Status of Tropical Forest Management Report' were country visits by ITTO consultants and staff, the FAO Forest Resources Assessment, UNEP-WCMC commissioned report on forest in IUCN protected-area categories, IUCN red list of threatened species as well as information published by certification bodies on certified forest areas and a range of other sources of information, including official websites of government agencies.
69. Dr. Steven Johnson reported that there were some weaknesses in the information base. He noted that there were some inconsistent or conflicting information depending on the source of the data, and not all countries had clear definition or good-quality data. He also stated that there was very little independent verification of the implementation of forest management plans and legal obligations and therefore estimates were made based on the reports of diagnostic missions and consultants' visits to countries. Dr. Johnson noted that the total tropical forest area had been estimated to be 1.7 billion hectares including savannah and other forests outside the PFE. About 860 million hectares of these forests is classified as permanent forest estate of which about 360 million hectares is considered as production forests; 40 million hectares as production planted forests; and 460 million hectares as protection forests. Out of the 360 million hectares of natural production forest about 50 million hectares was found to be under management plans and 10 million hectares had been certified by independent certification bodies. Dr. Johnson stated that

about 20 million hectares of tropical forests area could be considered to be under sustainable forest management. He indicated that the report on the status of tropical forest management would be published in English in early 2006 and in French and Spanish by May/June 2006. A summary of the report would also be published as a special edition of the TFU.

70. Dr. Johnson concluded that the area under sustainable forest management in the tropics had increased significantly and there was the need to continue work to strengthen the information base.

ITTO BIENNIAL WORK PROGRAMME – DECISION 4(XXXV) (Agenda Item 14)

(a) Progress report on the ITTO Biennial Work Programme for 2004-2005

71. The Executive Director presented the progress report on the implementation of the Biennial Work Programme for 2004-2005. He referred to document ITTC(XXXIX)/6 and reported that there were one-hundred and twenty-seven activities in the Biennial Work Programme for 2004-2005, comprising:

* International Tropical Timber Council	35
* Committee on Economic Information and Market Intelligence	8
* Committee on Reforestation and Forest Management	7
* Committee on Forest Industry	6
* Committee on Finance and Administration	6
* All the technical Committees	7
* Secretariat	58

72. Dr. Sobral noted that the Council had completed all of its activities in the work programme. He indicated that three activities under the Committee of Economic Information and Market Intelligence had not yet been completed. These activities were plantation wood markets, forest subsidies and timber tracking and stated that these activities would be implemented in 2006. Under the Committee on Reforestation and Forest Management one activity on mangroves would also be completed in 2006. He further noted that two activities – community forest industries and investment forum – under the Committee on Forest Industry would be completed in 2006. The Committee on Finance and Administration had completed all of its activities in the Biennial Work Programme for 2004-2006. The Secretariat had also completed forty-eight out of fifty-eight activities and the remaining ten activities would be completed in 2006. Dr. Sobral noted that the implementation of the following activities would continue in 2006:

- Plantation wood markets/promotion of plantation investment;
- Forest subsidies;
- Mangroves;
- Community-based forest industries;
- Investment promotion forum;
- Timber tracking systems;
- International conference on forest industries managed by indigenous and other local communities;
- Experts conference on transportation of timber; and
- Further processing in Africa.

(b) ITTO Draft Biennial Work Programme for 2006-2007

73. The Executive Director referred to document ITTC(XXXIX)/7 and stated that pursuant to Decision 4(XXXV) the Secretariat had prepared the Draft Biennial Work Programme for 2006-2007 within the context of the ITTO Yokohama Action Plan. The 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 under the Draft Biennial Work Programme had been classified as follows:

74. Administrative activities/ITTA Negotiations
- Appointment of Executive Director
 - ITTA Negotiation

75. Forest auditing, certification and law enforcement
- Timber tracking;
 - Dissemination of the publication on "Best Practices for Improving Law Enforcement in the Forest Sector";
 - Deforestation impact on trade and resources;
 - Forest auditing/compliance with legal requirements;
 - International Conference on illegal logging and illegal trade; and
 - Comparability and equivalence of certification systems.
76. Implementation of ITTO policies related to sustainable forest management
- Review, update and promote the use of the ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests;
 - Regional meetings involving executing agencies of ITTO projects related to sustainable forest management;
 - International conference on managing forests for poverty reduction; and
 - Two-week forest policy short course.
77. Markets and forest industry development
- Cooperate with UNCTAD to expand its web-based market information in the commodities area (INFOCOMM);
 - Review of the timber market in two significant tropical timber importing countries;
 - Study of subsidies affecting tropical timber products;
 - Improving statistical databases and maintaining access to international forest products trade databases;
 - Organizing an international conference on wood-based bioenergy;
 - Investment promotion; and
 - International conference to promote development of non-timber forest products and services.
78. Information, appraisal and outreach
- Publication of the Tropical Forest Update (TFU) and Market Information Service (MIS);
 - Communication and outreach; and
 - Support for the Trade Advisory Group (TAG) and Civil Society Advisory Group (CSAG)
79. Cooperation with CITES
- Improve capacity of Members to implement CITES listings of timber species; and
 - Provide for enhanced cooperation on CITES matters related to tropical timber among governments (including CITES authorities), the private sector and civil society.

The terms of reference for the cooperation between ITTO and CITES to improve country capacity to implement CITES listings of tropical timber species is attached as Annex V.

80. Others
- Strengthen ITTO's participation in and contribution to the CPF;
 - ITTO Yokohama Action Plan 2002-2006;
 - Formulate and approve the ITTO Action Plan 2007-2011; and
 - Expert Panel for Technical Appraisal of Project Proposals:
81. Following extensive discussions on the draft biennial work programme in the Committees and the Council the detailed approved Biennial Work Programme for 2006-2007 is contained in Annex III in Decision 2(XXXIX).
82. Mr. Enzo Barattini (European Community) commended the Executive Director for the comprehensive report on the progress in the implementation of the Biennial Work Programme for 2004-2006. He proposed that in future it would be useful if the various activities would be listed together with their objectives. He also proposed a separation of routine activities like statistics from those activities closely linked to the objectives of the ITTA. Mr. Barattini also noted that discussions on activities of the technical Committees which were more horizontal and fell more directly under the Council should be harmonized. He noted further that the Work Programme covered a period beyond the legal duration of the agreement and therefore there should be a legal means that would take into account the possibility of the Work Programme going beyond the legal duration, to allow the Council to approve the Work Programme. He proposed that as a

preamble to the Work Programme there should be a proviso indicating that the Work Programme would be implemented on the condition that a successor agreement to the ITTA, 1994 would be in force in 2007. He also proposed further that the Secretariat should in future prioritize the activities in the Biennial Work Programme.

83. Mr. Daniel Birchmeier (Switzerland) commended the Secretariat for the progress report on the Work Programme. He proposed that the progress report should be annexed to the Annual Report for 2005.
84. Mr. Luis Ernesto Barrera Garavito (Guatemala) said that Guatemala possessed a lot of experience in community forest management with over 500,000 hectares of community forests in the northern part of Guatemala. He expressed Guatemala's interest in hosting the ITTO International Conference on Community Forests Management. He noted that hosting the Conference would be a useful experience for Guatemala. He proposed that ITTO should contact Member Countries for consultants with experience in community forestry and avoid using the same consultants all the time.

PHASED APPROACHES TO CERTIFICATION – DECISION 10(XXXIV) (Agenda Item 15)

85. The Chairperson recalled that at its Thirty-eighth Session in Brazzaville, Republic of Congo, the Council received reports on: (1) Implementation approaches to certification [document ITTC(XXVII)/12]; (2) Costs and Benefits Analysis of Certification [document ITTC(XXXVII)/13]; and (3) the results of the International Workshop on Phased Approaches to Certification convened in Bern, Switzerland. He also noted that in the ITTO Biennial Work Programme for 2006-2007 provision had been made to consider further work to promote development of the implementation of phased approach, monitoring progress being made regarding comparability and equivalence of certification schemes. The Chairperson invited comments from delegates and in the absence of any comments the Council noted the reports presented at its Thirty-eighth Session on phased approaches to certification and also noted that in the Biennial Work Programme for 2006-2007 some activities would implement selected recommendations of the International Workshop on phased approaches to certification.

ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVII) (Agenda Item 16)

(a) Progress Report on the ITTO Fellowship Programme

86. The report was presented by Mr. E. Collins Ahadome (ITTO Secretariat). He referred to document ITTC(XXXIX)/8 and noted that two hundred and ninety-four (294) fellowships amounting to US\$1,639,801.00 had so far been awarded under the Freezailah Fellowship Fund. Seventy-seven percent of these awards were in the field of Reforestation and Forest Management, 16% in Forest Industry and 7% in Economic Information and Market Intelligence. In terms of geographical distribution of the awards, 27% were awarded to applicants from Africa, 32% from Asia Pacific, 28% from Latin America, 10% from Developing Consumer Countries and 3% from other Consuming Countries. Females accounted for 34% of the total awards.

(b) Report of the Fellowship Selection Panel

87. The report was presented by Mr. Koichi Ito (Japan), Chairperson of the Fellowship Selection Panel. He referred to document ITTC(XXXIX)/9 and noted that the Fellowship Selection Panel comprising representatives of Côte d'Ivoire, Guyana, Papua New Guinea, Netherlands, Switzerland and U.S.A. met twice during the Thirty-ninth Session of the ITTC. The Panel evaluated a total of 88 applications. Mr. Ito noted that 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 for approval and award twenty (20) applications at a total cost of US\$156,100.

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

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 17)

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

89. The Chairperson invited pledges to the Special Account and Bali Partnership Fund.

90. Dr. David Brooks (U.S.A.), on behalf of the Government of the United States, pledged US\$130,000 to Sub-Account B of the Bali Partnership Fund.

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

91. The Chairperson referred to document CFA(XVIII)/5 and the Council noted the resources in the Bali Partnership Fund as contained in the document.

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

92. The report was presented by Dato' Shaharuddin Mohamad Ismail (Malaysia), Chairperson of the Panel. The Panel was composed of representatives of Japan, Switzerland, U.S.A. Mexico, Ghana and India and the Executive Director. The Panel noted that as at the end of the Thirty-eighth Session of the Council, thirty-five (35) activities, five (5) pre-projects and four (4) projects with a total budget amount of US\$13,035,541.00 had been funded from the resources of the Sub-Account B of the Bali Partnership Fund. The Panel noted that since the establishment of the Sub-Account B of the BPF, the total receipts amounted to US\$15.4 million of which US\$12.56 million was from interest earned and the balance of US\$2.58 million was from donor's contributions. The panel was informed that the available funds in the Sub-Account B of the BPF and in the Unearmarked Funds amounted to US\$5.34 million. The Panel noted that the ITTO Biennial Work Programme for 2006-2007 would require a total financing of an amount of US\$10,231,300.00, to be financed as follows:

Unearmarked Funds in the Special Account	US\$3,355,000.00
Sub-Account B of the BPF	US\$3,096,300
Sub-Total	US\$6,451,300.00
Working Capital Account of the Administrative Account	US\$740,000.00
Voluntary Contribution	US\$3,040,000.00
Total Funds required	US\$10,231,300.00

The Panel noted that not all the activities in the Work Programme would require immediate financing and the expected total available funds from both resources would amount to US\$7.5 million by the end of December 2006, while US\$6.45 million was required for the Biennial Work Programme 2006-2007, thus leaving more than US\$1 million available funds from the beginning of 2007.

93. The Panel considered projects and activities eligible for financing from the resources of the Sub-Account B of the BPF and/or Unearmarked funds, as listed in Decision 2(XXXIX) on "ITTO Biennial Work Programme 2006-2007" and recommended that they be financed accordingly, from the resources of the Sub-Account B of the BPF and the Unearmarked Funds in the Special Account. The Panel further recommended that project PD334/05 Rev.2 (I) "Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries" with a budget amount of US\$629,873.00 be financed from the resources of the Sub-Account B of the BPF.
94. Mr. Marcial Amaro Jr. (Philippines) expressed gratitude to the Panel for recommending for financing project PD334/05 Rev.2 (I) "Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries".

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 18)

95. Dr. James Gasana (Switzerland), Vice-Chairperson of the Committee on Economic Information and Market Intelligence presented the report of the Committee. He noted that the Committee met in joint Session with the Committee on Forest Industry during the Thirty-seventh Session of the Committee. The report of the Committee is contained in document CEM-CFI(XXXVII)/7.
96. The Committee considered the completion reports on six (6) projects and two (2) pre-projects and were duly declared complete. The Committee received the report on an ex-post evaluation of one project PD56/00 Rev.3 (M) "Enhancement of the Forest Statistics Information and Management System (STATFOR) through the integration of two computer modules: Compilation

- of Management Inventory Data and Management of Export Log Lumberyard (Gabon). The Committee also received oral reports by the Secretariat on the progress in the implementation of ex-post evaluation of two completed projects: PD 41/99 Rev.4 (M) "Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS)" (Philippines); and PD34/00 Rev.2 (M) "Extension and Consolidation of the National Statistical Information System" (Bolivia). The Committee selected three (3) completed projects for ex-post evaluation. The Committee also reviewed the status of implementation of fifteen (15) projects, six (6) pre-projects and one activity.
97. On policy work, the Committee considered 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; (iv) market study on tropical plantation timber products; and (v) review of the timber market in two significant tropical timber importing countries. The Committee also considered the Biennial Work Programme 2006-2007 and agreed to the proposed project and strategic policy activities as contained in document ITTC(XXXIX)/7 Rev.4.
 98. The Committee recommended to the Council for approval and funding of one new project and six (6) projects and one pre-project approved at earlier Session.
 99. The Committee elected Dr. James Gasana (Switzerland) and Ms. Chantal Adingra (Côte d'Ivoire) as Chairperson and Vice-Chairperson respectively for 2006.
 100. The report of the Committee was approved by the Council. The full report is contained in Annex IV.
 101. The report of the Committee on Forest Industry was presented by Ms. Celestine Ntsame-Okwo (Gabon), Chairperson of the Committee. She referred to document CEM-CFI(XXXVII)/7 and reported that the Committee met in joint session with the Committee on Economic Information and Market Intelligence during the Thirty-seventh Session of the Committee. The Committee received the completion reports on two (2) projects and two (2) pre-projects and duly declared them complete. The Committee also received the report of an ex-post evaluation carried out on PD13/95 Rev.3 (I) "Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries (Phase II)". The Secretariat also presented an oral report on the progress in the implementation of ex-post evaluation of five (5) projects. The Committee decided to select two (2) completed projects PD34/99 Rev.2 (I) "Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines" and PD35/99 Rev.4 (I) "Performance Evaluation of Export Wood Furniture in Relation to Strength and End-use Applications Using Established Test Standard" (Philippines) for ex-post evaluation. The Committee on Forest Industry reviewed the progress in implementation of thirty-six (36) projects and four (4) pre-projects.
 102. On policy work, the Committee considered the following issues: (i) promote the establishment of efficient and socially responsible community-based forest industries; (ii) assessment of the multiple benefits of downstream processing of tropical timber in producer countries; (iii) study and promote policies and other measures to increase tropical plywood industry competitiveness; and (iv) promote private investment through facilitating information exchange on investment opportunities – organization/convening of investment promotion forum/seminar. The Committee also considered the Biennial Work Programme 2006-2007 and agreed to the proposed project and strategic policy activities to be undertaken by the Committee in 2006-2007 as contained in document ITTC(XXXIX)/7 Rev.4.
 103. The Committee on Forest Industry recommended to the Council the approval and funding of three (3) new projects and one new pre-project. The Committee also reiterated its recommendation to the Council to fund nine (9) projects and one pre-project approved at earlier Sessions.
 104. The Committee elected Dr. Jung-Hwan Park (Republic of Korea) and Mr. Dani Pitoyo (Indonesia) as Chairperson and Vice-Chairperson respectively for 2006.
 105. The Council unanimously approved the report of the Committee. (The full report is contained in Annex IV).
 106. Dato' Dr. Freezailah bin Che Yeom (Malaysia) on behalf of the Producer Group, referred to page 18 paragraph 13 of the report [document CEM-CFI(XXXVII)/7] regarding the review of

experiences in conducting the meetings of the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry in joint sessions. He indicated that the joint sessions had resulted in scaling down the work and activities of both Committees and expressed concern about the proposal to adopt such an arrangement in the new ITTA being negotiated. He indicated that Producing Member Countries were of a strong view that the two Committees must continue as separate entities and conduct their meetings separately. Dato' Dr. Freezailah stated that as a commodity organization, ITTO's work in the Divisions of Economic Information and Market Intelligence and Forest Industry must be pursued separately with equal vigour like the work in the Committee on Reforestation and Forest Management. He noted that important issues related to further and increased processing, value addition, diversification of products, marketing, market intelligence, economic information, data and statistics, transparency of timber economy, remunerative prices, etc. stipulated in the ITTA, 1994, must be addressed in the Committees on Economic Information and Market Intelligence and Forest Industry in full and in depth in order to achieve progress. He also emphasized the vital role and the need for resources in order to implement sustainable forest management and certification. He identified three possible sources of funding for sustainable forest management and certification:

- Internal resources from budgetary allocation of Producer Countries;
- Remunerative prices reflecting the cost of implementing sustainable forest management or a green premium for certified timber; and
- Voluntary contributions such as the ITTO Bali Partnership Fund and the Special Account as provided for in Articles 20 and 21 of the ITTA, 1994.

Dato' Dr. Freezailah noted with optimism the current international debate to address the problems of tropical forestry because such problems were on the agenda of the G8 countries and hoped that some proactive measures would be undertaken by the G8 countries. He appealed to the G8 countries in the ITTO to assist the Organization in securing adequate and predictable levels of funding to promote the sustainable management of tropical forests. He underlined that such assistance coupled with remunerative prices for tropical timber would enable Producing Member Countries to enhance implementation of sustainable forest management. (The full statement is attached as Annex VII).

107. Ms. Jennifer Conje (U.S.A.), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee. She referred to document CRF(XXXVII)/7. The Committee reviewed the reports of ten (10) completed projects. The final financial audit reports from six (6) of these projects had been submitted to the Secretariat and the projects were duly declared complete by the Committee while four (4) other projects had not yet submitted their final financial reports. The Committee urged the Executing agencies of these projects to submit the final financial reports to the Secretariat prior to the Thirty-eighth Session of the Committee. The Committee also reviewed the completion report of one pre-project whose financial audit statement had been submitted to the Secretariat and duly declared it complete. The Committee also received the completion reports of two (2) pre-projects whose financial audit statements had not yet been submitted to the Secretariat and urged the Executing Agencies of these pre-projects to submit their final financial audit statements to the Secretariat.
108. The Committee on Reforestation and Forest Management noted that ex-post evaluation of all projects selected by the Committee had already been carried out. The Committee selected four (4) completed projects under the theme "Training in Sustainable Forest Management" and seven (7) completed projects under the theme "Community Participation in Sustainable Forest Management" for ex-post evaluation. The Committee requested the Secretariat to make the necessary arrangements for the conduct of these ex-post evaluations before the Forty-second Session of the Committee in May 2007.
109. The Committee noted the reports on ninety-nine (99) projects in the field of reforestation and forest management that were either (i) in the process of implementation (64); (ii) awaiting the signing of an agreement (12); and (iii) awaiting financing (23). The Committee discussed those projects which were (a) having implementation problems; (b) requiring additional funds; (c) requesting extension in time of more than 6 months beyond the original duration of the project; or (d) requesting essential major modifications of the work plan and budget.
110. On policy work the Committee considered the following issues: (i) review and update the ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests; (ii)

promotion of the ITTO Guidelines for the Management, Restoration and Rehabilitation of Degraded and Secondary Tropical Forests; (iii) monitor and assess the environmental, social and economic costs and benefits of forest plantation development and utilize that information to promote new plantations; (iv) 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 also considered the activities in the Biennial Work Programme 2006-2007 falling under the responsibility of the Committee and suggested some amendments to the proposed work programme.

111. The Committee recommended to the Council the approval and funding of eleven (11) new projects and one new pre-project.
112. The Committee elected Dr. Petrus Gunarso (Indonesia) and Mr. Flip van Helden (Netherlands) as Chairperson and Vice-Chairperson respectively for 2006.
113. The report of the Committee was approved by the Council. The full report is contained in Annex IV.
114. The report of the Committee on Finance and Administration was presented by Dato' Shaharuddin Mohamad Ismail (Malaysia), Chairperson of the Committee. He referred to document CFA(XVIII)/7. The CFA reviewed the draft Biennial Administrative Budget for 2006-2007 and noted that the proposed budget for 2006 amounted to US\$5,295,445 against the approved budget for 2005 of US\$5,765,991, representing a decrease of 8.16%. The Committee noted that the decrease was due primarily to decrease in the dollar/yen exchange rate. The Committee recommended to the Council to approve the Biennial Administrative Budget for the Financial Years 2006-2007 as presented in document CFA(XVIII)/2/Amend.3 of the amount of US\$5,295,445 for 2006 and the amount of US\$5,556,075 as indicative budget for 2007. The Committee reviewed Members' contributions to the Administrative Budget and noted that the assessed contributions from Members for 2006 would be US\$5,412,000 to take account of the discount to be given to Members for timely payment of their contributions in 2005. The Committee also reviewed the status of the Administrative Account and recommended to the Council to authorize the Executive Director to transfer an amount not exceeding US\$500,000 from the Working Capital Account to the current account in the Administrative Account to meet the shortfall of funds, as necessary, to implement the work programme of the Organization for the remainder of 2005.
115. The Committee on Finance and Administration deliberated on the issue of additional funds to finance the participation of delegates from developing Member Countries to the Fourth Part of the United Nations Conference for the Negotiations of a Successor Agreement to the ITTA, 1994 and recommended to the Council to request the Executive Director to seek financial support from donor Members and other sources to finance the amount of US\$280,000 required for the continuation of supporting the negotiation process and to utilize resources from the Working Capital Account to finance this activity should financial support fall short of the required amount.
116. The Committee noted the Biennial Work Programme for 2006-2007, including its administrative and strategic policy activities.
117. The Committee elected Mr. Li Qiang (China) and Mr. James Singh (Guyana) as Chairperson and Vice-Chairperson respectively for 2006.
118. 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 2006 (Agenda Item 19)

119. Ms. Aulikki Kauppila (Finland), on behalf of the Consumers Group, nominated H.E. Mr. Luis Macchiavello Amoros (Peru) as the Vice-Chairperson of the Council for 2006.
120. Mr. Luis César Gasser (Brazil), on behalf of the Producers Group nominated Mr. Koichi Ito (Japan) as the Chairperson of the Council for 2006.
121. The Council unanimously approved both nominations.

DATES AND VENUES OF THE FORTIETH, FORTY-FIRST AND FORTY-SECOND SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 20).

122. The Chairperson recalled that in his statement to the Council on the Opening of the Thirty-ninth Session of the ITTC he had informed the Council of the outcome of his consultations with the Governments of Mexico and Papua New Guinea on the issue of the venue for the hosting of the Fortieth Session of the Council and invited statements from the delegations of the two Governments.
123. Mr. Dike Kari (PNG), on behalf of the Government of Papua New Guinea, expressed appreciation to the Council for accepting PNG's offer of consensus and compromise on the issue of the venue for the hosting of the Fortieth Session of the Council. He indicated that the gesture reflected the true spirit of compromise and understanding between Members of the Council, and an important signal particularly, at a time when the Council was negotiating a successor agreement to the ITTA, 1994. He noted that the Council was at a cross-road and decisions had to be made in the interest of consuming and producing countries and the future of forests as a whole. He confirmed that the Fortieth Session of the Council would be hosted by the Government of Mexico in 2006 and the Government of Papua New Guinea re-expressed its interest in hosting the Forty-second Session of the Council in the spring of 2007. He thanked all the Member Countries who supported PNG's invitation to host the Fortieth Session of the Council, particularly the Asian-Pacific and African Producing Member Countries. He also expressed his gratitude to the Chairperson of the Council for facilitating the resolution of the conflict amicably. He wished the Government of Mexico success in the hosting of the Fortieth Session of the Council.
124. Mr. Ramón Carrillo (Mexico), on behalf of the Government of Mexico, formally extended an invitation to the Council to host the Fortieth Session of the ITTC in Mexico. He proposed that the Session should be held from 29 May to 3 June 2006 in the city of Merida, a World Heritage City. He expressed his gratitude to the Government of Papua New Guinea, particularly H.E. Mr. Patrick Pruaitch, Minister for Forests for his support and understanding. He pledged Mexico support to PNG's invitation to host the Forty-second Session of the Council in 2007.
125. The Council unanimously applauded the amicable resolution of the issue of the venue for the hosting of the Fortieth Session of the Council.
126. After exhaustive discussions the Council approved that the Fortieth Session of the Council would be held in Merida, Mexico from 29 May to 2 June 2006.
127. Mr. Hideo Fukushima (Japan) confirmed that the Forty-first Session of the Council would be held in Yokohama, Japan, from 6 to 11 November 2006.
128. Mr. Dike Kari (Papua New Guinea) reconfirmed the invitation of the Government of Papua New Guinea to host the Forty-second Session of the Council in Port Moresby, Papua New Guinea and appealed to the Council to consider favourably this invitation. He noted that PNG was hoping to host the Fortieth Session of the ITTC but withdrew its invitation and allowed the Government of Mexico to host the Fortieth Session in the interest of consensus among the Council. He proposed that the Forty-second session should be held from 21 to 26 May 2007 in Port Moresby, PNG.
129. Mr. Hideo Fukushima (Japan) expressed appreciation to the Government of PNG for the invitation to host the Forty-second Session of the Council and urged the Council not to take any definite decision given that there was some uncertainty about the funding of the Forty-second Session of the ITTC as indicated in the Biennial Work Programme for 2006-2007.
130. Mr. Luiz César Gasser (Brazil) proposed to the Council to accept the invitation by the Government of Papua New Guinea to host the Forty-second Session of the ITTC. He referred to the consultations between the Governments of Mexico and Papua New Guinea which allowed for an amicable resolution of the issue of the venue for the hosting of the Fortieth Session of the Council and noted the flexibility exhibited by the Government of PNG and reiterated to the Council to accept the invitation of the Government of PNG to host the Forty-second Session of the ITTC.

131. Mr. Daniel Birchmeier (Switzerland) sought further clarification from the delegation of Brazil as to whether he was proposing that the Council should accept the invitation of the Government of PNG without reference to the funding of the Forty-second Session as earlier noted by the delegation of Japan.
132. Mr. Luiz César Gasser (Brazil) underlined the relevance of the issue of funding of the Spring Sessions of the Council and stated that the issue was being discussed in connection with the negotiations of a successor Agreement to the ITTA, 1994. He indicated that the uncertainty of funding for the Forty-second Session was proof that a new mechanism of funding should be put in place in order to allow Sessions of the Council to be held without the Council having to spend time to discuss the source of funding for such an essential activity of the Council. He appealed to Consumer Member Countries for additional financial resources so that basic functions of the Organization could be performed. He indicated that that was the clear position of the Producer Group, and that the financial structure of the Organization under the ITTA, 1994 was not working properly.
133. Mr. Dike Kari (PNG) indicated that for the purpose of planning, the Government of PNG would require some time and appealed to the Council to give an indication on its invitation and not to wait six months before the Session. He stated that the Council could accept the invitation and indicate that it would be subject to the availability of funds. He reiterated that PNG was proposing to host the Session without any pre-conditions which had been the normal procedure of the Council to schedule its Sessions eighteen months in advance to facilitate logistical arrangements.
134. The Chairperson proposed that given the differences among delegations, the offer from the Government of PNG to host the Forty-second session of the Council should be noted and further consultations should be held in order to reach a firm decision during the next Session of the Council in Merida, Mexico in May/June 2006. The Council accepted the proposal.

OTHER BUSINESS (Agenda Item 21)

Statement by Central African Forest Commission (COMIFAC)

135. The statement was presented by Prof. Jonas Nagahuedi Mbongu Sodi, Executive Secretary of COMIFAC. On behalf of the COMIFAC Member Countries, especially those of the Congo Basin, he expressed his gratitude to the Council for providing financial support to COMIFAC. He was particularly grateful to France, U.S.A., Germany, the World Bank, the European Union and a number of international organizations including FAO, WWF and IUCN for their commitment to the implementation of sustainable forest management activities in the Congo Basin forests.
136. Prof. Mbongu Sodi briefed the Council on the aims and objectives of COMIFAC and reaffirmed the commitment of the Central African Heads of States for the promotion of conservation and sustainable management of their forest ecosystems. He said the COMIFAC convergence plan reflected the vision shared by its Member States to achieve convergent objectives in the sub-region, including inter alia:
- The harmonization of forest and fiscal policies;
 - The management of forest ecosystems and reforestation;
 - The sustainable value-adding development of forest resources;
 - The development of alternative activities and poverty reduction activities; and
 - The conservation of biodiversity.

Prof. Mbongu Sodi noted that forest areas still remained the prime living environment of a large portion of the population, who derived essential livelihood resources from the forests, and play a key role in poverty alleviation efforts. He shared the concerns of the international community on the notion of forest product legality. He recalled the Ministerial Conference held in Yaoundé, Cameroon, in October 2003 on the Forest Law Enforcement and Governance in Africa (AFLEG) and noted that AFLEG Process constituted one of the responses to the problem of illegal logging and had been integrated into the sub-regional convergence plan with follow-up actions to ensure the harmonization of the approach at sub-regional level and the development of national action plans. He reaffirmed that COMIFAC was progressing on track to curb fraudulent and illegal timber logging and appealed for support from the international community.

137. In his concluding remarks, Prof. Mbongu Sodi expressed his gratitude to ITTO for financing a project to promote the goals of COMIFAC.

Statement by the United Nations Forum on Forests (UNFF)

138. The statement was presented by Dr. Mahendra Joshi, Programme Officer, UNFF Secretariat. On behalf of the UNFF he expressed appreciation and gratitude to the Council for the continued support to the United Nations Forum on Forests. He noted that as an active member of the Collaborative Partnership on Forests (CPF), ITTO had been providing substantial support to the work of UNFF, including secondment of senior staff members to the Forum Secretariat. Dr. Joshi briefed the Council on recent developments within the UNFF. He noted that at the Fifth Session of the Forum held in May 2005, the UNFF faced difficult political challenges. He recalled that the Fifth Session of the Forum was mandated to review the effectiveness of the international arrangements on forests, decide on future actions and also consider with a view to recommending the parameters of a mandate for developing a legal framework on all types of forests. In addition, the UN Economic and Social Council (ECOSOC) gave the Forum an additional mandate to consider means of improving methods of work to ensure implementation of policy decisions and targets set out in the Johannesburg Plan of Implementation, the Millennium Declaration and other agreements reached at UN Conferences that together made up the wider UN development agenda. He noted that although there were intense discussions on how to address means of implementation, working modalities including, regional meetings, the establishment of global goals or targets, the parameters of a mandate for developing a legal framework on all types of forests, and a possible voluntary instrument such as a code or international voluntary guidelines, differing expectations among countries might have contributed to the resulting lack of agreement. Dr. Joshi indicated that the Sixth Session to be held from 13 to 24 February 2006 would continue deliberations on the international arrangement on forests, based on the bracketed draft text of the chair of the Fifth Session. He called for full and active participation of all Member States, member organizations of CPF and major groups.
139. Dr. Joshi also informed the Council that at the Fifth Session of the UNFF informative and stimulating panel discussions on Asia-Pacific regional perspectives and challenges of sustainable forest management were held and expressed his gratitude to the panelist, particularly Dr. B.C.Y. Freezailah for his valuable and insightful contributions. He further noted that the trend these days was towards integrating forest policy issues into the broader development agenda which was highlighted during the recent 2005 World Summit held in September, in New York. At that meeting, Heads of States and Governments agreed, among other things, to strengthen the conservation, sustainable management and development of all types of forests for the benefit of current and future generations, including through enhanced international cooperation for the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration, taking full account of the linkages between the forest sector and other sectors.
140. Dr. Joshi informed the Council that a country-led initiative in support of UNFF on "scoping for a future agreement on forests" would be held from 16 to 18 November 2005 in Berlin, Germany. The objective of the meeting would be to contribute to the preparations for the Sixth Session of the Forum by providing an opportunity for experts to further explore and develop some of the concepts and ideas on the future of the International Arrangement on Forests (IAF). He hoped that the meeting would provide much needed clarification and impetus to the negotiations at the Sixth Session.

Statement by the United Nations Food and Agriculture Organization (FAO)

141. The statement was delivered by Mr. Hikojiro Katsuhisa, Chief, Forest Products Services on behalf of Dr. M. Hosny El-Lakany, Assistant Director General of FAO's Forestry Department. In the statement the FAO commended ITTO for its continuing strenuous work in addressing the numerous issues confronting the world's tropical forests. FAO also expressed appreciation to the Executive Director, Dr. Manoel Sobral Filho, for his leadership in creating an excellent working relationship between ITTO and FAO. Dr. El-Lakany noted that the contribution of forests and forestry was of vital importance in the attainment of the Millennium Development Goals and it was imperative that ITTO and FAO should work closely together. He commended the collaborative efforts of the two Organizations at both bilateral and multilateral levels under the umbrella of the CPF. Dr. El-Lakany highlighted some of the FAO/ITTO collaborative activities. He noted that Forest Law Enforcement had long been one of the most critical issues at the international level and in an attempt to provide options for practical solutions based on current and past country experiences, FAO and ITTO had jointly published the "Best Practices for Improving Law Compliance in the Forest Sector". He stated that in order to carry forward the momentum, follow-

up workshops were being planned for four regions by ITTO and FAO. He cited other areas of collaboration, including forest resources assessment and statistics, the International Conference on Tropical Plywood held in Beijing, and the "Code of Best Practices for Planted Forests" which was under preparation. Dr. El-Lakany noted with pleasure the alignment of the Biennial Work Programmes (2006-2007) of the two Organizations for enhanced complementarity and synergy. He further noted that the new activities envisaged in the biennial work programmes among others, include monitoring and assessment of the social, economic and environmental costs and benefits of sustainable management of natural forests, and collaborative technical work in wood-based bio-energy, and non-timber forest products and services.

142. Dr. El-Lakany also informed the Council on the various FAO Regional Forestry Commission meetings planned for 2006.

Statement by the Civil Society Advisory Group

143. The statement was presented by Mr. Yati Bun, Executive Director, Foundation for People and Community Development, Papua New Guinea. The statement expressed appreciation to ITTO for the support of both Producing and Consuming Countries to establish mechanisms to permit the regular participation of the Trade Advisory Group (TAG) and the CSAG in Sessions of the Council. Mr. Yati Bun noted that the Thirty-ninth Session of the ITTC had focused on the Biennial Work Programme for 2006-2007 and expressed the desire of the CSAG to contribute to the design and implementation of some of the activities in the Biennial Work Programme. He hoped that during the biennial period the Council might consider further decisions to strengthen the role of the TAG and CSAG.
144. The CSAG outlined the following issues and recommendations for the consideration of the Council:
- The Council should explore options for civil society to support the review of projects both to enhance the local relevance of the projects, fairness of their distribution and overall quality;
 - The Council should conduct independent analysis on (1) the report on the status of implementing the recommendations from the TAG/CSAG illegal logging workshop held in Interlaken in 2004; and (2) the 2004-2005 project portfolio to assess the degree to which local communities were directly involved and how they benefited;
 - The Council should establish a financing window for local NGOs and communities to advance sustainable forest management and local forest-based enterprises; and
 - The Council should create a new mechanism for Central and West Africa to support capacity building in project preparation. Such activities should be undertaken with representatives of governments, private sectors and civil society to encourage the building of trust and partnerships.
145. In his concluding remarks, Mr. Yati Bun reiterated the value that civil society representatives placed on opportunities to work and interact with governments and the private sector partners through the ITTC. He noted the valuable and positive strides that the Council had made toward recognizing the fundamental role of civil society in the sustainable management and conservation of the world's forests.

Statement by the Trade Advisory Group (TAG)

146. The statement was presented by Dr. Ivan Tomaselli, Vice-President, Brazilian Association of Mechanically Processed Timber (ABIMCI). The Trade Advisory Group reaffirmed its commitment to contribute to the success of the negotiations of a new, more relevant and effective agreement for ITTO. To this end, TAG urged delegates to the Fourth Part of the U.N. Conference for the Negotiations of a Successor Agreement to the ITTA, 1994 to go forward with open minds and good will guided by the experience and lessons learnt in the implementation of the current ITTA. TAG urged negotiators to be equally mindful of their responsibilities to craft a successor agreement drawing on the strengths of the ITTA, 1994. Dr. Tomaselli stated that ITTO could boast of a past rich in successes and if the past was any prediction of the future, then TAG had much to look forward to in fulfilling the goals of ITTO Objective 2000. He indicated that ITTO's core mission as the only international organization promoting sustainable trade in tropical forest products must be first and foremost in the minds of all Member Countries. He, however, stated that sustainable timber trade could only be built on sustainable resources and noted with concern reports highlighting the lack of funds and capacity as the major limitations to implement sustainable forest management in Producing Countries. TAG specifically called upon negotiators to commit to a new agreement that among its future work would continue to provide the

necessary tools to promote and achieve sustainable legal trade such as adequate and predictable resources in both the Special Account and the Bali Partnership Fund for developing Producing Member Countries; advocating the elimination of unnecessary barriers to trade; training and educating on best practices; and providing the intelligence and analysis to capture the nature of the trade in tropical forest products based on accurate and timely data.

147. TAG urged ITTO to maintain its neutrality on certification, and continue to encourage all schemes to develop a step-wise approach, bearing in mind the complexity of tropical forests, the high costs involved and the lack of green premium for certified timber. Dr. Tomaselli stated that TAG was looking forward to the outcome of the study on monitoring progress in comparability and acceptance of forest certification systems which had been included as one of the strategic policy activities to be undertaken by the Committee on Economic Information and Market Intelligence under the Biennial Work Programme 2006-2007. TAG also proposed that the Market Information Service (MIS) should be changed from a project-based activity into a regular work of the Organization in order to ensure its continuity.
148. TAG noted ITTO's growing stature among other international fora and cited ITTO's contribution of expertise and capacity building efforts to the Convention on International Trade in Endangered Species (CITES) in addition to its role of providing support to the UNFF, FAO, World Conservation Union and others. TAG was hopeful that ITTO would continue on this path and offer its advocacy to organizations such as the WTO in supporting efforts to achieve a sectoral agreement on forest products to eliminate trade barriers and to increase market access for developing Producing Member Countries.
149. TAG commended ITTO's policy leadership in addressing the issue of illegal logging and illegal trade and stated that ITTO had steered discussions on illegal logging and trade in the right direction, seeking solutions rather than rhetoric. TAG stated that it was anticipating that the new agreement would continue to recognize and support the role of TAG in providing consultation on practical initiatives to protect and expand trade in legal and sustainable tropical forest products. TAG expressed its gratitude to ITTO for past financial support and urged ITTO to continue its cooperation with the private sector to improve understanding between the public and the private sector, and to strengthen TAG's contribution to ITTO. TAG called on Member Countries to encourage the participation of their private sectors in Sessions of the Council. TAG also noted that the activities of the Committees on Economic Information and Market Intelligence and Forest Industry must be intensified and pursued with equal vigour when compared to the Committee on Reforestation and Forest Management.
150. TAG informed the Council that its theme for the 2006 Annual Market Discussion to be held in Merida, Mexico would be "Timber Markets and Procurement Policies".

DECISIONS AND REPORT OF THE SESSION (Agenda Item 22)

151. The Chairperson referred to documents ITTC(XXXIX)/11 and ITTC(XXXIX)/12 comprising the two Decisions for consideration and adoption by the Council. The Council approved the two (2) Decisions. Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedures was to be applied to the circulation of the Decisions and the report of the Council to Members. The text of these two Decisions is contained in Annex III.

CLOSING OF THE SESSION (Agenda Item 23)

Statements by Delegations

152. Mr. Vladimir Jarrin (Ecuador) expressed gratitude to the Governments of Japan and U.S.A. for funding the project PD 238/03 Rev.4 (F) "Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru: Phase II (Ecuadorian component). He noted the importance of the project to the Government of Ecuador and underlined the fact that the project would strengthen the efforts of promoting peace on both sides of the border between Ecuador and Peru in addition to building capacity among the indigenous communities living in the area. The project would also introduce a binational protected area, an important element for sustainable development and would combat illegal activities within the Condor Range region. Mr. Jarrin also expressed gratitude to the Government of Japan and the City of Yokohama for hosting the ITTC Session.

- He also commended the Executive Director and the staff of the secretariat for the hard work and dedication in organizing the Session.
153. Mr. Andrés Garrido Sánchez (Peru) echoed similar sentiments as expressed by the delegation of Ecuador and sincerely thanked the Governments of Japan and U.S.A. for funding the project PD237/03 Rev.4 (F) "Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru: Phase II (Peruvian component)".
154. Dr. Petrus Gunarso (Indonesia), on behalf of the Indonesian delegation, expressed sincere thanks to the Chairperson for his leadership, wisdom, patience and endurance in chairing the Council during the transitional period towards a new and better ITTA. He urged all Member Countries to be optimistic and open-minded for a better future in achieving sustainable forest management. Dr. Gunarso also congratulated Mr. Koichi Ito and Amb. Macchiavello, the incoming Chairperson and Vice-Chairperson respectively and assured them of Indonesia's support and readiness to work with them.
155. Mr. Dike Kari (Papua New Guinea) expressed gratitude to the Chairperson for his able leadership of the Council. He noted that under the chairmanship of Mr. Attah, the Council had achieved much and made progress in the negotiations for the successor agreement to the ITTA, 1994. He commended the Chairperson's ability in resolving issues between various Member Countries. Mr. Kari expressed appreciation to the Government of Japan, and the City of Yokohama for the hospitality accorded to delegates during the Thirty-ninth Session of the Council. Mr. Kari also expressed appreciation and gratitude to donors who continue to support the Organization and noted that their generous contributions had made ITTO successful. He particularly thanked the Governments of Australia and Japan and the Nature Conservancy for funding project PD324/04 Rev.3 (F) "Sustainable Management of Tropical Forest Resources through Stakeholder Agreements in Traditionally Owned Area of Papua New Guinea". Mr. Kari expressed optimism about reaching an agreement during the Fourth Part of the UN Conference for the negotiations of a successor agreement to the ITTA, 1994. He noted that ITTO was a mature organization that had taken the lead role with regards to tropical forest management and trade in tropical timber. He noted that the Organization had managed to reach consensus and agreement on many issues during the negotiations and urged Member Countries to move forward in January 2006 in the spirit of cooperation and understanding. He commended the Executive Director and staff of the Secretariat for their dedication and hard work.

Statement by the Vice-Chairperson Elect

156. H.E. Mr. Luis Macchiavello Amoros (Peru), Vice-Chairperson of the Council for 2006 expressed gratitude to the Council for the honour conferred on him and his country, Peru. He assured the Council that he would at all times make every possible effort to justify the confidence reposed in him by the Council. He recalled his associations with ITTO dating back to the beginning of the Organization and underlined his commitment to ITTO.

Statement by the Chairperson-Elect

157. Mr. Koichi Ito (Japan) expressed gratitude to the Council for the honour of being elected as Chairperson of the Council for 2006. He thanked the Council for the support and trust shown to him. Mr. Ito renewed his commitment to ITTO and assured the Council that he would do his utmost best to ensure the effective operations of the Council. He also expressed his gratitude to the outgoing Chairperson, Mr. Alhassan Attah for his guidance. Mr. Ito noted that 2006 would be an important year for the future of ITTO in the context of the negotiations of a successor agreement to the ITTA, 1994, which would expire at the end of 2006. He hoped that informal consultations during the Session would help to move the negotiations towards the final conclusion during the upcoming Fourth Part of the UN Conference scheduled in January 2006 in Geneva. Mr. Ito stated that the new agreement, even if concluded in January 2006 was not likely to enter into force by the beginning of 2007, due to the time necessary for ratification by Member Countries. He indicated that the Council would, therefore, need to take a decision next year to extend the ITTA, 1994 until the entry into force of a successor agreement. Mr. Ito called for strengthening of ITTO under the successor agreement and hoped that the structure of the Organization would be well designed to address a number of issues confronting the Organization. He indicated that the successful operation of a future ITTO would totally depend on the collective wisdom of all Member Countries. He noted that the collective efforts by Member Countries through dialogue was a good tradition and expressed his readiness to work with Members of the Council based on this tradition.

Statement by H.E. Mr. Jorge Viana, Governor of the State of Acre, Brazil

158. H.E. Mr. Jorge Viana expressed gratitude to ITTO for supporting the State of Acre to carry out the Antimari project which offered the State an opportunity to establish public policies for the sustainable management of tropical forests in the Brazilian Amazon. He stated that in his term as Governor of the State (seven years) most of the natural resources related work carried out in the State of Acre had been inspired by the ITTO project. He commended the efforts of Dato' Dr. B.C.Y. Freezailah, the former Executive Director of ITTO. He underscored that the ITTO project in the State of Acre was influencing forest policy in the area of the borders with Peru and Bolivia. H.E. Mr. Viana expressed his gratitude to the Governments of Japan, Switzerland and U.S.A. for supporting the Antimari project. He reported to the Council that the Forest Stewardship Council had certified the area covered by the project and informed the Council that certified products from the project would be launched in London shortly. He commended the Executive Director and the Brazilian delegation for their support. H.E. Governor Viana presented to the Council a copy of the FSC Certificate on the Antimari project.

Statement by the Producer Spokesperson

159. Mr. Luiz César Gasser (Brazil), on behalf of the Producer Group expressed satisfaction with Decisions adopted at the Session, particularly the Biennial Work Programme for 2006-2007. He indicated that there was great transparency in the work of the Council and the Committees during the Session and commended all Member States for the results achieved. He further noted that the informal consultations on the negotiations of a successor agreement to the ITTA, 1994 were very fruitful and had made Producing Member Countries more optimistic about the upcoming negotiations in January 2006. He was, however, cautious in hoping that a new agreement with a predictable financial mechanism and well-defined scope would be concluded in 2006. He indicated that that would in reality require very hard work during the UN Conference scheduled in January 2006. He invited the Consumer Group to work together with the Producer Group towards the successful conclusion of the negotiations. Mr. Gasser commended the able leadership of the Chairperson of the Council.

Statement by the Consumer Spokesperson

160. Ms. Aulikki Kauppila (Finland), on behalf of the Consumer Group, expressed satisfaction with the outcome of Thirty-ninth Session of the Council. She noted, particularly the good and constructive atmosphere that had characterized the work of the Session. She commended the efforts of Amb. Carlos Antonio Da Rocha Paranhos and Dr. Jürgen Blaser for the informal consultations and briefings on the challenges in the negotiations of a successor agreement to the ITTA, 1994. She hoped that these consultations would allow delegates to make the necessary preparations in their capitals before the UN Conference scheduled in January 2006. Ms. Kauppila also noted with satisfaction the several interesting and substantive discussions as well as presentations that were made during the Session. She cited the report on the diagnostic mission to Mexico and discussions on lessons learnt from ex-post evaluations of several completed projects. Ms. Kauppila also noted with concern, problems and delays in the payment of assessed contributions of Member Countries to the Administrative Account. She emphasized the importance of the work of ITTO in the field of information sharing and urged all Member Countries to endeavour to provide good quality data and in a timely manner. Ms. Kauppila noted with satisfaction the development, consideration and approval of the Biennial Work Programme for 2006-2007 with predictable financing for two years. She stated that the Biennial Work Programme included innovative elements such as themes and programmes with the potential to increase financing for the work of the Organization and commended the Chairperson for his effective guidance that enabled the Council to make the process more transparent than ever before. On behalf of the Consumer Group, Ms. Kauppila commended the able leadership of the Chairperson of the Council and assured the in-coming Chairperson and Vice-Chairperson of the support of the Consumer Group. She expressed gratitude to the Government of Japan, particularly the City of Yokohama for the support provided to the work of the Council. She also expressed gratitude to the Executive Director, the staff of the Secretariat, the interpreters and translators for their effective support.

Closing Statement by Chairperson

161. In his closing address to the Council, the Chairperson, Mr. Alhassan Attah (Ghana) stated that when he assumed the chairmanship of the Council the major challenge facing the Organization was the negotiation of a successor agreement to the ITTA, 1994. He noted that although the Council had not concluded the negotiation under his chairmanship, good progress had been made and convergence was emerging in areas where there were divergent positions two years

- ago when the negotiation started. He was optimistic that a solid foundation had been laid to enable an agreement to be concluded in Geneva in January 2006. "We must succeed in Geneva. The future of ITTO is too important for us to take entrenched positions and refuse to compromise", the Chairperson said. He indicated that both Producers and Consumers have a common responsibility to protect and sustain the environment to ensure the socio-economic development of their countries. He underlined the importance of the timber trade and industry in the economies of Member Countries as a means of addressing issues of poverty, environment and global warming.
162. Mr. Attah noted that the outstanding issues in the negotiations were relating to the scope of the agreement and financing of the Organization. He indicated that the differences on these issues were surmountable. On the issue of scope, he indicated that it was important for Member Countries to note that forests and forest industries were part of a global community and therefore Member Countries should be receptive to the changing values and priorities of society. He said that for ITTO to remain relevant, the successor agreement to the ITTA, 1994 must take on board new and emerging issues taking into account the resources available to the Organization.
163. The Chairperson stated that in spite of the best efforts by Member Countries, if the funding base of the Organization was not sustainable over the long term the Organization would struggle and therefore, it was important that, in the spirit of compromise, Members must examine realistically the options and mechanisms to address the progressively reducing funding base of the Organization in the successor agreement. He indicated that the solution would lie in achieving the right balance between the objectives and financial resources available to the Organization.
164. The Chairperson noted that the successes achieved by ITTO over the past 19 years had partly been due to the successful collaborative work with other international organizations and agencies whose activities impact on the mandate of ITTO as reflected in the Organization's role in the CPF and in particular recent activities with the FAO. He urged the Council to continue to build and further strengthen these alliances and partnerships in the successor agreement. He also urged the Council to continue to strengthen collaboration and cooperation among Member Governments, the trade and civil society, particularly, building capacity among civil society in Producer Countries. He hoped that the provisions made in the Biennial Work Programme for 2006-2007 would further cement these relationships and partnerships. He commended Member Countries for their cooperation which allowed an agreement to be reached on the Biennial Work Programme that would see the Organization through the next two years.
165. Mr. Attah expressed his gratitude to donors, particularly those that had pledged funding to the Organization during the Session. He also paid tribute to Ms. Jan McAlpine, Chairperson of the Council for 2005 and through the U.S. delegation conveyed his sincere and heartfelt thanks and appreciation to her. He expressed his gratitude to Mr. Koichi Ito, the in-coming Chairperson for 2006 for his support and wise counsel. The Chairperson commended the Executive Director and staff of the Secretariat for their hard work and support. He expressed his gratitude to the spokespersons for their support in resolving difficult issues and thanked the Government of Ghana, particularly the Ghana Forestry Commission and the Ministry of Lands, Forestry and Mines for their support. The Chairperson expressed his sincere appreciation and gratitude to the Government and People of Japan, particularly the City of Yokohama, for the continuing support to ITTO.
166. The Chairperson officially closed the Thirty-ninth Session of the ITTC.

ANNEX I

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THIRTY-NINTH SESSION
7 – 12 November 2005
Yokohama, Japan

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Inter-governmental Organizations

COMMISSION DES FORETS D'AFRIQUE CENTRALE (COMIFAC)

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COMMON FUND FOR COMMODITIES (CFC)

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IUCN - THE WORLD CONSERVATION UNION

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Mr. Cleto Ndikumagenge	Coordonnateur du Project d'Appui a la CEFDHAC, Yaoundé

Governmental Organizations

FORESTRY AND FOREST PRODUCTS RESEARCH INSTITUTE (FFPRI), JAPAN

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FOREST TREE BREEDING CENTER (JAPAN)

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Researcher, Research Institute for
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HUTAN GROUP, JAPAN

Mr. Yoshio Nishioka

Director

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Dr. Mami Kainuma

Executive Secretary
Project Coordinator

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Professor, Department of Forest
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Director General

NATIONAL WORKING GROUP ON CERTIFICATION, CAMEROON

Mr. Parfait Mimbimi Esono

President

THE NATURE CONSERVANCY, AUSTRALIA

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Director, Asia Pacific Region Forest
Program

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Forest Researcher
Forest Programs and Campaigns
Coordinator

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Executive Director

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Vice-Chairperson Mr. Koichi Ito

Economic Information and Market Intelligence

Vice-Chairperson Dr. James Gasana

Reforestation and Forest Management

Chairperson Ms. Jennifer Conje
Vice-Chairperson Dr. Petrus Gunarso

Forestry Industry

Chairperson Ms. Celestine Ntsame-Okwo
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Chairperson Mr. Shaharuddin Mohamad Ismail

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* * *

ANNEX II

AGENDA

DOCUMENT: ITTC(XXXIX)/1

THIRTY-NINTH SESSION
7 – 12 November 2005
Yokohama, Japan

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 2005
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. Negotiating a Successor Agreement to the ITTA, 1994 – Decisions 4(XXXII), 8(XXXIII) and 6(XXXIV)
13. ITTO Objective 2000 – Decisions 2(XXIX) and 9(XXX)
 - (a) Report on Assistance Provided to Producer Countries to Identify Factors Limiting Progress Towards Achieving Objective 2000
 - (b) Report on Progress in the Implementation of National Training Workshops on the Use of ITTO Formats for Reporting on Sustainable Forest Management
 - (c) Status of Tropical Forest Management Report
14. ITTO Biennial Work Programme – Decision 4(XXXV)
 - (a) Progress report on the ITTO Biennial Work Programme for 2004 – 2005
 - (b) ITTO Biennial Work Programme for 2006 – 2007
15. Phased Approaches to Certification – Decision 10(XXXIV)
16. ITTO Fellowship Programme – Decision 4(XXVII)
 - (a) Progress Report on the ITTO Fellowship Programme
 - (b) Report of the Fellowship Selection Panel

17. 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)
18. Reports of the Associated Sessions of the Committees
19. Election of Chairperson and Vice-Chairperson of the Council for 2006
20. Dates and Venues of the Fortieth, Forty-first and Forty-second Sessions of the Council and the Associated Sessions of the Committees
21. Other Business
22. Decisions and Report of the Session
23. Closing of the Session

ANNOTATIONS TO THE AGENDA

Item 1 - Opening of the Session

The Thirty-ninth Session of the Council will be opened by the Chairperson of the Council, Mr. Alhassan Attah (Ghana).

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(XXXIX)/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(XXXIX)/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 2005 [Document ITTC(XXXIX)/1 Annex]

The distribution of votes for the year 2005 which was adopted by the Council, in accordance with Article 10(6) of the ITTA, 1994, at its Thirty-eighth 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 2006.

Item 7 - Admission of Observers [Document ITTC(XXXIX)/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 such 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(XXXIX)/2]

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the Seventeenth Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 6 November 2005.

The report of the Seventeenth Meeting of the IAG will be presented by the Chairperson, Mr. Alhassan Attah (Ghana).

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.

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

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

(i) **Elements for the 2005 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 2005 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 2005 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 ITTA, 1994.

Item 12 - Negotiating a Successor Agreement to the ITTA, 1994 – Decisions 4(XXXII), 8(XXXIII) and 6(XXXIV)

The Council will be updated on the progress in the negotiation of a successor Agreement to the ITTA, 1994.

Item 13 - ITTO Objective 2000 – Decisions 2(XXIX) and 9(XXX)
[Document ITTC(XXXIX)/5]

- (a) 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 Mexico;
- (b) The Council will also be updated on progress towards implementation of national workshops to train officials, forest managers and forest concessionaires on the effective use of ITTO formats for reporting on forest management;
- (c) Pursuant to its Decision 9(XXX), the Council will be informed on the Status of Tropical Forest Management Report.

Item 14 - ITTO Biennial Work Programme – Decision 4(XXXV)
[Documents ITTC(XXXIX)/6 & ITTC(XXXIX)/7]

The Council will receive:(a) the progress report on the implementation of the Biennial Work Programme for 2004-2005; and (b) the proposal on the Biennial Work Programme for 2006–2007.

Item 15 - Phased Approaches to Certification – Decision 10(XXXIV)

The Council will resume discussions on phased approaches to certification in tropical timber producing countries, in light of the reports presented at the Thirty-seventh Session [Documents

ITTC(XXXVII)/12 and ITTC(XXXVII)/13] and the results of the International Workshop on Phased Approaches to Certification convened in Bern, Switzerland, and presented to the Council at the Thirty-eighth Session in Brazzaville, Republic of Congo.

Item 16 - ITTO Fellowship Programme – Decision 4(XXVII)
[Documents ITTC(XXXIX)/8 & ITTC(XXXIX)/9]

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(XXXIX)/8]; and (b) the report of the Fellowship Selection Panel to be presented by its Chairperson [Document ITTC(XXXIX)/9]. The Council will announce the final selection of awards based on the Chairperson's report.

Item 17 - Special Account and Bali Partnership Fund
[Document ITTC(XXXIX)/10]

- (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(XVIII)/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(XXXIX)/11].

Item 18 - 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 19 - Election of Chairperson and Vice-Chairperson of the Council for 2006

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2006. 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 20 - Dates and Venues of the Fortieth, Forty-first and Forty-second Sessions of the Council and the Associated Sessions of the Committees

The Council may wish to confirm the dates and venues of the Fortieth Session proposed to be held in Merida, Mexico, in May/June 2006 and the Forty-first Session, scheduled in Yokohama, Japan from 6 to 11 November 2006.

In order to maintain the established practice of setting Session dates and venue eighteen months in advance to facilitate logistical arrangements, the Council may also wish to set the dates and venue of the Forty-second Session in the first semester of 2007.

Item 21 - Other Business

The Council may consider any matters raised under this item.

Item 22 - 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 4.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 23 - Closing of the Session

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

Annex

DISTRIBUTION OF VOTES FOR 2005

	No. of Votes	
	2004	2005
<u>PRODUCING MEMBERS</u>		
Africa		
Cameroon.....	24	25
Central African Republic.....	24	25
Congo.....	24	25
Côte d'Ivoire	24	25
Democratic Republic of the Congo	24	25
Gabon.....	24	25
Ghana.....	24	25
Liberia.....	24	25
Nigeria.....	24	24
Togo.....	24	24
Asia & Pacific		
Cambodia.....	16	15
Fiji.....	14	14
India.....	22	22
Indonesia	146	132
Malaysia	103	106
Myanmar.....	29	33
Papua New Guinea	27	25
Philippines	15	14
Thailand	16	16
Vanuatu.....	13	14
Latin America/Caribbean		
Bolivia	22	22
Brazil	159	163
Colombia.....	22	22
Ecuador	15	14
Guatemala	11	11
Guyana.....	15	15
Honduras.....	11	11
Mexico.....	18	18
Panama	11	11
Peru	27	28
Suriname	14	14
Trinidad and Tobago.....	10	10
Venezuela	22	22
Total:	1,000	1,000

	No. of Votes	
	2004	2005
<u>CONSUMING MEMBERS</u>		
Australia.....	12	11
Canada	16	17
China	226	239
Egypt	16	11
European Community		
Austria	11	10
Belgium/Luxembourg	17	17
Denmark	14	18
Finland	10	10
France	33	33
Germany	23	21
Greece	12	12
Ireland	14	14
Italy	27	27
Netherlands	29	29
Portugal	24	26
Spain	26	25
Sweden	11	11
United Kingdom	34	36
Japan	254	236
Nepal	10	10
New Zealand	10	10
Norway	11	10
Republic of Korea	80	87
Switzerland	11	11
United States of America	81	69
	Total: 1,000	1,000

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ANNEX III

TEXT OF THE DECISIONS

ADOPTED BY THE COUNCIL AT ITS THIRTY-NINTH SESSION

DOCUMENT: ITTC(XXXIX)/11

DOCUMENT: ITTC(XXXIX)/12

THIRTY-NINTH SESSION
7 – 12 November 2005
Yokohama, Japan

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

The International Tropical Timber Council,

Having considered at its Thirty-ninth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(XXXVII)/7, and CRF(XXXVII)/7; and the report of the Ninth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XXXIX)/10;

1. Decides:

(i) to approve the following Projects:

- | | |
|-------------------------|---|
| PD 353/05 Rev.2 (M,F,I) | Adoption and Implementation of the Forestry Information System (FIS) for the Philippines (The Philippines)
ITTO Budget: \$477,889.00 |
| PD 294/04 Rev.3 (F) | The Study and Demonstration of the Management of Secondary Forests in Tropical Regions for the Purpose of Enhancing Economic and Ecological Benefits (China)
ITTO Budget: \$478,344.00 |
| PD 324/04 Rev.3 (F) | Sustainable Management of Tropical Forest Resources through Stakeholder Agreements in Traditionally Owned Areas of Papua New Guinea (PNG)
ITTO Budget: \$452,196.00 |
| 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)
ITTO Budget: \$297,041.00 |
| PD 342/05 Rev.2 (F) | Development of Policy and Management Scenarios for Sustainable Management of Ghana's High Forests (Ghana)
ITTO Budget: \$242,676.00 |
| PD 349/05 Rev.2 (F) | Criteria for the Management of Mangrove and Flood Forests in the Central Coastal Plains of Veracruz, Mexico: A Community Management Tool (Mexico)
ITTO Budget: \$387,296.00 |
| PD 367/05 Rev.2 (F) | Promotion of the Sustainable Management of Tropical Planted Forest in Congo's Tropical Forest Plantations (Republic of Congo)
ITTO Budget: \$143,856.00 |

PD 386/05 Rev.1 (F)	Technological Development for the Production of Planting Materials to Support Sustainable Plantation of Bali Indigenous Species through Community Participation (Indonesia) ITTO Budget: \$597,512.00
PD 313/04 Rev.3 (I)	Development of the Rubberwood Industry in Côte d'Ivoire - Phase II (Côte d'Ivoire) ITTO Budget: \$503,736.00
PD 316/04 Rev.2 (I)	Which Species to Log in Tomorrow's Central African Forests? (Tools for the Sustainable Management of the Central African Republic's Rainforests) (Central African Republic) ITTO Budget: \$772,238.00
PD 343/05 Rev.1 (I)	Bamboo for Development through Community Driven Industries (The Philippines) ITTO Budget: \$508,651.00

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

PD 324/04 Rev.3 (F)	\$452,196.00
PD 386/05 Rev.1 (F)	\$597,512.00

- (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 353/05 Rev.2 (M,F,I)	\$477,889.00
PD 294/04 Rev.3 (F)	\$478,344.00
PD 326/05 Rev.2 (F)	\$297,041.00
PD 342/05 Rev.2 (F)	\$242,676.00
PD 349/05 Rev.2 (F)	\$387,296.00
PD 367/05 Rev.2 (F)	\$143,856.00
PD 313/04 Rev.3 (I)	\$503,736.00
PD 316/04 Rev.2 (I)	\$772,238.00
PD 343/05 Rev.1 (I)	\$508,651.00

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

PD 192/03 Rev.3 (M)	\$121,072.00
PD 291/04 Rev.2 (M)	\$216,378.00
PD 346/05 Rev.2 (F)	\$324,000.00
PD 351/05 Rev.1 (F)	\$514,653.00
PD 333/05 Rev.2 (I)	\$361,897.00

- (vi) to authorize financing from the resources of the Sub-Account B of the Bali Partnership Fund for immediate implementation of the following Project which was approved at an earlier Session:

PD 334/05 Rev.2 (I)	\$629,873.00
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- (vii) to authorize the amendment in the budget and release of funding for the immediate implementation of the following Projects which were approved at earlier Sessions:

PD 228/03 Rev.3 (F) Phase I	\$230,000.00
PD 237/03 Rev.4 (F)	\$577,800.00
PD 238/03 Rev.4 (F)	\$577,800.00
PD 372/05 Rev.1 (F)	\$790,020.00

- (viii) to authorize the amendment in the budget and financing for immediate implementation as soon as earmarked funds are available in the Special Account of the following Project which was approved at an earlier Session:

PD 228/03 Rev.3 (F) Phase II	\$165,028.00
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2. Decides:

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

PPD 116/05 Rev.1 (F)	Decentralization of Forest Seed Production and Marketing (Guatemala)	ITTO Budget: \$46,764.00
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- (ii) to authorize financing for implementation as soon as earmarked funds are available in the Special Account of the following Pre-Project approved at this Session:

PPD 116/05 Rev.1 (F)	\$46,764.00
----------------------	-------------

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

PPD 45/02 Rev.3 (M)	\$32,022.00
PPD 108/04 Rev.1 (F)	\$75,578.00

- (iv) to authorize the amendment in the budget and financing for implementation as soon as earmarked funds are available in the Special Account of the following Pre-Project which was approved at an earlier Session:

PPD 68/03 Rev.2 (I)	\$ 80,000.00
---------------------	--------------

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.

* * *

Distr.
GENERAL

ITTC(XXXIX)/12
12 November 2005

Original: ENGLISH

THIRTY-NINTH SESSION
7 – 12 November 2005
Yokohama, Japan

DECISION 2 (XXXIX)

ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2006-2007

The International Tropical Timber Council,

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

Appreciating the work of the Secretariat in its proposal to Council on the Biennial Work Programme for the years 2006-2007;

Noting that the implementation period of the ITTO Yokohama Action Plan 2002-2006 is extended to 2007;

Noting further that activities listed in paragraph 2 below are derived from the following: (a) ITTO Yokohama Action Plan; (b) the four ITTO Committee Reports to the Thirty-ninth Session of Council; and (c) previous Council decisions;

Decides to:

1. Adopt the Biennial Work Programme for the years 2006-2007, as contained in the Annex to this Decision;
2. Request the Executive Director to implement and/or facilitate the implementation of activities approved in the Biennial Work Programme for the years 2006-2007, including the following:

Activity	Estimated costs (US\$)
(i) Consider and take measures related to Article 16 of the ITTA, 1994 (Executive Director and Staff) and ITTC Decision 3(XXV).	
Costs for advertising the position of the Executive Director and convening the panel established under the selection procedures for an Executive Director, adopted in Decision 3(XXV).	\$80,000.00
(ii) Consider and approve provisions for continuing to publish the ITTO quarterly Tropical Forest Update (TFU) and bi-weekly Market Information Service (MIS). [ITTA, 1994, Articles 29 and 30] [ITTO Yokohama Action Plan, Section 2, Actions d, f, g and i]	
Two-year extensions of Secretariat-implemented projects PD 13/99 Rev.2 (M,F,I) and PD 16/93 Rev.4 (M).	\$800,000.00 (Year 2006)
	\$800,000.00 (Year 2007)

/...

- (iii) Provide for enhanced collaboration and synergies between ITTO and CITES.
[ITTC Decisions 3(XVI), 7(XXXIV) and 2(XXXVII)]
- (a) Improve capacity of Members to implement CITES listings of timber species. \$2,850,000.00
- (b) Provide for enhanced cooperation on CITES matters related to tropical timber among governments (including CITES authorities), the private sector, and civil society. \$200,000.00
- (iv) Continue to provide for ITTO's cooperation with the Collaborative Partnership on Forests (CPF) and support for the United Nations Forum on Forests (UNFF).
[ITTC Decision 7(XXX)]
[ITTO Yokohama Action Plan, Section 2, Action c]
- (a) Strengthen ITTO's participation in and contribution to the CPF, including continuing to second a senior official to the UNFF Secretariat in the biennium, subject to the continuation of the UNFF Secretariat. \$330,000.00
- (b) Support development of a CPF joint questionnaire on forest management. \$40,000.00
- (c) Support ITTO participation and contribution to the IUFRO-led CPF initiative "Global Forest Information Service (GFIS)". \$40,000.00
- (v) Conduct an evaluation of the implementation of the ITTO Yokohama Action Plan 2002-2006.
- Consultants would review the Action Plan implementation and carry out preparatory work for the Council evaluation. \$100,000.00
- (vi) Formulate and approve the ITTO Action Plan 2008-2013.
- Consultancy work and a working group meeting to prepare a draft of the next ITTO Action Plan for Council consideration. \$150,000.00
- (vii) Make provisions for Secretariat work to enhance public relations, education and outreach activities to best convey the purpose and activities of the Organization and of the fact that sustainable forest management can be an economically, socially and environmentally viable land use.
[ITTO Yokohama Action Plan, Section 2d]
- On the basis of a communication strategy, obtain professional-level photographs of project sites, edit, publish and disseminate ITTO technical reports, produce and disseminate outreach materials such as brochures, stand-alone summaries of ITTO reports and a report documenting the achievements of ITTO over its first 20 years, upgrade the ITTO website (Japanese Language, ITTC Decisions database, etc.), exhibit ITTO outreach materials at relevant forest-related events, and develop and implement a media plan to ensure that ITTO's messages reach as wide an audience as possible, and facilitate the independent reporting of Council Sessions. \$250,000.00
- (viii) Further improve dissemination of statistics, studies and information on tropical timber and tropical forests.
[ITTA, 1994, Article 29(1)]
- Provide support to and cooperate with UNCTAD to expand its web- \$50,000.00

- based Market Information in the Commodities Area (INFO COMM) to include tropical timber.
- (ix) Consider advice from and facilitate involvement of the Trade Advisory Group (TAG) and from the Civil Society Advisory Group (CSAG).
[ITTC Decisions 9(XXVIII) and 2(XXXII)]
[Yokohama Action Plan, Section 2, Action h]
- Support for the participation of TAG and CSAG in the Sessions and for organizing panel discussions on issues of relevance to the Organization. \$80,000.00
- (x) Consider, facilitate and monitor progress in the negotiation of a Successor Agreement to the ITTA, 1994.
[ITTC Decisions 4(XXXII), 8(XXXIII) and 6(XXXIV)]
- (a) Funds needed to assist financing participation of developing member countries in and to facilitate the fourth part of the Conference (January 2006). \$280,000.00
- (b) Facilitate the independent reporting of the Conference. \$40,000.00
- (xi) Continue to promote improvement in forest law enforcement.
[ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 3]
- Fill key information gaps, including the collection and analysis of forest law enforcement data, make provisions for convening regional and sub-regional workshops, in coordination with regional FLEG processes, 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. \$200,000.00
- (xii) Promote trade in sustainably produced timber by supporting provision of data and information to assist consumers to procure legally/sustainably produced and legally traded timber.
[ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 3]
[ITTC Decision 10(XXXIV)]
- Upon request, assist countries to develop systems to demonstrate the legality of timber exports. \$240,000.00
- (xiii) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise relevant committee project and pre-project proposals submitted by Member countries.
[ITTA, 1994, Article 27(4)]
- The costs of convening four meetings of the Expert Panel (at \$95,000 for each). \$190,000.00 (Year 2006)
- \$190,000.00 (Year 2007)
- (xiv) Review of the timber market in two significant tropical timber importing countries.
[ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 5].
- Provision for further studies. \$200,000.00
- (xv) Study on subsidies affecting tropical timber products.
[ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 2]
[ITTC Decisions 4(XXXV) and 1(XXXVII)]
- Consider the results of the current study and the need for, and modalities of, follow-up activities \$130,000.00

- (xvi) Consider further work on forest law enforcement and illegal trade in timber and timber products.
[ITTC Decision 6(XXXI)]
- Work with the private sector in producer countries to study the feasibility of adopting timber tracking systems, including provision of support for five pilot schemes. \$229,000.00
- (xvii) Enhancement of statistical work and training workshops on statistics.
[ITTA, 1994, Articles 29, 30]
[ITTO Yokohama Action Plan, Section 3.1, Goal 1, Actions 1,2,3]
- Improve statistical databases, maintain access to international forest products trade databases and maintain involvement in the Intersecretariat Working Group on Forest Statistics and Joint Forest Sector Questionnaire Process. The work will include the organization of three statistical training workshops in key countries/regions. \$200,000.00
- (xviii) Monitor progress being made regarding the comparability and equivalence of certification systems.
[ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 3]
- Make provisions for and consider the results of a study on monitoring progress in comparability and acceptance of forest certification systems. \$150,000.00
- (xix) Economic valuation of the forest sector with particular reference to the Amazon basin.
[ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 7.7]
- Workshop to discuss common methodology based on the results of a study on forest accounting. \$50,000.00
- (xx) In cooperation with relevant organizations, monitor the political implications for the resource base of climate change and related policy developments, and the contribution of the resource base to the mitigation of the effects of climate change.
[ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 3]
[ITTC Decision 1(XXXVIII)]
- The work will also include monitoring progress in the implementation of project 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", PD54/99 Rev.2 (F) "Alternative Financing Model for Sustainable Forest Management in San Nicolas, Colombia" and PD240/03 Rev.1(F) "Alternative Financing Model for Sustainable Forest Management in San Nicolas – Phase II: Non-Kyoto Rehabilitation Areas (Colombia)."
- (xxi) Continue to monitor progress in the application of criteria and indicators for sustainable forest management
[ITTC Decisions 3(XXVI), 5(XXX), 9(XXX) and 4(XXXIV)]
[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 1]
- (a) Make provision for an additional 6 national workshops on C&I under Decision 4(XXXIV), incorporating related topics such as auditing, certification, etc. into the workshop curricula. \$200,000.00
- (b) Make provision for strengthening cooperation and collaboration between ITTO and ACTO countries on C&I and related topics, \$100,000.00

- including organizing a regional workshop to consolidate ITTO C&I and the Tarapoto Process. \$150,000.00
- (c) Provide assistance to a maximum of US\$10,000, per interested producer member countries, upon request, in the preparation of baseline and updated national reports on progress of SFM based on ITTO C&I. \$50,000.00
- (d) Provide for enhanced collaboration on harmonization of key terms and definitions among existing global C&I processes and international organizations which, along with ITTO, have taken initiative towards this end.
- (xxii) 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.
[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 3]
[ITTC Decisions 1(XXXV) and 4(XXXV)]
- Contribute to the Global Partnership on Forest Landscape Restoration and the implementation of the outcomes from the Petropolis Workshop. \$50,000.00
- (xxiii) Review and update the ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests.
[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 1]
[ITTC Decisions 4(XXXV) and 1(XXXVII)]
- Based on the results of field test of the draft guidelines in four producer countries with a view to identify obstacles to its likely application at both field and policy level, conduct a workshop involving three producers, three consumers, two representatives of NGOs, three relevant international institutions, two private sector representatives, and representatives of the four participating countries to revise the draft Guidelines and provide recommendations for dissemination of the Guidelines among ITTO and IUCN members, members of the CPF and other relevant organizations. Additional cost of dissemination will be quantified. These revised Guidelines and dissemination recommendations will be presented to the Committee for their consideration at the Forty-third Council session in 2007. \$396,000.00
- (xxiv) Promote the exchange of experience at the regional level on the implementation of sustainable forest management through ITTO supported projects.
[ITTO Yokohama Action Plan, Section 2, Action i]
- Make provisions for and consider the results of regional meetings involving executing agencies of ITTO projects related to sustainable forest management, in order to exchange experience and share lessons learned (Budget for three meetings). \$350,300.00
- (xxv) Monitor and assess the social, economic and environmental costs and benefits of sustainable management of natural forests.
[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 6]
- 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. \$50,000.00
- (xxvi) Assess human resources development and institutional strengthening by conducting national, regional and international training activities and the

provision of fellowships.

[ITTO Yokohama Action Plan, Section 2, Action e]

Cooperate with FAO's Asia-Pacific Forestry Commission in the development and conducting of a two-week forest policy short course. The course will be designed to use a range of stimulating and challenging educational techniques to upgrade forestry professionals' abilities to evaluate economic, environmental and social aspects of forest policy; to effectively communicate findings and opportunities; to formulate proposals and policy papers; and to oversee policy implementation and evaluation. \$35,000.00

- (xxvii) Support the effective enforcement of forest laws and regulations that ensure sustainable forest management and secure the production base.

[ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 1]

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 activity includes the organization of an Asian Regional Workshop organized in the framework of the AFP in Yogyakarta, Indonesia in June 2006. ITTO supports the preparation of background papers and participation from ITTO member countries in the workshop. Follow-up activities will be discussed based on the workshops recommendations and submitted to Council for further consideration. \$50,000.00

- (xxviii) Promote wood-based bioenergy using wood residues and wastes in tropical countries.

[ITTO Yokohama Action Plan, Section 3.3, Goal 2, Action 4]

Make provisions for and consider the results of a study and an international conference (to be organized in cooperation with FAO and UNCTAD) on wood-based bioenergy, using wood residues and wastes in tropical countries. \$200,000.00

- (xxix) Continue to promote private investment through facilitating information exchange on investment opportunities.

[ITTO Yokohama Action Plan, Section 3.3, Goal 1, Action 1]

[ITTC Decisions 1(XXXV) and 4(XXXV)]

In cooperation with UNCTAD and regional development banks, follow-up on the results of the ITTO-sponsored International Forum on Investment Promotion and make provisions for convening three regional seminars to promote investment in sustainable management of natural tropical forests and natural forest-based development. \$450,000.00

- (xxx) 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.

[ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 5; Section 3.3, Goal 2, Action 5]

Make provisions to carry out studies and for convening an international conference to promote development of non-timber forest products and services, in cooperation with FAO, INBAR and other organizations as appropriate. \$250,000.00

3. Requests the relevant Technical Committee to further consider the scope of work and develop terms of reference to guide implementation of activity (xx) listed under paragraph 2 above;
4. Authorize the Executive Director to seek voluntary contributions from Member Countries to

finance implementation of the activities listed under paragraph 2 above. If sufficient contributions are not pledged by 31 January 2006, the Executive Director is requested to finance implementation of the activities listed under paragraph 2 above, using:

- (a) the Unearmarked Funds available in the Special Account to finance activities listed under sub-paragraphs 2(iii)(b), 2(iv)(a), 2(iv)(b), 2(iv)(c), 2(v), 2(vi), 2(vii), 2(viii), 2(ix), 2(xi), 2(xii), 2(xiv), 2(xv), 2(xvi), 2(xvii), 2(xviii), 2(xix), 2(xx), 2(xxi)(a), 2(xxi)(b), 2(xxi)(c), 2(xxi)(d), 2(xxii), 2(xxvi), 2(xxvii), 2(xxviii);
 - (b) the Sub-Account B of the Bali Partnership Fund to finance activities listed under sub-paragraphs 2(ii), 2(xxiii), 2(xxiv), 2(xxv), 2(xxix), 2(xxx);
 - (c) the Working Capital Account of the Administrative Account to finance activities listed under sub-paragraphs 2(i), 2(x)(a) and 2(xiii); and
5. Request the Executive Director to report to Council at its Forty-first and Forty-third Sessions on the progress in implementing the Biennial Work Programme for 2006-2007.

ANNEX

BIENNIAL WORK PROGRAMME FOR 2006-2007

INTERNATIONAL TROPICAL TIMBER COUNCIL (ITTC)

ADMINISTRATIVE ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
<p>(i) Hold four regular sessions:</p> <ul style="list-style-type: none"> • Fortieth Session, in May/June 2006. • Forty-first Session, in November 2006 in Yokohama, Japan. • Forty-second Session, in May/June 2007. Convening the Forty-second Session of the ITTC in a producer member country, subject to the availability of funds to meet the session's costs. • Forty-third Session, in November 2007 in Yokohama, Japan. 	Routine. Regular Sessions' work.
<p>(ii) Review and approve the Organization's administrative budget for the Year 2007, and assess the contributions of each Member; consider and approve the budget proposal for the 2008-2009 biennium. <i>[ITTA, 1994, Article 19 (3) and ITTC Decision 7(XXXIII)]</i></p>	Routine. Regular Sessions' work.
<p>(iii) Consider the progress in the implementation of the ITTO Biennial Work Programme for 2006-2007.</p>	Routine. Regular Sessions' work.
<p>(iv) Consider the Draft ITTO Biennial Work Programme for 2008-2009 <i>[ITTC Decisions 7(XXV), 2(XXXI) and 9(XXXIV)]</i></p>	Routine. Regular Sessions' work.
<p>(v) Consider and take measures related to Article 16 (Executive Director and Staff) and ITTC Decision 3(XXV).</p>	<p>Regular Session's work. Costs for advertising the position of the Executive Director and convening the panel established under the selection procedures for an Executive Director, adopted in Decision 3(XXV), are estimated at US\$80,000.</p> <p>Expected funding source: Working Capital Account of the Administrative Account</p>

PROJECT ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(i) Decide on eligibility of approved actions, projects and pre-projects for funding out of sub-accounts A and B of the Bali Partnership Fund. <i>[ITTA, 1994, Article 21]</i> <i>[ITTC Decisions 6(XXVI) and 9(XXVII)]</i>	Routine. 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.
(ii) 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. <i>[ITTA, 1994, Articles 20, 21 and 25]</i>	Routine. Regular Sessions' work.
(iii) 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. <i>[ITTC Decision 9(XXVII)]</i>	Routine. Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises Council on Sub-account B funding.
(iv) Consider and approve provisions for continuing to publish the ITTO quarterly Tropical Forest Update (TFU) and bi-weekly Market Information Service (MIS) <i>[ITTA, 1994, Articles 29 and 30]</i> <i>[ITTO Yokohama Action Plan, Section 2, Actions d, f, g and i].</i>	Approve and finance two-year extensions of Secretariat-implemented projects PD 13/99 Rev.2 (M,F,I) and PD 16/93 Rev.4 (M). Estimated cost: US\$1.6 million Expected funding source: Sub-account B of the Bali Partnership Fund
(v) Continue work to improve the ITTO project formulation and appraisal process. <i>[ITTC Decisions 11(XXXIV) and 3(XXXVII)]</i>	Regular Sessions' work.

STRATEGIC POLICY ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(i) Continue to monitor and promote progress in the application of criteria and indicators for sustainable forest management <i>[ITTC Decisions 3(XXVI), 5(XXX), 9(XXX) and 4(XXXIV)]</i> <i>[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 1]</i>	Regular Sessions' work, advised by the Committee on Reforestation and Forest Management.
(ii) Continue to review the progress made by: <ul style="list-style-type: none"> • Member countries towards achieving the ITTO 2000 Objective; and • The ITTO in enhancing the capacity of Member countries to implement a strategy for achieving the ITTO 2000 Objective. <i>[ITTC Decisions 10(XXVI) and 9(XXX)]</i>	Regular Sessions' work.
(iii) Undertake the annual review and assessment of the international timber situation. <i>[ITTA, 1994, Article 30(a)]</i> <i>[ITTO Yokohama Action Plan, Section 3.1, Action 1]</i>	Routine. Regular Sessions' work.
(iv) 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. <i>[ITTA, 1994, Article 21(5)]</i>	Routine. Regular Sessions' work.
(v) Provide for enhanced collaboration and synergies between ITTO and CITES <i>[ITTC Decision 3(XVI), 7(XXXIV) and 2(XXXVII)]</i>	<ul style="list-style-type: none"> • Arrange consultations on Members' proposals to list internationally traded tropical timber species in the CITES appendices. Routine. Regular Sessions' work. • Improve capacity of Members to implement CITES listings of timber species. Estimated cost: US\$2,850,000 Expected funding source: Earmarked contributions of the Special Account • Provide for enhanced cooperation on CITES matters related to tropical timber among governments (including CITES authorities), the private sector, and civil society.

ACTIVITY

**IMPLEMENTATION APPROACH
AND COST IMPLICATIONS**

- (vi) Continue to provide for ITTO's cooperation with the Collaborative Partnership on Forests (CPF) and support for the United Nations Forum on Forests (UNFF)
[ITTC Decision 7(XXX)]
[ITTO Yokohama Action Plan, Section 2, Action c]

Estimated cost: US\$200,000
Expected funding source: Unearmarked funds of the Special Account

- Strengthen ITTO's participation in and contribution to the CPF, including continuing to second a senior official to the UNFF Secretariat in the biennium, subject to the continuation of the UNFF Secretariat.

Estimated cost: US\$330,000
Expected funding source: Unearmarked funds of the Special Account

- Support development of a CPF joint questionnaire on forest management.

Estimated cost: US\$40,000
Expected funding source: Unearmarked funds of the Special Account

- Support ITTO participation and contribution to the IUFRO-led CPF initiative "Global Forest Information Service (GFIS)"

Estimated cost: US\$40,000
Expected funding source: Unearmarked funds of the Special Account

- (vii) Consider the reports of the Informal Advisory Group (IAG).
[ITTC Decisions 3(XXII) and 5(XXVI)]

Routine. Regular Sessions' work.

- (viii) Consider the progress reports on the implementation of the ITTO Fellowship Programme.
[ITTC Decision 4(XXVII)]

Routine. Regular Sessions' work.

- (ix) Consider recommendations proposed in the reports of the Fellowship Selection Panel.
[ITTC Decision 4(XXVII)]

Routine. Regular Sessions' work.

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(x) Conduct an evaluation of the implementation of the ITTO Yokohama Action Plan 2002-2006.	Regular Sessions' work. Consultants would review the Action Plan implementation and carry out preparatory work for the Council evaluation. Estimated cost: US\$100,000 Expected funding source: Unearmarked funds of the Special Account
(xi) Formulate and approve the ITTO Action Plan 2008-2013.	Regular Sessions' work. Consultancy work and a working group meeting to prepare a draft of the next ITTO Action Plan for Council consideration may be needed. Estimated cost: US\$150,000 Expected funding source: Unearmarked funds of the Special Account
(xii) Make provisions for Secretariat work to enhance public relations, education and outreach activities to best convey the purpose and activities of the Organization and of the fact that sustainable forest management can be an economically, socially and environmentally viable land use. <i>[ITTO Yokohama Action Plan, Section 2d]</i>	On the basis of a communication strategy, obtain professional-level photographs of project sites, edit, publish and disseminate ITTO technical reports, produce and disseminate outreach materials such as brochures, stand-alone summaries of ITTO reports and a report documenting the achievements of ITTO over its first 20 years, upgrade the ITTO website (Japanese language, ITTC Decisions database, etc.), exhibit ITTO outreach materials at relevant forest-related events, and develop and implement a media plan to ensure that ITTO's messages reach as wide an audience as possible, and facilitate the independent reporting of Council sessions. Estimated cost: US\$250,000 Expected funding source: Unearmarked funds of the Special Account
(xiii) Further improve dissemination of statistics, studies and information on tropical timber and tropical forests. <i>[ITTA, 1994, Article 29(1)]</i>	Provide support to and cooperate with UNCTAD to expand its web-based Market Information in the Commodities Area (INFO COMM) to include tropical timber. Estimated cost: US\$50,000 Expected funding source: Unearmarked funds of the Special Account
(xiv) Consider results of technical diagnostic and planning missions authorized under Decision 2(XXIX). <i>[ITTC Decision 2(XXIX)]</i> <i>[ITTO Yokohama Action Plan, Section 2, Action a]</i>	Regular Sessions' work.

ACTIVITY

IMPLEMENTATION APPROACH
AND COST IMPLICATIONS

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| <p>(xv) Consider advice from and facilitate involvement of the Trade Advisory Group (TAG) and from the Civil Society Advisory Group (CSAG).
<i>[[ITTC Decisions 9(XXVIII) and 2(XXXII)]</i>
<i>[Yokohama Action Plan, Section 2, Action h]</i></p> <p>(xvi) Consider, facilitate and monitor progress in the negotiation of a Successor Agreement to the ITTA, 1994.
<i>[[ITTC Decisions 4(XXXII), 8(XXXIII) and 6(XXXIV)]</i></p> <p>(xvii) Consider the results of the following studies and conferences/meetings:</p> <ul style="list-style-type: none"> • The study on the achievement of a synergy between the Action Plan to promote the Further Processing of Tropical Timber in Africa by the Ministerial Conference of the African Timber Organization and the Sub-regional Convergence Plan; and the development of a regional project proposal to enable ITTO to contribute to the promotion of further tropical timber processing in the countries of Central Africa
<i>[[ITTC Decisions 10(XXXII) and 1(XXXVIII)]</i> • International Conference on Forests and Forest Industries Managed by Indigenous and other Local Communities
<i>[[ITTC Decisions 4(XXXV), 1(XXXVI) and 1(XXXVII)]</i> • Expert meeting/conference on transportation of timber
<i>[[ITTC Decisions 6(XXXI) and 1(XXXVI)]</i> <p>(xviii) Review the results of Civil Society/Private Sector partnerships and consider additional work if necessary.
<i>[[ITTC Decision 5(XXXIII)]</i></p> | <p>Regular Sessions' work. Council may wish to provide support for the participation of TAG and CSAG in the Sessions and for organizing panel discussions on issues of relevance to the Organization.
Estimated cost: US\$80,000
Expected funding source: Unearmarked funds of the Special Account</p> <p>Regular Sessions' work. Funds needed to assist financing participation of developing member countries in and to facilitate the fourth part of the Conference (January 2006), including independent reporting of the Conference, are estimated at US\$320,000.
Expected funding source: Working Capital Account of the Administrative Account and earmarked contributions of the Special Account.</p> <p>Regular Sessions' work.</p> <p>Regular Sessions' work.</p> |
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ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(xix) Consider further work to promote development and implementation of phased approaches to certification in the tropics. <i>[ITTC Decision 10(XXXIV)]</i>	Regular Sessions' work.
(xx) Consider further work on forest law enforcement and illegal trade in timber and timber products. <i>[ITTC Decision 6(XXXI)]</i>	Continue consideration of results of forest law enforcement case studies approved under Decision 6(XXXI).
(xxi) Continue to promote improvement in forest law enforcement. <i>[ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 3]</i>	Fill key information gaps, including the collection and analysis of forest law enforcement data, make provisions for convening regional and sub-regional workshops, in coordination with regional FLEG processes, 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. Estimated cost: US\$200,000 Expected funding source: Unearmarked funds of the Special Account
(xxii) Promote trade in sustainably produced timber by supporting provision of data and information to assist consumers to procure legally/sustainably produced and legally traded timber. <i>[ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 3]</i> <i>[ITTC Decision 10(XXXIV)]</i>	Upon request, assist countries to develop systems to demonstrate the legality of timber exports. Estimated cost: US\$240,000 Expected funding source: Unearmarked funds of the Special Account

ALL THREE TECHNICAL COMMITTEES**PROJECT ACTIVITIES**

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(i) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise relevant committee project and pre-project proposals submitted by Member countries. <i>[ITTA, 1994, Article 27(4)]</i>	Routine. Regular Sessions' work. The costs of convening four meetings of the Expert Panel are estimated at US\$380,000. Expected funding source: Working Capital Account of the Administrative Account
(ii) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the relevant Committees. <i>[ITTA, 1994, Article 27(4)]</i>	Routine. Regular Sessions' work.
(iii) Review the results of relevant project work and make recommendations to Council on ITTO's Work Programme. <i>[ITTA, 1994, Article 27(4)]</i>	Routine. Regular Sessions' work.
(iv) Select projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII). <i>[Yokohama Action Plan, Section 1.6 and ITTC Decision 3(XXVIII)]</i>	Routine. Regular Sessions' work.
(v) Provide guidance to Member countries for the formulation of relevant project proposals which meet the priorities set in the ITTO Yokohama Action Plan. <i>[Yokohama Action Plan, Section 1.6]</i>	Routine. Regular Sessions' work.
(vi) Consider and, if appropriate, take action to disseminate information on projects findings and results. <i>[ITTA, 1994, Article 27(4), ITTO Yokohama Action Plan, Section 2, Actions d and e]</i>	Routine. Regular Sessions' work.
(vii) Review the results of work related to improvement of project development, appraisal and implementation, and make recommendations to Council as appropriate. <i>[ITTC Decision 3(XXXVII)]</i>	Regular Sessions' work. The Committees will consider the results of work on project development, appraisal and implementation approved in ITTC Decision 3(XXXVII).

STRATEGIC POLICY ACTIVITIES**ACTIVITY****IMPLEMENTATION APPROACH
AND COST IMPLICATIONS**

Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's Work Programme.

[ITTA, 1994, Article 27(4), ITTO Yokohama Action Plan, Section 1.6]

Routine. Regular Sessions' work.

COMMITTEE ON FINANCE AND ADMINISTRATION**ADMINISTRATIVE AND FINANCE ACTIVITIES**

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(i) Review the independent audited statement for the 2005 and 2006 financial years. <i>[ITTA, 1994, Article 27(6)]</i>	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. <i>[ITTA, 1994, Article 27(6)]</i>	Routine. Regular Sessions' work.
(iii) Review and make recommendations to Council, as necessary, regarding the Organization's administrative budget for the year 2007 of the approved biennial administrative budget for the years 2006-2007. <i>[ITTA, 1994, Article 27(6)]</i>	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 2008-2009. <i>[ITTA, 1994, Article 27(6)]</i>	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. <i>[ITTA, 1994, Article 27(6)]</i>	Routine. Regular Sessions' work.
(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>	Routine. Regular Sessions' work.

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

STRATEGIC POLICY ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(i) Market study on tropical plantation timber. [ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 3] ITTC Decisions 1(XXXV) and 4(XXXV)]	Regular Sessions' work. The Committee will consider the study report in 2006.
(ii) Assist the Trade Advisory Group (TAG) in organizing and holding the ITTO Annual Market Discussion 2006 on the world tropical timber trade during the Fortieth Session of the ITTC in May/June 2006. [ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 4]	Regular Sessions' work. The theme for the 2006 Market Discussion will be determined during the Thirty-seventh Session of the Committee (7-12 November 2005).
(iii) Assist the Trade Advisory Group (T-A-G) in organizing and holding the ITTO Annual Market Discussion 2007 on the world tropical timber trade during the Forty-second Session of the ITTC (May/June 2007). [ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 4]	Regular Sessions' work. The theme for the 2007 Market Discussion will be determined during the Thirty-ninth Session of the Committee (November 2006).
(iv) Review of the timber market in two significant tropical timber importing countries. [ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 5].	Regular Sessions' work. Provisions for the studies may be proposed by the Committee. Estimated cost: US\$200,000 Expected funding source: Unearmarked funds of the Special Account
(v) Study on subsidies affecting tropical timber products. [ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 2] [ITTC Decisions 4(XXXV) and 1(XXXVII)]	The Committee will consider the results of the current study and the need for, and modalities of, follow-up activities. Estimated cost: US\$130,000 Expected funding source: Unearmarked funds of the Special Account
(vi) Consider further work on forest law enforcement and illegal trade in timber and timber products [ITTC Decision 6(XXXI)]	<ul style="list-style-type: none"> • Consider the results of the study on Auditing of Existing Tracking Systems in Tropical Forest Industries. • Work with the private sector in producer countries to study the feasibility of adopting timber tracking systems, including provision of support for five pilot schemes. <p>Estimated cost: US\$229,000 Expected funding source: Unearmarked funds and Earmarked contributions of the Special Account</p>

ACTIVITY**IMPLEMENTATION APPROACH
AND COST IMPLICATIONS**

- (vii) Enhancement of statistical work and training workshops on statistics.

[ITTA, 1994, Articles 29, 30]

[ITTO Yokohama Action Plan, Section 3.1, Goal 1, Actions 1,2,3]

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 involvement in the Intersecretariat Working Group on Forest Statistics and Joint Forest Sector Questionnaire Process. The work will include the organization of three statistical training workshops in key countries/regions.

Estimated cost: US\$200,000

Expected funding source: Unearmarked funds of the Special Account

- (viii) Monitor progress being made regarding the comparability and equivalence of certification systems.

[ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 3]

Make provisions for and consider the results of a study on monitoring progress in comparability and acceptance of forest certification systems.

Estimated cost: US\$150,000

Expected funding source: Unearmarked funds of the Special Account

- (ix) Economic valuation of the forest sector with particular reference to the Amazon basin.

[ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 7.7]

The Committee will consider results of a study on forest accounting in a workshop to discuss common methodology.

Estimated cost: US\$50,000

Expected funding source: Unearmarked funds of the Special Account

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

STRATEGIC POLICY ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
<p>(i) In cooperation with relevant organizations, monitor the political implications for the resource base of climate change and related policy developments, and the contribution of the resource base to the mitigation of the effects of climate change. [ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 3] [ITTC Decision 1(XXXVIII)]</p>	<p>Regular Sessions' work. The work will also include monitoring progress in the implementation of project 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", PD 54/99 Rev.2 (F) "Alternative Financing Model for Sustainable Forest Management in San Nicolas, Colombia" and PD 240/03 Rev.1(F) "Alternative Financing Model for Sustainable Forest Management in San Nicolas – Phase II: Non-Kyoto Rehabilitation Areas (Colombia).</p>
<p>(ii) Promote the conservation, rehabilitation and sustainable management of mangroves, in collaboration with relevant organizations. [ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 4] [ITTC Decisions 4(XXXIII), 1(XXXV) and 4(XXXV)]</p>	<p>Regular Sessions' work, which will include:</p> <ul style="list-style-type: none"> • Receiving and contributing to disseminate the updated World Mangrove Atlas [PD 276/04 Rev.2 (F)]; • Review of progress in the implementation of ITTO's Mangrove Work Programme 2002-2006; incorporating the experiences and lessons learned from completed and on-going ITTO mangrove projects and the ex-post evaluation on these projects. • Consider the results of the assessment of new methodologies and guidelines for assessing qualitative and quantitative aspects of mangroves and criteria and indicators for the sustainable management of mangrove ecosystems, and make recommendations on further work, if needed.
<p>(iii) Continue to monitor progress in the application of criteria and indicators for sustainable forest management [ITTC Decisions 3(XXVI), 5(XXX), 9(XXX) and 4(XXXIV)] [ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 1]</p>	<p>Regular Sessions' work, which includes monitoring the implementation of Decision 4(XXXIV) under which 18 national workshops to promote application of C&I have already been implemented, with several more planned for 2006-2007.</p> <ul style="list-style-type: none"> • Make provision for an additional 6 national workshops on C&I under Decision 4(XXXIV), incorporating related topics such as auditing, certification, etc. into the workshop curricula. Estimated cost: \$200,000

ACTIVITY

**IMPLEMENTATION APPROACH
AND COST IMPLICATIONS**

Expected funding source: Unearmarked funds and earmarked contributions of the Special Account

- Make provision for strengthening cooperation and collaboration between ITTO and ACTO countries on C&I and related topics, including organizing a regional workshop to consolidate ITTO C&I and the Tarapoto Process.

Estimated cost: \$100,000

Expected funding source: Unearmarked funds of the Special Account

- Provide assistance to a maximum of US\$10,000, per interested producer member countries, upon request, in the preparation of baseline and updated national reports on progress of SFM based on ITTO C&I.

Estimated cost: US\$ 150,000

Expected funding source: Unearmarked funds of the Special Account

- Provide for enhanced collaboration on harmonization of key terms and definitions among existing global C&I processes and international organizations which, along with ITTO, have taken initiative towards this end.

Estimated cost: \$50,000

Expected funding source: Unearmarked funds of the Special Account

- (iv) 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.

[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 3]

[ITTC Decisions 1(XXXV) and 4(XXXV)]

Regular Sessions' work, including continuation of monitoring the implementation of ten national training workshops, approved under Decisions 1(XXXV) and 4(XXXV), to promote use of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests.

Furthermore, contribute to the Global Partnership on Forest Landscape Restoration and the implementation of the outcomes from the Petropolis Workshop.

ACTIVITY

**IMPLEMENTATION APPROACH
AND COST IMPLICATIONS**

Estimated cost: US\$ 50,000
Expected funding source: Unearmarked funds of the Special Account

- (v) Monitor and assess the environmental, social and economic costs and benefits of forest plantation development and utilize that information to promote new plantations.
[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 5]
[ITTC Decisions 4(XXXV) and 1(XXXVI)]

Regular Sessions' work, which will include consideration of the results of the implementation of the on-going "Study on Encouraging Private Sector Investment in Industrial Forest Plantations in the Tropics".

- (vi) Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests.
[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 7]
[ITTC Decision 6(XXXIII)]

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 Peru will be available to the Committee in 2006.

- (vii) Review and update the ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests.
[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 1]
[ITTC Decisions 4(XXXV) and 1(XXXVII)]

The Committee agreed to field test the draft guidelines in four producer countries to identify obstacles to its likely application at both field and policy level. Based on these results, a workshop involving three producers, three consumers, two representatives of NGOs, three relevant international institutions, two private sector representatives, and representatives of the 4 participating countries will revise the draft Guidelines and provide recommendations for dissemination of the Guidelines among ITTO and IUCN members, members of the CPF and other relevant organizations. Additional cost of dissemination will be quantified. These revised Guidelines and dissemination recommendations will be presented to the Committee for their consideration at the Forty-third Council session in 2007.

Estimated cost: US\$ 396,000
Expected funding source: Sub-account B of the Bali Partnership Fund

- (viii) Promote the exchange of experience at the regional level on the implementation of sustainable forest management through ITTO supported projects.
[ITTO Yokohama Action Plan, Section 2, Action i]

Make provisions for and consider the results of regional meetings involving executing agencies of ITTO projects related to sustainable forest management, in order to exchange experience and share lessons learned.

Estimated cost: US\$ 350,300 for three meetings
Expected funding source: Sub-account B of the Bali Partnership Fund

ACTIVITY

**IMPLEMENTATION APPROACH
AND COST IMPLICATIONS**

- (ix) Monitor and assess the social, economic and environmental costs and benefits of sustainable management of natural forests.
[ITTO Yokohama Action Plan, Section 3.2, Goal 2, Action 6]
- 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.
- Estimated cost: US\$50,000
Expected funding source: Sub-account B of the Bali Partnership Fund
- (x) Assess human resources development and institutional strengthening by conducting national, regional and international training activities and the provision of fellowships.
[ITTO Yokohama Action Plan, Section 2, Action e]
- Cooperate with FAO's Asia-Pacific Forestry Commission in the development and conducting of a two-week forest policy short course. The course will be designed to use a range of stimulating and challenging educational techniques to upgrade forestry professionals' abilities to evaluate economic, environmental and social aspects of forest policy; to effectively communicate findings and opportunities; to formulate proposals and policy papers; and to oversee policy implementation and evaluation.
- Estimated cost: US\$35,000
Expected funding source: Unearmarked funds of the Special Account
- (xi) Support the effective enforcement of forest laws and regulations that ensure sustainable forest management and secure the production base.
[ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 1]
- 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 activity includes the organization of an Asian Regional Workshop organized in the framework of the AFP in Yogyakarta, Indonesia in June 2006. ITTO supports the preparation of background papers and participation from ITTO member countries in the workshop. Follow-up activities will be discussed based on the workshops recommendations and submitted to Council for further consideration.
- Estimated cost: US\$50,000
Expected funding source: Unearmarked funds of the Special Account

COMMITTEE ON FOREST INDUSTRY

STRATEGIC POLICY ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(i) Promote the establishment of efficient and socially sound community-based forest industries. <i>[ITTO Yokohama Action Plan, Section 3.3, Goal 2, Action 8]</i> <i>[ITTC Decisions 4(XXXV) and 1(XXXVI)]</i>	The Committee will consider the results of a study that is reviewing experiences of successful community forest-based industries.
(ii) Study and promote policies and other measures to increase the competitiveness of the tropical plywood industry. <i>[ITTO Yokohama Action Plan, Section 3.3, Goal 1, Action 2]</i> <i>[ITTC Decisions 4(XXXV) and 1(XXXVI)]</i>	Regular Sessions' work. The Committee will continue to study policies and measures to promote tropical plywood industry, taking into account the outcome of the ITTO/FAO international conference on tropical plywood held in Beijing, China, on 26-28 September 2005.
(iii) Promote wood-based bioenergy using wood residues and wastes in tropical countries. <i>[ITTO Yokohama Action Plan, Section 3.3, Goal 2, Action 4]</i>	Make provisions for and consider the results of a study and an international conference (to be organized in cooperation with FAO and UNCTAD) on wood-based bioenergy, using wood residues and wastes in tropical countries. Estimated cost: US\$200,000 Expected funding source: Unearmarked funds of the Special Account
(iv) Continue to promote private investment through facilitating information exchange on investment opportunities. <i>[ITTO Yokohama Action Plan, Section 3.3, Goal 1, Action 1]</i> <i>[ITTC Decisions 1(XXXV) and 4(XXXV)]</i>	In cooperation with UNCTAD and regional development banks, follow-up on the results of the ITTO-sponsored International Forum on Investment Promotion and make provisions for convening three regional seminars to promote investment in sustainable management of natural tropical forests and natural forest-based development. Estimated cost: US\$450,000 Expected funding source: Sub-account B of the Bali Partnership Fund
(v) 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. <i>[ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 5; Section 3.3, Goal 2, Action 5]</i>	Make provisions to carry out studies and for convening an international conference to promote development of non-timber forest products and services, in cooperation with FAO, INBAR and other organizations as appropriate. Estimated cost: US\$250,000 Expected funding source: Sub-account B of the Bali Partnership Fund

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 2006-2007 is as follows:

ACTIVITY**SUPPORT TO COUNCIL AND COMMITTEE SESSIONS**

1. Preparation for Sessions of Council and Committees, including the drafting and arrangements for translation and distribution of necessary documents.
2. Service Council and Committees during four Sessions scheduled in 2006-2007 (ITTC 40-43).
3. Prepare draft 2005 and 2006 Annual Reports of the Organization.
4. Develop a Draft ITTO Biennial Work Programme for 2008-2009.
5. Prepare a proposal for the administrative budget for the Biennium 2008-2009.

PROJECT SUPPORT

6. Organize and provide assistance to four meetings of the Expert Panel for Technical Appraisal of Project Proposals in 2006-2007.
7. Carry out project monitoring and evaluation work needed to assist the ITTO Committees' task of ensuring appropriate monitoring/evaluation of ITTO financed pre-projects and projects (199 operational pre-projects and projects as of August 2005).
8. Engage and oversee work of consultants on improvement of project design, appraisal and implementation.
9. 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. Project PD 58/97 Rev.1 (I)
The Establishment of the Database of Tropical Industrial Lesser-Used Wood Species
 - f. Project PD 25/95 Rev.1 (M)
Training Workshops on Tropical Forestry and Timber Trade Statistics
 - g. Pre-Project PPD 14/00 (M)
Strengthening the Market Discussion
 - h. 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"

ACTIVITY

ACTIVITY SUPPORT

10. Organize and assist the work of panels and working groups decided by Council on an ad hoc basis.
11. Continue to arrange training workshops on criteria and indicators in producer countries.
12. Continue to arrange national-level workshops to promote the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests.
13. Assist reviewing, assessing and promoting experiences in civil society/private sector forest management partnerships.
14. Engage consultants to assist Producer Members to evaluate their work related to forest fire and make recommendations and proposals to enhance forest fire prevention and management programmes.
15. Assist mahogany and ramin exporting members to implement the species CITES listing in Appendix II.
16. Take action as appropriate to organize and convene an expert meeting/conference on transportation of timber.
17. Take action to organize and International Conference on Forests and Forest Industries Managed by Indigenous and other Local Communities.
18. Continue to implement other activities carried on from the 2004-2005 Work Programme, including:
 - a. Market Study on Tropical Plantations Timber
 - b. Study on Subsidies Affecting Tropical Timber Products
 - c. Auditing of Existing Tracking Systems in Tropical Forest Industries
 - d. Study on Encouraging Private Sector Investment in Industrial Forest Plantations in the Tropics
 - e. The study on the achievement of a synergy between the Action Plan to promote the Further Processing of Tropical Timber in Africa by the Ministerial Conference of the African Timber Organization and the Sub-regional Convergence Plan; and the development of a regional project proposal to enable ITTO to contribute to the promotion of further tropical timber processing in the countries of Central Africa
19. Assist convening the panel established under the selection procedures for an Executive Director, adopted in Decision 3(XXV).
20. Facilitate preparation of a proposal on actions to improve capacity of Members to implement CITES listings of timber species, and make arrangements for their implementation.
21. Implement activities, including regional workshops, to enhance cooperation on CITES matters related to tropical timber among governments (including CITES authorities), the private sector, and civil society.
22. Support development of a CPF joint questionnaire on forest management.
23. Make arrangements for ITTO participation and contribution to the IUFRO-led CPF initiative "Global Forest Information Service (GFIS)"
24. Engage consultants to review the Action Plan implementation and carry out preparatory work for

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- the Council evaluation.
25. Arrange for consultancy work and convene a working group meeting to prepare a draft of the next ITTO Action Plan for Council consideration may be needed.
 26. Make arrangements to provide support to and cooperate with UNCTAD to expand its web-based Market Information in the Commodities Area (INFO COMM) to include tropical timber.
 27. Make arrangements to convene regional and sub-regional workshops, in coordination with regional FLEG processes, 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.
 28. Make arrangements to assist countries to develop systems to demonstrate the legality of timber exports.
 29. Engage consultants to carry out market studies in two significant tropical timber importing countries.
 30. Take action as appropriate to work with the private sector in producer countries to study the feasibility of adopting timber tracking systems, including provision of support for five pilot schemes.
 31. Implement 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. The work will include the organization of three statistical training workshops in key countries/regions.
 32. Make provisions for the implementation of a study on monitoring progress in comparability and acceptance of forest certification systems.
 33. Arrange for the implementation of a study and convening a workshop on economic valuation of the forest sector with particular reference to the Amazon basin.
 34. Make arrangement to convene a three-day expert meeting to develop knowledge and approaches to carbon credits from degraded forests and issues on adaptation in relation to climate change.
 35. Make provision for strengthening cooperation and collaboration between ITTO and ACTO countries on C&I and related topics, including organizing a regional workshop to consolidate ITTO C&I and the Tarapoto Process.
 36. Take action as appropriate to provide assistance to producer member countries, upon request, for the preparation of baseline and updated national reports on progress of SFM based on ITTO C&I.
 37. Provide for enhanced collaboration on harmonization of key terms and definitions among existing global C&I processes and international organizations which, along with ITTO, have taken initiative towards this end.
 38. Take action as appropriate to contribute to the Global Partnership on Forest Landscape Restoration and to promote the implementation of the outcomes from the Petropolis Workshop.
 39. Make arrangements to field test the ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests in four producer countries. Based on results of the field test, organize a workshop to further revise the Guidelines.
 40. Organize regional meetings involving executing agencies of ITTO projects related to sustainable

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- forest management.
41. 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.
 42. Cooperate with FAO's Asia-Pacific Forestry Commission in the development and conducting of a two-week forest policy short course.
 43. Cooperate with CIFOR, the Regional Community Forestry Training Centre (RECOFTC) and FAO's Asia Pacific Forestry Commission in the organization of activities to support work related to decentralization of sustainable forest management.
 44. Make arrangements for undertaking a study and convening an international conference (to be organized in cooperation with FAO and UNCTAD) on wood-based bioenergy.
 45. In cooperation with UNCTAD and regional development banks, make provisions for convening three regional seminars to promote investment in sustainable management of natural tropical forests and natural forest-based development.
 46. Make provisions to carry out studies and for convening an international conference to promote development of non-timber forest products and services, in cooperation with FAO, INBAR and other organizations as appropriate.

COMMUNICATION AND OUTREACH

47. Carry out communication and outreach activities, including obtaining professional-level photographs of project sites, editing, publishing and disseminating ITTO technical reports, producing and disseminating outreach materials such as brochures, stand-alone summaries of ITTO reports and a report documenting the achievements of ITTO over its first 20 years, upgrading the ITTO website (Japanese language, ITTC Decisions database, etc.), exhibiting ITTO outreach materials at relevant forest-related events, and developing and implementing a media plan to ensure that ITTO's messages reach as wide an audience as possible, and facilitating the independent reporting of Council sessions.
48. Encourage the participation of non-government stakeholders, including industry and trade associations, environmental organizations and indigenous groups, in the activities of the Organization, with a view to promoting transparency and dialogue.
49. Continue to work with the secretariats of CPF member organizations to deepen cooperation between ITTO and these organizations with a view to enhancing cooperation and improving awareness among the general public of those areas where the objectives, policies and activities of the organizations coincide.

OTHER

50. Carry out statistical work and preparation of draft Annual Review and Assessment of the International Timber Situation.
51. Assist Council in preparations for and on the negotiations of a Successor Agreement to the ITTA, 1994.
52. Provide assistance to individual producer countries, on request, in setting up ITTO Objective 2000 Boards [ITTC Decision 2(XXIX)] and to identify in each country those factors which most severely limit progress towards achieving ITTO Objective 2000 and sustainable forest management, and to formulate an action plan to overcome these constraints.

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53. Continue to implement international cooperation actions identified in Annexes A and B of ITTC Decision 7(XXX), taking into account the Council review of these Annexes.
54. Provide support for the participation of TAG and CSAG in the Sessions and for organizing panel discussions on issues of relevance to the Organization.
55. Prepare a report on the implications of the entry into force of a successor agreement to the ITTA, 1994 on the work of the Organization, and make recommendations to Council on the arrangements and measures that may be required for implementation of the new agreement, including transitional measures.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

Documents: CEM-CFI(XXXVII)/7
 CRF(XXXVII)/7
 CFA(XVIII)/7

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THIRTY-SEVENTH SESSION
7 – 12 November 2005
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

THIRTY-SEVENTH SESSION OF THE COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND THE COMMITTEE ON FOREST INDUSTRY

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- Appendix C:** Terms of Reference for Work Programme Elements

REPORT

1. Opening of the Session

The Thirty-seventh Session of the Committees was opened on 7 November 2005 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. James Gasana (Switzerland), Vice-chairperson of CEM deputising for Ing. Renzo Silva (Venezuela), Chairman of the CEM who was absent. This Joint Session considered Agenda items 1-4. The subsequent meetings of the CEM and CFI were conducted in joint sessions by Dr. James Gasana and Ms. Celestine Ntsame-Okwo (Gabon), Chairperson of CFI. The list of participants is presented in document ITTC(XXXIX)/Info. 2 Rev.1.

2. Adoption of Agenda and Organization of Work

The Committees adopted the Agenda for the joint Thirty-seventh Session as contained in document CEM-CFI(XXXVII)/1.

3. Admission of Observers

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

4. Report of the Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Joint Session with the Committee on Reforestation and Forest Management (CRF) and the Committee on Finance and Administration (CFA)]

The Committees noted the presentation made by Dr. Ricardo Umali (Philippines), Chairman of the Expert Panel on the Report of the Expert Panel (EP) for Technical Appraisal of Project Proposals at its Thirtieth Meeting held on 1-5 August 2005 in Yokohama, Japan as contained in document CEM,CRF,CFI,CFA(XXXVII)/1. In summary, the report of the EP indicated:

- (i) the fewer number of proposals - 35 projects and six pre-projects for a total of 41 – assessed by the EP, down from 79 in the previous EP meeting;
- (ii) only nine projects and one pre-project, totaling ten proposals (24% of proposals assessed) with category 1 rating;
- (iii) the ten category 1 proposals consisted of two new proposals and eight revised proposals;
- (iv) 27 proposals requiring further revisions and three proposals referred for disapproval; and
- (v) 63% of the proposals ranked with a "wider use" value of zero and only two proposals with the highest value of 4.

The Chairman emphasised the persistent problems in project formulation including the lack of comprehensive problem analysis, deficient logical framework and lack of relevance to country and ITTO priorities.

The major findings/recommendations of the EP included:

- (i) management of NTFPs such as rattan, bamboo and medicinal plants and protected areas fails to clearly show relevance to SFM and achievement of Objective 2000;
- (ii) proposals on lesser-used species (LUS) and lesser-known species (LKS) are often poorly justified;
- (iii) transboundary/regional proposals should contain firm commitment from participating countries to pursue common objectives and conduct joint activities;
- (iv) project proposals developed from pre-projects and subsequent phases of phased projects should clarify the origin, what needs to be continued, and previous results to build upon;
- (v) several proposals still lack focus, with many unwieldy components like inventory, management plan, plan implementation and training being envisioned for implementation under one project;
- (vi) training and capability-building proposals should be supported by needs assessment, curricula of training modules, and targets to be trained etc.;
- (vii) technical and scientific aspects are weakly developed, in particular for genetic improvement projects; the choice of species and use of technologies should be clearly justified;

- (viii) confusion on whether proposals are to be submitted as small projects, pre-projects, or full project proposals;
- (ix) unclear understanding of the scope and expected results for projects on phased approaches to certification. Proponents should review the results and recommendations of the ITTO International Workshop on Phased Approaches to Certification held in Switzerland in April 2005;
- (x) the strategy, methodology and approach to community-based plantation projects should be explained in detail as these vary from country to country and within a country;
- (xi) projects on sustainable management of degraded secondary forests should follow the right guidelines using natural regeneration, enrichment planting and similar rehabilitation methods;
- (xii) the subsidizing of regular business activities in projects executed by and benefiting the private business sector should be seriously evaluated and the support activities properly justified;
- (xiii) proposals for tsunami victims should be submitted directly to ITTC to avail without delay of the rehabilitation support particularly on the need to rebuild houses made of bamboo; and
- (xiv) patents and intellectual property rights to technologies developed in project implementation and existing regulations for joint ownership with ITTO as donor should be evaluated and implemented. Proper guidance from the ITTC should be solicited to clarify this matter.

The Panel requested the Council to remind members to limit and prioritize the proposals as currently detailed in the rules of submission of ITTO and seek only to submit those which would have the most effect on sustainable forest management in member countries.

With regards to the application of the proposed new ITTO system for evaluating proposals [Decision 3(XXXVII)], the Chairman of the EP reported that out of 18 new project proposals tested, 16 obtained different rating categories as compared to the current system. In most cases, however, the differences were modest and stemmed from divergences in appraisal, overlooked information or misinterpretation of the criterion. The EP Chairman observed that relevance should not be qualified by a mark, 0 to 5, but by a simple Yes/No. Threshold levels proposed for the rating system seemed to be satisfactory, but the requirement to meet all thresholds for a project to classify for category 1 might need to be reconsidered. The EP felt that the results of the rating system should serve as a guide for its decision on the appropriate category rather than as a final verdict. There were suggestions for amendments at the level of award (sub)criteria and indicators. The EP noted the discrepancy between the structure and elements in the scoring table and the format contained in the ITTO Manual for Project Formulation and underlined the necessity of revising the Manual as soon as appropriate. The comments and suggestions on the new systems would be finalized by the Thirty-first EP and presented at the next Session of the Council.

The delegate of Brazil indicated that country members and the EP should be acquainted with the new evaluation system before it was adopted, and that the revision of the ITTO Manuals was one of the means to achieving this. She felt that the 0-5 mark for project relevance was more objective than a simple Yes/No. The delegate of PNG expressed concern on the low number of proposals recommended to the Council and that some good proposals could have been rejected.

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(XXXVII)/2 as follows:

Committee on Economic Information and Market Intelligence

PD 27/95 Rev.3 (M)
Phase II Stage 2

Establishment and Operation of a Forest Strategic Information
Center (CIEF), Phase II Stage 2 (Peru)

The Committees noted that the final report of this project had just been received by the Secretariat. It was further noted that the report and the final audited financial statements submitted earlier were in good order. The Committees declared this project complete.

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

The representative of the delegation of China reported on the implementation of the project which focused on completing the inventory of tropical forest environment resources and their value accounting, creating new views on values of tropical forests, and developing theories and methodologies for tropical forest environment accounting and proposals for environment policies. The Committees noted that the completion report and audited financial statements of the project had been submitted in accordance with the project agreement and that publications generated by the project in hard copies and CDs had been made available and disseminated. The Committees duly declared the project complete.

PD 48/99 Rev.2 (M,F) Sharing of Information and Experiences on Private Sector Success Stories in Sustainable Forest Management (Malaysia)

The Assistant Project Coordinator, Professor Mohd. Basri Hamzah, made a presentation on the implementation of the project which focused on promoting the sustainable management of tropical forests by facilitating access to and promoting the use of data, information and experiences in sustainable forest management at the company (forest management unit) level in the context of contributing towards the attainment of ITTO Objective 2000. The major challenges faced by producers in implementing sustainable forest management including the lack of funds and capacity were highlighted in the presentation. The Committees noted that the completion report and audited financial statements of the project had been submitted in accordance with the project agreement and that publications generated by the project in hard copies and CDs had been made available and disseminated. The Committees duly declared the project complete.

PD 74/01 Rev.1 (M) Development and Implementation of Guidelines to Control Illegal Logging for Sustainable Forest Management in Indonesia

The representative of the Secretariat reported on the implementation of the project which was aimed at fostering the sustainable management of forests in Indonesia by enhancing institutional capacity and providing practical guidelines for controlling illegal logging. The Committees noted that the completion report and audited financial statements of the project had been submitted in accordance with the project agreement and that publications, guidelines and campaign movies produced under the project in hardcopies and CDs were being made available for dissemination. The Committees duly declared the project complete.

PD 124/01 Rev.2 (M) Promotion of Sustainable Management of African Forests (Africa)
Phase I Stage 1

The representative of the Secretariat reported that the first stage of this multi-phased project had been successfully completed. National C&I fora had been established in six countries, audit guidelines had been prepared, and several countries had developed national versions of the ATO/ITTO PC&I. The second stage of Phase I of the project was now on-going. The Committees duly declared the first stage of the project complete.

PD 140/02 Rev.2 (M) Development of Criteria and Indicators for Sustainable Management Appropriated to Brazilian Tropical Forests

The representative of the Secretariat reported on the successful completion of this project, which had resulted in a C&I set applicable to natural forests in Brazil and a new national standard which was being applied by CERFLOR (the Brazilian certification body) to certify natural forests. The C&I and Brazilian national standard had also been published in Spanish to allow neighbouring countries to benefit from the experiences of Brazil. The delegate of Netherlands noted the importance of regional initiatives on C&I and the potential of the project outputs to contribute to such initiatives in the Amazon region. The Committees noted that the final report and final audited financial statements of the project were submitted in accordance with the project agreement and duly declared the project complete.

PPD 64/02 Rev.1 (M) Promotion of Guatemalan Certified Timber and Timber Products Trade

The Committees noted the presentation made by the delegate of Guatemala who explained that the pre-project focused on the promotion and commercial development of secondary or lesser-known timber species. The Committees further noted that the project proposal PD 338/05 Rev. 1 (M,I) with the same title formulated under the pre-project was approved and funded at the Thirty-eighth Session of the Council in Congo. The Committees noted that the final report and final audited financial statements of the pre-project were submitted in accordance with the pre-project agreement and duly declared the pre-project complete.

PPD 74/03 Rev.1 (M) Development of the National Forest Information System of Guatemala

The Committees noted the presentation made by the delegate of Guatemala who pointed out that the pre-project undertook a diagnosis of the forest information systems existing in Guatemala and proposed a module integrating the information disseminated by various institutions. The Committees further noted that the project proposal PD 340/05 Rev.1 (M) with the same title formulated under the pre-project was submitted in August 2005 for appraisal by the Thirty-first Expert Panel which would meet in February 2006. The Committees noted that the final report and final audited financial statements of the pre-project were submitted in accordance with the pre-project agreement and duly declared the pre-project complete. To the delegate's question on the criteria for the use of remaining funds, the representative of the Secretariat clarified that a request should be sent prior to the submission of the final report and audit statement and it should be associated with activities of the pre-project.

Committee on Forest Industry

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

The delegate of the Philippines reported on the successful implementation of the project. He noted the substantial contribution of the project in introducing stress grading rules for tropical timbers in the Philippines. The Committees noted that the completion report of the project had been submitted in accordance with the project agreement and the project was duly declared complete, subject to the submission of the audited financial statements to the Secretariat.

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)

The delegate of the Philippines reported on the successful implementation of the project. The Committees noted that the completion report and the audited financial statements of the project had been submitted to the Secretariat in accordance with the project agreement and the project was duly declared complete.

PPD 63/02 (I) Investment Promotion and Enterprise Development of the Timber Industry in Ghana

The delegate of Ghana presented to the Committees the main findings of the pre-project, which included an analysis of timber industry needs and institutional arrangements, and a review of the timber industry development strategy and action plans. The Committees noted that the pre-project completion report and technical reports had been submitted to the Secretariat. The Committees duly declared the pre-project complete subject to the submission of its audited financial statements.

PPD 80/03 Rev.2 (I) Promoting the Utilization of Rubberwood from Sustainable Sources in Indonesia

The Committees noted that the pre-project assisted in the assessment of the feasibility of using rubberwood as raw materials to the wood-based industry in Indonesia. The pre-project produced a technical report entitled "Rubberwood resources and utilization in Indonesia". The Committees

further noted that the pre-project completion report and audited financial statements on the use of pre-project funds had been submitted to the Secretariat. The Committees duly declared the pre-project complete.

6. Ex-post Evaluation

(A) Ex-post Evaluation Missions/Report

Committee on Economic Information and Market Intelligence

PD 56/00 Rev.3 (M) Enhancement of the Forest Statistics Information and Management System (STATFOR) through the Integration of Two Computer Modules: Compilation of Management Inventory Data and Management of Export Log Lumberyard (Gabon)

The Committees considered the executive summary of the ex-post evaluation report on the project as contained in document CEM-CFI(XXXVII)/3. A presentation before the Committees was made by the consultant, Professor Gerard Buttoud (France), in respect of his ex-post evaluation report on this project. The delegation of Gabon welcomed the report and its recommendations. The Government of Gabon pledged to continue efforts to implement statistical modules developed under this project and in earlier ITTO funded projects at a country-wide level. The Committees noted that funds to move from pilot to country-level implementation could be generated from improved revenue capture facilitated by the project modules (especially log-tracking), as well as from donors. The Government of Gabon confirmed that its forestry authorities (DGEF) were collaborating with its officials from the Ministry of Finance in this regard. The representative of the Secretariat informed the Committees that an early project monitoring mission would be undertaken to ensure that the recommendations contained in this ex-post evaluation would be taken into account in the implementation of the follow-up project, PD 182/03 Rev.2 (M).

An oral report by the representative of the Secretariat on the progress in the implementation of the ex-post evaluation of the following projects was noted by the Committees:

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

PD 34/00 Rev.2 (M) Extension and Consolidation of the National Statistical Information System (Bolivia)

The Committees decided that PD 41/99 Rev.4 (M) would be evaluated together with the currently on-going PD 133/02 Rev.3 (M) once that project is declared complete and recommended for ex-post evaluation at their next Session.

Committee on Forest Industry

PD 13/95 Rev.3 (I) Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries (Phase II) (Finland)

The Committees considered the executive summary of the ex-post evaluation report on the project as contained in document CEM-CFI(XXXVII)/4. A presentation before the Committees was made by the consultant, Dr. Florentino Tesoro (Philippines), in respect of his ex-post evaluation report on this project. Recommendations identified by the consultant included: 1) the success of the individual national projects depended largely on the commitment and actual support of the participating institutions 2) regional projects of this nature must be able to select participating institutions that adequately reflect varying environments/structures and economies or levels of development of the target beneficiaries to allow a more comprehensive analysis and comparison of lessons learned that could be adopted in other ITTO member countries, 3) there is a need to incorporate and agree on specific monitoring and evaluation methodologies as well as feedback mechanisms during and after project implementation to ensure adequate documentation of lessons learned and 4) involve as many stakeholders as possible in the country to ensure that support is provided not only from the ITTO funding but other sources so that efforts and activities are complemented and thus become more successful.

The Committees commended the consultant for his report and presentation.

An oral report by the Secretariat on the progress in the implementation of the ex-post evaluation of the following projects was noted by the Committees:

PD 7/94 Rev.3 (M,I) Information and Technical Assistance for Production and Trade on Tropical Timber (Brazil)

The Committees were informed by the Secretariat regarding the engagement of Ing. Enrique Toledo (Peru) as the consultant to undertake the ex-post evaluation of this project and that the consultant had already undertaken his evaluation mission in Brazil. The Committees noted that the report of this ex-post evaluation would be completed in time to be presented at the next Session.

PD 47/94 Rev.3 (I) Industrial Utilization of Lesser-known Forest Species in Sustainably Managed Forests (Honduras)

The Committees were informed by the Secretariat regarding the engagement of Mr. Enrique Gonzalez Vicente (Mexico) as the consultant to undertake the ex-post evaluation of this project and that the consultant had already undertaken his evaluation mission in Honduras. The Committees noted that the report of this ex-post evaluation would be completed in time to be presented at the next Session.

The Committees noted that the Secretariat was in the process of identifying a consultant who would conduct the ex-post evaluation of the following project:

PD 56/99 Rev.1 (I) Promotion of the Utilisation of Bamboo from Sustainable Sources in Thailand

The Committees further noted that the Secretariat was in the process of identifying a consultant who would conduct the ex-post evaluation of the following two projects in a single mission to save costs:

PD 58/99 Rev.1 (I) Introducing a Village Industry in the Community Around an Industrial Forest Plantation in Indonesia

PD 85/01 Rev.2 (I) Strategies for the Development of Sustainable Wood-based Industries in Indonesia

(B) Selection of Projects for Ex-post Evaluation

The Committees decided to select the following projects for ex-post evaluation:

Committee on Economic Information and Market Intelligence

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

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

PD 74/01 Rev.1 (M) Development and Implementation of Guidelines to Control Illegal Logging for Sustainable Forest Management in Indonesia

Committee on Forest Industry

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)

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

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

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

Committee on Economic Information and Market Intelligence

1. PD 16/93 Rev.4 (M) Phase IV, 2005/2006 Market Information Service for Tropical Timber and Timber Products, Phase IV, 2005/2006 (Global)
2. PD 25/95 Rev.1 (M) Training Workshops on Tropical Forestry and Timber Trade Statistics (Global)
3. PD 40/96 Rev.5 (M) The Establishment of a National Statistical System for Imported Timber and Timber Products (Egypt)
4. PD 47/98 Rev.2 (M) Establishing a Data Collection and Dissemination System on a Sustainable Basis for Timber Marketing Statistics in Cameroon
5. PD 80/01 Rev.6 (M) Consolidating Sustainable Forest Management Certification System in Indonesia
6. PD 124/01 Rev.2 (M) Phase I Stage 2 Promotion of Sustainable Management of African Forests (Africa)
7. PD 133/02 Rev.3 (M) Timber and Timber Products Trade Flow Study in the Philippines
8. 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
9. PD 171/02 Rev.4 (M) Transparency in Trade Flows and Distribution of Tropical Wood Products in China
10. PD 194/03 Rev.2 (M) Expanding and Improving Global Mangrove Database and Information System (GLOMIS) and its Networking (Japan/Global)
11. PD 196/03 Rev.1 (M) Upgrading and Strengthening of the National Forest Statistical Information System in Venezuela
12. PD 203/03 Rev.3 (M) Systematisation and Modelling of Economic and Technical Information to Train Professionals Related to the Production, Processing and Marketing of Timber Products (Colombia)
13. PD 264/04 Rev.3 (M,I) Timbers of Tropical Africa Part 1: Group 7(1) within the PROTA Programme (Ghana)
14. PD 295/04 Rev.2 (M) Creating and Sustaining a Market for Environmental Services from China's Tropical Forests
15. PD 338/05 Rev.1 (M,I) Promotion of Guatemalan Certified Timber and Timber Products Trade
16. PPD 8/98 Rev.1 (M) Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)
17. PPD 14/00 (M) Strengthening the Market Discussion (Global)

18. 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)
19. PPD 62/02 Rev.2 (M) Establishing a Forest Statistics Management System in the Democratic Republic of Congo
20. 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
21. PPD 101/04 Rev.1 (M) Development and Promotion Program for Financial Compensation and Environmental Services Derived from Tropical Forest Ecosystems in Guatemala
22. PP-A/23-63 Activity to Facilitate Development of a Joint ITTO/ECE-FAO/EUROSTAT Forest Statistics Questionnaire (Global)

Committee on Forest Industry

1. PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (Global)
2. PD 94/90 Rev.3 (I) Integration of Forest-Based Development in the Western Amazon – Phase II – Technology for Sustainable Utilization of Raw Forest Materials (Brazil)
3. PD 209/91 Rev.2 (I) Study of Zairian Timber with a View to Promoting Certain Species (Democratic Republic of Congo)
4. 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)
5. PD 37/94 Rev.3 (I) Strengthening of the Forest Products Laboratory of IBAMA (Brazil)
6. PD 46/96 Rev.2 (I) Establishment of a Wood Workers and Craftsmanship Village (Ghana)
7. PD 46/97 Rev.3 (I) Community Forest Products Processing in the Puerto Dias Extractive Reserve (Brazil)
8. PD 58/97 Rev.1 (I) The Establishment of the Database of Tropical Industrial Lesser-used Wood Species (Japan/Global)
9. PD 12/98 Rev.2 (I) Technical Manpower Development for the Ghana Wood Industry Training Center (WITC)
10. 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)
11. PD 13/99 Rev.2 (M,F,I) ITTO Information Network and Project Support (Phase II) (Global)
12. PD 31/99 Rev.3 (I) Non-timber Production and Sustainable Development in the Amazon (Brazil)
13. PD 36/99 Rev.4 (I) Processing and Utilization of Almaciga (*Agathis philippinensis* Warb.) Resin as Source of Industrial Chemicals (Philippines)
14. PD 61/99 Rev.2 (I) Increasing the Efficiency in the Tropical Timber Conversion and Utilization of Residues from Sustainable Sources (Brazil)

15. PD 10/00 Rev.2 (F,I) Sustainable Management and Utilization of Sympodial Bamboos in South China
16. PD 24/00 Rev.1 (I) Promotion of Sustainable Utilization of Rattan from Plantation in Thailand
17. PD 51/00 Rev.2 (I,M) Improvement of Rubberwood Utilization and Marketing in Thailand
18. PD 65/01 Rev.2 (I) Training in Reduced Impact Logging in Cambodia
19. PD 68/01 Rev.2 (I) Training in Reduced Impact Logging in Guyana
20. PD 69/01 Rev.1 (I) Improved and Diversified Use of Tropical Plantation Timbers in China to Supplement Diminishing Supplies from Natural Forests
21. 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
22. 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)
23. PD 100/01 Rev.3 (I) Capacity Building for the Development of a Sustainable Rattan Sector in China Based on Plantation Sources
24. PD 103/01 Rev.4 (I) Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development in China and other Asian Countries (China)
25. PD 108/01 Rev.3 (I) Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia
26. PD 110/01 Rev.4 (I) Program to Facilitate and Promote Adoption of Reduced Impact Logging (RIL) in Indonesia and the Asia-Pacific Region (Indonesia)
27. PD 131/02 Rev.4 (I) Training of Forest Practitioners for the Improvement of Forest Industry in Cambodia
28. PD 146/02 Rev.1 (I) Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar)
29. PD 174/02 Rev.1 (I) International Workshop on Clean Development Mechanism – Opportunities for the Forest Industry Sector in the Asia-Pacific Region (Korea/Asia-Pacific)
30. PD 189/03 Rev.1 (I) Support Project for the Updating of Training in Forest Management and Forest Concession Management in Central African Forestry Schools (Gabon)
31. PD 233/03 Rev.2 (I) Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)
32. PD 275/04 Rev.3 (I) Improvement of the Sustainable Management and Utilization of Non-Timber Forest Products (NTFPs) in Cambodia
33. 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)
34. PD 286/04 Rev.1 (I) Strengthening the Capacity to Promote Efficient Wood Processing

Technologies in Indonesia (Indonesia)

35. PD 318/04 Rev.2 (I) Quality Control and Standardization of Ghanaian Wood Products
36. PD 325/04 (I) Capacity Strengthening of Forestry Stakeholders to Support the Implementation of the National Code for Practice for Forest Harvesting (China)
37. PPD 5/00 Rev.1 (I) Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India
38. PPD 39/02 Rev.1 (I) Processing and Utilization of Logging Residues through Collaboration with Local Communities and Forest Industries (Ghana)
39. PPD 58/02 Rev.2 (I) Improving the Utilization Efficiency in Wood Industries in the South Pacific Region (PNG/Vanuatu)
40. PPD 97/04 Rev.1 (I) Improve Strategies and Assess Training Needs to Achieve SFM in Suriname

(B) Projects and Pre-projects pending Agreement

Committee on Economic Information and Market Intelligence

1. 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)

Committee on Forest Industry

1. PD 40/00 Rev.4 (I) Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)
2. PD 268/04 Rev.2 (I) The International Conference on Innovation in the Forest and Wood Products Industries (Innovations'06) (Australia)
3. PD 306/04 Rev.1 (I) Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia (Malaysia)
4. PD 347/05 Rev.2 (I) Promoting Access to the Forest Sector Activities by Gabonese Nationals through the Development of the SME Forest Partnership
5. PPD 112/05 Rev.2 (I) Guatemalan Forest Industry Development Project

(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) Phases II, III
2. PD 191/03 Rev.3 (M) Information System for the Support and Implementation of National/Regional Forest Policies (Malaysia)
3. PD 192/03 Rev.3 (M) A Comprehensive Information System for Sustainability of the Wooden Furniture Industry in Malaysia
4. 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
5. PD 298/04 Rev.1 (M) Strengthen the Capacity to Effectively Market Exports of Forest Products from Guyana
6. PD 335/05 Rev.1 (M) Increasing Market Opportunities for Tropical Products from the

South Pacific Region: A Study of Market Access of PNG's Wood Products in Some of its Key Export Markets

7. PPD 45/02 Rev.3 (M) Technical Assistance for the Formulation of a Project Proposal Aimed at Capacity Strengthening for the Sustainable Management of Natural and Planted Forests in Panama

Committee on Forest Industry

1. PD 177/02 Rev.3 (I) Establishment of the Kinshasa National Saw Doctoring Center in the Democratic Republic of Congo
2. PD 215/03 Rev.4 (I) Sustainable Utilization and Marketing of Selected Non-Timber Forest Products to Support the Handicraft Industry and the Development of Rural Communities (Philippines)
3. PD 227/03 Rev.4 (I) Action Research and Systems Analysis: Capacity Building in Central Africa and Analysis of the Social and Environmental Sustainability of Forest Logging Concessions in the Subregion (Democratic Republic of Congo)
4. PD 285/04 Rev.2 (I) Introduction of a Village Industry in the Community around an Industrial Forest Plantation in Sumatra, Indonesia
5. PD 299/04 Rev.3 (I) Reduction of Timber Wastes in Both Logging and Mechanical Processing Operations (Republic of Congo)
6. 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
7. PD 334/05 Rev.2 (I) Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines)
8. PD 336/05 Rev.1 (I) Thermochemical Processing of Tropical Wood Waste for Furfuryl Alcohol, Phenols, Cellulose and Essential Oils (Ghana)
9. PD 344/05 Rev.2 (I) Utilization of Lesser Used Wood Species in Guyana
10. PPD 88/03 Rev.3 (I) Strategy for Sustainable Utilization of Non-Timber Forest Products (NTFP) Involving Local Communities in West Sumatra (Indonesia)

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

Committee on Economic Information and Market Intelligence

- PD 16/93 Rev.4 (M) Phase IV, 2005/2006** **Market Information Service for Tropical Timber and Timber Products (MIS) – Phase IV, 2005/2006 (Global)**

The Committees noted the satisfactory progress in the implementation of the project by the ITTO Secretariat. The Committees further noted that funding for Phase IV 2005/2006 had been secured at the Thirty-fifth Session of the Council only in respect of 2005. The Committees agreed to recommend to the Council the provision of funds in the amount of US\$300,000 for the continuation of the Market Information Service (MIS) in 2006.

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

The Committees noted that a re-assessment of the exact status of incomplete activities and updated workplan of pending activities and associated budget had not been submitted to the Secretariat as requested. The Committees further noted that no progress report had been submitted by the implementing agency. In the absence of the delegation of Egypt at the current Session of

the Council, the Committees requested the Secretariat to secure from the implementing agency a satisfactory progress report including on the timing for the completion of the remaining project activities.

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

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

The Secretariat reported that the project agreement for Stage 2 of the project had been signed in October 2005. A new contract with the project coordinator had also been signed. The first tranche of funds was made available in October and the implementation of project activities had commenced.

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 Committees noted that the implementation of project activities were behind schedule for more than six months. The Committee further noted that the delay was due mainly to the limited time (only 20%) devoted by the project coordinator to implement the project, which was further reduced since the appointment of a new coordinator early this year.

The delegate of Togo informed the Committees that the second visit of the international consultant was expected in November 2005 and he would finalise the training programme for the coordinator. The delegate also indicated that ODEF would be submitting an updated workplan for the implementation of the delayed and remaining project activities, incorporating all the recommendations of the Project Technical Committee, in order to resume project implementation.

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 representative of the Secretariat reported that the final audit of PD 56/00 Rev.3 (M) (the preceding phase of this project) had just been delivered by the delegate of Gabon and was found to be satisfactory. The agreement for this project had now been provided to the delegation of Gabon to arrange for signature.

PPD 8/98 Rev.1 (M)

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

The Committees noted the long delay in the implementation of the activities of this pre-project, particularly in the undertaking of a visit to a similar project in Bolivia and the submission of a project proposal to establish an improved forestry information system. The Committees further noted that the implementation of these pre-project activities was halted following the withholding of ITTO funds by the Ministry of Environment.

The Vice-minister of Environment of Ecuador informed the Committees that he had instructed the release of the pre-project funds in order to facilitate the completion of pre-project activities. He indicated that the visit to a similar project in Bolivia and the submission of the project proposal would take place in November 2005.

PPD 62/02 Rev.1 (M)

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

The Secretariat reported that the workplan and other requirements for the disbursement of funds had been submitted in October 2005. Funds will be transferred, allowing pre-project activities to commence, as soon as the availability of the international consultant is confirmed.

Committee on Forest Industry

PD 209/91 Rev.2 (I)

**Study of Zairian Timber with a View to Promoting Certain
Species (Democratic Republic of Congo)**

The Committees were informed by the Secretariat that since the Thirty-third Session no development has been observed and, in spite of reminders, the Secretariat has still not received the

revised version of the project by the Democratic Republic of Congo. The Committees further noted the ITTO Rules and Procedures Applying to ITTO Projects [Decision 2(X), Annex 2], which states that approved projects for which funds have been committed, but for which implementation has not yet begun, become invalid after a period of 26 months. Based on these rules and procedures, the Committees agreed that this project is no longer valid.

PD 39/93 Rev.4 (I) Research and Development in Energy Alternatives from Biomass (Wood and Agricultural Residues) through Briquetting, Gasification and Direct Combustion (Malaysia and Cameroon)

The Committees were informed by the Secretariat on the satisfactory progress with the implementation of the Malaysian component of this project. The Committees noted that since August 2004 the Cameroon component of the project has faced serious implementation problems and that no development has been observed and, in spite of reminders and the fielding of a technical mission in June 2005, the Secretariat has still not received any reply by the implementing agency regarding its follow-up on the recommendations of the technical mission. The ITTO Secretariat is pursuing its efforts to assist the implementing agency in starting the implementation of project activities in Cameroon.

PD 13/99 Rev.2 (M,F,I) ITTO Information Network [Phase I and Phase II] (Global)

The Committees were briefed by the Secretariat on the progress of this project and noted that four editions of the ITTO Tropical Forest Update (TFU) had been produced or were scheduled in English, French and Spanish during 2005. The hardcopy mailing list of the newsletter now stands at 13,000 and the newsletter is also available from ITTO's website. The Committees recommended to the Council the continuation of this service.

PD 40/00 Rev.4 (I) Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)

The Secretariat briefed the Committees that the contractual agreements for project implementation between the implementing agency and both ITTO and the Common Fund for Commodities are being finalized.

PD 268/04 Rev.2 (I) The International Conference on Innovation in the Forest and Wood Products Industries (Innovations'06) (Australia)

The Secretariat briefed the Committees that the project agreement has been forwarded to the implementing agency in March 2005 and it has not received a signed copy back because the agreement is presently being discussed between the Australian Government and the implementing agency.

PD 306/04 Rev.1 (I) Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia

The Secretariat briefed the Committees that the contractual agreements for project implementation were finalized in August 2005. The preparation of Yearly Plan of Operation and MOUs with collaborating agencies is under way.

PD 347/05 Rev.2 (I) Promoting Access to the Forest Sector Activities by Gabonese Nationals through the Development of the SME Forest Partnership (Gabon)

The Secretariat informed the Committees that it had received a signed copy of the project agreement and that the implementation of the project activities is about to start.

PPD 112/05 Rev.2 (I) Guatemalan Forest Industry Development Project

The Secretariat informed the Committees that it had received a signed copy of the project agreement and that the implementation of the project activities is about to start.

8. Consideration of Project and Pre-project Proposals

The Committees considered the following two project proposals that had been evaluated and commended by the Thirtieth Expert Panel for the Technical Appraisal of Project Proposals as contained in document CEM-CFI(XXXVII)/6:

Committee on Economic Information and Market Intelligence

PD 353/05 Rev.2 (M,F,I) Adoption and Implementation of the Forestry Information System (FIS) for the Philippines

Committee on Forest Industry

PD 313/04 Rev.3 (I) Development of the Rubberwood Industry in Côte d'Ivoire – Phase II

The Committees also considered the following two project proposals that had been evaluated by the Thirtieth Expert Panel for the Technical Appraisal of Project Proposals which concluded that the proposals were very weak and recommended that the proposals should not be approved by the Committees. The Committees recommended to the Council that these proposals should not be further considered.

Committee on Economic Information and Market Intelligence

PD 317/04 Rev.2 (M,I) Provision of Online Database on South-east Asian Timber Species in Support to the Restructuring of Wood-based Industries Programme (Indonesia)

Committee on Forest Industry

PD 315/04 Rev.2 (I) Providing a Basic Training in Logs and Lumber Identification Techniques in the Timber Supply and Marketing Chain of Côte d'Ivoire

In addition, the Committees considered the following two proposals that had been evaluated and commended by the Twenty-ninth Expert Panel for the Technical Appraisal of Project Proposals. The Committees recommended that the Council approve the proposals for implementation and recommended them for immediate financing:

PD 316/04 Rev.2 (I) Which Species to Log in Tomorrow's Central African Forests? (Tools for the Sustainable Management of the Central African Republic's Rainforests)

PD 343/05 Rev.1 (I) Bamboo for Development through Community Driven Industries (Philippines)

The Committees further considered the following pre-project proposal which was approved by the Council at its Thirty-fourth Session but had been revised in order to meet the recommendations and requirements of the Common Fund for Commodities (CFC) in accordance with Decision 4(XVIII) on "Cooperation between ITTO and the Common Fund for Commodities": The Committees recommended that the Council approve the amended proposal for implementation and recommended it for immediate financing:

PPD 68/03 Rev.2 (I) Study on Utilization of Plantation Teak (Myanmar)

The Committees considered in detail the comments and recommendations of the Twenty-ninth and Thirtieth 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 detailed results of the Committees' evaluation and appraisal of these proposals are presented in Appendix A.

9. Policy Work

Eight issues under the CEM and four issues under the CFI were discussed by the Committees.

Committee on Economic Information and Market Intelligence

(i) Market Access

The Committees noted that the Study on Measures to Promote the Expansion and Diversification of International Trade in Tropical Timber had been completed. The Committees further noted recent developments regarding negotiations on forest products within the WTO Negotiating Group on Non-Agricultural Market Access leading to the Sixth WTO Ministerial Conference to be held in Hong Kong from 13 to 18 December 2005.

(ii) Forest and Timber Certification

The Committees noted that ITTO work on phased approaches to certification under ITTC Decision 10(XXXIV) had been completed and a strategic policy activity for the Council to consider further work on phased approaches to certification had been included in the ITTO Biennial Work Programme 2006-2007.

The Committees further noted that a study on monitoring progress in comparability and acceptance of forest certification systems had been included as one of the strategic policy activities to be undertaken by the CEM under the ITTO Biennial Work Programme 2006-2007.

The Committees were informed of recent developments relating to forest and timber certification in the tropics including the endorsement by PEFC Council of CERFLOR, Brazil's national certification system, and the expansion in the area of certified tropical forests to 2.2 million hectares in Bolivia and 4.75 million hectares in Malaysia. The Committees noted that following these developments, the total area of tropical forests was estimated at ten million hectares which represented less than ten percent of the total area of certified forests worldwide.

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

The Committees agreed to defer the consideration of this issue to the Thirty-eighth Session.

(iv) Market Study on Tropical Plantation Timber Products [PP-A/35-138]

The Committees were informed that the Secretariat was at a final stage of engaging consultants to carry out the study together with the Study on Encouraging Private Sector Investment in Industrial Forest Plantations in the Tropics under the CRF.

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

The Committees noted the joint presentation made by Mr. Ole Pedersen and Mr. Pierre M. Desclos, the engaged co-consultants on the Report on the Review of the French Timber Market with emphasis on opportunities and challenges for exporters of tropical timber and timber products. The presentation covered, *inter alia*, market conditions, trends in the tropical timber trade, increased costs of transport, profile of France's forest and wood industry, assessment of data reliability, end-uses of tropical timber, factors affecting the competitiveness of tropical timber, environmental concerns and promotion. The recommendations of the co-consultants as contained in the report included promoting simpler and clearer nomenclature, conforming to standards, giving attention to issues on environment and certification, capitalizing on popular primary species, transforming secondary species into semi-finished/finished wood products, and meeting the challenges of France as the world's most species flexible wood market.

The Committees commended Mr. Pedersen and Mr. Desclos for their excellent joint presentation. The Committees further noted that the activity had been included in the ITTO Biennial Work Programme 2006-2007.

(vi) Studies on Subsidies Affecting Tropical Timber Products [PP-A/37-154]

The Committees were informed that the Secretariat was at a final stage of engaging a consultant to carry out the study.

(vii) Auditing of Existing Tracking Systems in Tropical Forest Industries [PP-A/37-156]

The Committees were informed that the Secretariat was at a final stage of engaging consultants to carry out the study.

(viii) ITTO Annual Market Discussion – 2006

The representative of the Trade Advisory Group (TAG) informed the Committees that the theme for the ITTO Annual Market Discussion – 2006 to be held in Merida, Mexico would be "Timber Markets and Procurement Policies".

Committee on Forest Industry

(i) Promote the Establishment of Efficient and Socially Responsible Community-based Forest Industries [PP-A/36-151A]

The Committees were briefed of the progress of the on-going ITTO work by Mr. Andy White (Forest Trends). In his presentation, Mr. White briefed the Committees on the preliminary findings from a review of 20 case studies on community based forest enterprises in tropical forest countries, and which indicate that community forest enterprises and management are expanding dramatically and have unique advantages for the rural economy and for forest conservation. The delegates from the Philippines, India and the Netherlands stressed the importance of taking into account the challenging area of small and medium sized forest enterprises into the future policy work of the CFI. The Committees noted that the study would contribute to an international conference on community forestry and forest industries scheduled for 2006, based on the recommendations of the ITTO CSAG-TAG Joint Workshop on Illegal Logging and Illegal Trade held at Interlaken, Switzerland in July 2004. The draft report would be presented at the next Session of the Committees.

(ii) Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries [PPD 35/01 (I)]

The Committees noted that the implementation of the activity has been carried out by the consultants, Mr. Lachlan Hunter (New Zealand) and Dr. Roszehan Mohd. Idrus (Malaysia). A presentation before the Committees was made by Mr. Hunter, in respect of the draft final technical report as contained in PPR 70/05 (I). Main findings identified by the consultants included:

- Profits are the main benefit, and the prospect of some minimum acceptable level is necessary to secure downstream investment in the first place.
- Employee income is commensurate with profits but normally benefits a much larger number of people.
- Export earnings are important in their own right, as they enable foreign currency reserves to be increased and imports to be purchased.
- *Net* investment will be composed of new investment in the industry and investment in suppliers of the downstream industry and also by wholesalers, distributors, financiers, and insurers of the product.
- More efficient use of resources and better penetration of markets are gains from reduction of waste
- Knowledge services resulting from the downstream processing industry occur when they reach a sufficient scale and scope to make research, training and technology economic.

The delegate of Malaysia commended the consultants for their report and presentation which she considered important in relation to the promotion of downstream processing in tropical countries. She pointed out some incorrect presentation on the role of rubberwood in the Malaysia timber industry sector and highlighted the importance of quantifying sales and employment multiplier effects in addition to income multiplier effects as well as the increasing role of R&D in promoting value-added products. The delegate of PNG confirmed the current status of the PNG timber

industry sector and drew the attention of the Committees to the need to support a proposal for promoting export of further processed products from plantation sources, as the forest resources in PNG are decreasing at an alarming rate. The Committees recommended that the draft final report should be revised taking into account the comments and the final report should be widely circulated to interested parties.

(iii) Study and Promote Policies and Other Measures to Increase Tropical Plywood Industry Competitiveness [PP-A/36-152]

The Committees were briefed by the Secretariat on the successful outcome of the International Conference on Tropical Plywood, which took place from 26 to 28 September 2005 in Beijing, China; and which was organized in close collaboration with the FAO and the International Forestry Cooperation Center of the State Forestry Administration of China. The Committees took note of the recommendations made by the Conference and particularly those which could be given due weight with regards to the future work program of the CFI and ITTO, such as:

1. to convene an international conference on tropical plywood (or on another tropical forest product such as wooden flooring & decking) every four years;
2. to assist tropical plywood and timber associations in ITTO producer countries by strengthening their networking capacities towards improved information sharing among their members on technical, economic and environmental related issues and policies affecting the market;
3. to improve statistics and market transparency on tropical plywood by, among others revising Chapter 44.12 of the Harmonized System in collaboration with the World Customs Organization and relevant trade associations.

The Secretariat informed the Committees that the presentations, findings and recommendations of the Conference are available from ITTO's website and that the Proceedings of the conference are under preparation.

(iv) Promote Private Investment Through Facilitating Information Exchange on Investment Opportunities – Organization/Convening of Investment Promotion Forum/Seminar [PP-A/35-141]

The Committees took note that Forest Trends had been engaged to assist ITTO in the implementation of this activity, particularly with regard to the organization and conduct of a forum on opportunities and constraints to private sector investment in natural forest management in tropical countries. The Committees were briefed on progress made by the Secretariat with regard to the dissemination of the Country Investment Opportunity Profile to ITTO producer countries. The Committees were informed that the Forum, which was originally planned to be held in October 2005 in Mexico City, has been postponed for 2006 by Forest Trends; and that the Secretariat, in close collaboration with Forest Trends and the Mexican Authorities are discussing the final dates and venue for convening the investment forum.

10. Biennial Work Programme of the Committees for 2006-2007

The Committees considered and agreed to the proposed project and strategic policy activities to be undertaken in 2006-2007 by the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry as contained in document ITTC(XXXIX)/7 Rev. 4 on the ITTO Biennial Work Programme 2006-2007.

The Committees noted the on-going problems with forestry statistics and thanked the Secretariat for its on-going efforts with regard to statistics. The Committees discussed possible solutions, including revisions to the Harmonized System of customs classification, country missions, training workshops, and funds to facilitate completion of the Joint Questionnaire. The Committees decided to place this item on their policy work agenda at their next Session, and requested the Secretariat to prepare a short paper to facilitate their discussion.

The approved project and strategic policy activities for the Committees as contained in the ITTO Biennial Work Programme 2006-2007 are attached in Appendix B. The terms of reference approved for activities (viii) and (ix) under the CEM and activities (iii), (iv) and (v) under the CFI are attached in Appendix C-1 to C-5.

11. Election of Chairpersons and Vice-Chairpersons for 2006

Following the usual consultations undertaken by the producer and consumer groups, Mr. James Gasana (Switzerland) was elected Chairman of the CEM and Ms. Chantal Adingra (Côte d'Ivoire) was elected Vice-chair for 2006. Dr. Jung-Hwan Park (Republic of Korea) was elected Chair of the CFI and Mr. Dani Pitoyo (Indonesia) was elected Vice-chair for the year 2006.

12. Dates and Venues of the Thirty-eighth, Thirty-ninth and Fortieth Sessions of the Committees

The Thirty-eighth Session of the Committees would be held in conjunction with the Fortieth Session of the International Tropical Timber Council.

The Thirty-ninth Session of the Committees would be held in conjunction with the Forty-first Session of the International Tropical Timber Council.

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

13. Other Business

The Committees exchanged views on experience in conducting their business in joint sessions since the Thirty-second Session held in Panama City, Panama from 12 to 17 May 2003. The Committees noted that the experience had been beneficial in a number of ways including improved attendance and participation in the joint sessions; more effective participation by small delegations; greater synergy, complementarity and mutual reinforcement; and greater overall efficiency, effectiveness and timeliness. The Committees agreed that they were not in a position to make a recommendation on the issue.

The Committees considered a concept note on proposed collaboration between ITTO and the CITES Secretariat to build capacity to implement CITES requirements for tropical timber species listed in CITES Appendices. The Committees endorsed the proposal and heard strong expressions of support from the EU, USA and other potential donors. Due to the cross-cutting nature of the proposal, the Committees recommended that an element covering such activities be included in the ITTO Biennial Work Programme 2006-2007.

14. Recommendations to the International Tropical Timber Council

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

Committee on Economic Information and Market Intelligence

PD 353/05 Rev.2 (M,F,I) Adoption and Implementation of the Forestry Information System (FIS) for the Philippines [US\$477,889]

Committee on Forest Industry

The Committees recommended to Council for approval and that funding be made immediately available for the following projects and pre-projects

PD 313/04 Rev.3 (I) Development of the Rubberwood Industry in Côte d'Ivoire – Phase II [US\$503,736]

PD 316/04 Rev.2 (I) Which Species to Log in Tomorrow's Central African Forests? (Tools for the Sustainable Management of the Central African Republic's Rainforests) [US\$772,238]

PD 343/05 Rev.1 (I) Bamboo for Development through Community Driven Industries (Philippines) [US\$508,651]

PPD 68/03 Rev.2 (I) Study on Utilization of Plantation Teak (Myanmar) [US\$80,000]

- (ii) 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, Phase III	Promotion of Sustainable Management of African Forests (Africa) [Phase II - US\$864,070, Phase III - US\$1,444,144]
PD 191/03 Rev.3 (M)	Information System for the Support and Implementation of National/Regional Forest Policies (Malaysia) [US\$659,502]
PD 192/03 Rev.3 (M)	A Comprehensive Information System for Sustainability of the Wooden Furniture Industry in Malaysia [US\$121,072]
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 [US\$216,378]
PD 298/04 Rev.1 (M)	Strengthen the Capacity to Effectively Market Exports of Forest Products from Guyana [US\$130,896]
PD 335/05 Rev.1 (M)	Increasing Market Opportunities for Tropical Products from the South Pacific Region: A Study of Market Access of PNG's Wood Products in Some of its Key Export Markets [US\$243,000]
PPD 45/02 Rev.3 (M)	Technical Assistance for the Formulation of a Project Proposal Aimed at Capacity Strengthening for the Sustainable Management of Natural and Planted Forests in Panama [US\$32,022]

Committee on Forest Industry

PD 177/02 Rev.3 (I)	Establishment of the Kinshasa National Saw Doctoring Center in the Democratic Republic of Congo [US\$637,838]
PD 215/03 Rev.4 (I)	Sustainable Utilization and Marketing of Selected Non-Timber Forest Products to Support the Handicraft Industry and the Development of Rural Communities (Philippines) [US\$335,232]
PD 227/03 Rev.4 (I)	Action Research and Systems Analysis: Capacity Building in Central Africa and Analysis of the Social and Environmental Sustainability of Forest Logging Concessions in the Subregion (Democratic Republic of Congo) [US\$625,320]
PD 285/04 Rev.2 (I)	Introduction of a Village Industry in the Community around an Industrial Forest Plantation in Sumatra, Indonesia [US\$319,221]
PD 299/04 Rev.3 (I)	Reduction of Timber Wastes in Both Logging and Mechanical Processing Operations (Republic of Congo) [US\$608,970]
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 [US\$361,897]
PD 334/05 Rev.2 (I)	Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines) [US\$629,873]
PD 336/05 Rev.1 (I)	Thermochemical Processing of Tropical Wood Waste for Furfuryl Alcohol, Phenols, Cellulose and Essential Oils (Ghana) [US\$289,440]
PD 344/05 Rev.2 (I)	Utilization of Lesser Used Wood Species in Guyana [US\$95,040]

- (iii) The Committees recommended that the Council provide additional funds of US\$300,000 to PD 16/93 Rev.4 (M).

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 353/05 Rev.2 (M,F,I) Adoption and Implementation of the Forestry Information System (FIS) for the Philippines

The Committees noted the presentation made by the delegate of the Philippines. The Committees further noted that the recommendations and comments made by the Thirtieth 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) PD 317/04 Rev. 2 (M,I) Provision of Online Database on South-east Asian Timber Species in Support to the Restructuring of Wood-based Industries Programme (Indonesia)

The Committees noted the comments and recommendations of the Thirtieth Expert Panel for Technical Appraisal of Project Proposals. The Committees recommended that this proposal should not be further considered by ITTO.

Committee on Forest Industry

- (i) PD 313/04 Rev.3 (I) Development of the Rubberwood Industry in Côte d'Ivoire – Phase II

The Committees noted the presentation made by the delegate of Côte d'Ivoire. The Committees further noted that the recommendations and comments made by the Thirtieth 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) PD 315/04 Rev.2 (I) Providing a Basic Training in Logs and Lumber Identification Techniques in the Timber Supply and Marketing Chain of Côte d'Ivoire

The Committees noted the comments and recommendations of the Thirtieth Expert Panel for Technical Appraisal of Project Proposals. The Committees recommended that this proposal should not be further considered by ITTO.

- (iii) PD 316/04 Rev.2 (I) Which Species to Log in Tomorrow's Central African Forests? (Tools for the Sustainable Management of the Central African Republic's Rainforests)

The Committees noted the presentation made by the delegate of the Central African Republic. The Committees further noted that the recommendations and comments made by the Twenty-ninth 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.

- (iv) PD 343/05 Rev.1 (I) Bamboo for Development through Community Driven Industries (Philippines)

The Committees noted the presentation made by the delegate of the Philippines. The Committees further noted that the recommendations and comments made by the Twenty-ninth 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) PPD 68/03 Rev.2 (I) Study on Utilization of Plantation Teak (Myanmar)

The Committees noted that PPD 68/03 Rev.1 (I) was approved by the Council at its Thirty-fourth Session in 2003 but it was submitted to the Common Fund for Commodities (CFC) in accordance with Decision 4(XVIII) on "Cooperation between ITTO and the Common Fund for Commodities". The proposal was revised in order to meet the recommendations and requirements of the CFC. The Committees recommended that the proposal be approved for immediate implementation with CFC funds.

APPENDIX B

ITTO BIENNIAL WORK PROGRAMME 2006-2007 FOR
ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND FOREST INDUSTRY

ALL THREE TECHNICAL COMMITTEES

PROJECT ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(x) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise relevant committee project and pre-project proposals submitted by Member countries. <i>[ITTA, 1994, Article 27(4)]</i>	Routine. Regular Sessions' work. The costs of convening four meetings of the Expert Panel are estimated at US\$380,000. Expected funding source: Working Capital Account
(xi) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the relevant Committees. <i>[ITTA, 1994, Article 27(4)]</i>	Routine. Regular Sessions' work.
(xii) Review the results of relevant project work and make recommendations to Council on ITTO's Work Programme. <i>[ITTA, 1994, Article 27(4)]</i>	Routine. Regular Sessions' work.
(xiii) Select projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII). <i>[Yokohama Action Plan, Section 1.6 and ITTC Decision 3(XXVIII)]</i>	Routine. Regular Sessions' work.
(xiv) Provide guidance to Member countries for the formulation of relevant project proposals which meet the priorities set in the ITTO Yokohama Action Plan. <i>[Yokohama Action Plan, Section 1.6]</i>	Routine. Regular Sessions' work.
(xv) Consider and, if appropriate, take action to disseminate information on projects findings and results. <i>[ITTA, 1994, Article 27(4), ITTO Yokohama Action Plan, Section 2, Actions d and e]</i>	Routine. Regular Sessions' work.
(xvi) Review the results of work related to improvement of project development, appraisal and implementation, and make recommendations to Council as appropriate. <i>[ITTC Decision 3(XXXVII)]</i>	Regular Sessions' work. The Committees will consider the results of work on project development, appraisal and implementation approved in ITTC Decision 3(XXXVII).

STRATEGIC POLICY ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
<p>Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's Work Programme. [ITTA, 1994, Article 27(4), ITTO Yokohama Action Plan, Section 1.6]</p>	<p>Routine. Regular Sessions' work.</p>

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

STRATEGIC POLICY ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
<p>(vi) Market study on tropical plantation timber. [ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 3] ITTC Decisions 1(XXXV) and 4(XXXV)]</p>	<p>Regular Sessions' work. The Committee will consider the study report in 2006.</p>
<p>(vii) Assist the Trade Advisory Group (TAG) in organizing and holding the ITTO Annual Market Discussion 2006 on the world tropical timber trade during the Fortieth Session of the ITTC in May/June 2006. [ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 4]</p>	<p>Regular Sessions' work. The theme for the 2006 Market Discussion will be determined during the Thirty-seventh Session of the Committee (7-12 November 2005).</p>
<p>(viii) Assist the Trade Advisory Group (T-A-G) in organizing and holding the ITTO Annual Market Discussion 2007 on the world tropical timber trade during the Forty-second Session of the ITTC (May/June 2007). [ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 4]</p>	<p>Regular Sessions' work. The theme for the 2007 Market Discussion will be determined during the Thirty-ninth Session of the Committee (November 2006).</p>
<p>(ix) Review of the timber market in two significant tropical timber importing countries. [ITTO Yokohama Action Plan, Section 3.1, Goal 1, Action 5].</p>	<p>Regular Sessions' work. Provisions for the studies may be proposed by the Committee. Estimated cost: US\$200,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>(x) Study on subsidies affecting tropical timber products. [ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 2] [ITTC Decisions 4(XXXV) and 1(XXXVII)]</p>	<p>The Committee will consider the results of the current study and the need for, and modalities of follow-up activities. Estimated cost: US\$130,000 Expected funding source: Unearmarked funds of the Special Account</p>

Activity	Implementation Approach and Cost Implications
<p>(xi) Auditing of Existing Tracking Systems in Tropical Forest Industries. <i>[ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 1]</i> <i>ITTC Decisions 4(XXXV) and 1(XXXVII)]</i></p>	<p>Regular Sessions' work. The Committee will consider the results of the study in 2006.</p>
<p>(xii) Enhancement of statistical work and training workshops on statistics. <i>[ITTA, 1994, Articles 29, 30]</i> <i>[ITTO Yokohama Action Plan, Section 3.1, Goal 1, Actions 1,2,3]</i></p>	<p>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 involvement in the Intersecretariat Working Group on Forest Statistics and Joint Forest Sector Questionnaire Process. The work will include the organization of three statistical training workshops in key countries/regions.</p> <p>Estimated cost: US\$200,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>(xiii) Monitor progress being made regarding the comparability and equivalence of certification systems. <i>[ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 3]</i></p>	<p>Make provisions for and consider the results of a study on monitoring progress in comparability and acceptance of forest certification systems.</p> <p>Estimated cost: US\$150,000 Expected funding source: Unearmarked funds of the Special Account</p>
<p>(xiv) Economic valuation of forest sector with particular reference to the Amazon basin. <i>[ITTO Yokohama Action Plan, Section 1, Goal 2, Action 7.7]</i></p>	<p>The Committee will consider results of a study on forest accounting in a workshop to discuss common methodology.</p> <p>Estimated cost: US\$50,000 Expected funding source: Unearmarked funds of the Special Account</p>

COMMITTEE ON FOREST INDUSTRY

STRATEGIC POLICY ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
<p>(vi) Promote the establishment of efficient and socially sound community-based forest industries. <i>[ITTO Yokohama Action Plan, Section 3.3, Goal 2, Action 8]</i> <i>[ITTC Decisions 4(XXXV) and 1(XXXVI)]</i></p>	<p>The Committee will consider the results of a study that is reviewing experiences of successful community forest-based industries.</p>

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(vii) Study and promote policies and other measures to increase the competitiveness of the tropical plywood industry. <i>[ITTO Yokohama Action Plan, Section 3.3, Goal 1, Action 2]</i> <i>[ITTC Decisions 4(XXXV) and 1(XXXVI)]</i>	Regular Sessions' work. The Committee will continue to study policies and measures to promote tropical plywood industry, taking into account the outcome of the ITTO/FAO international conference on tropical plywood to be held in Beijing, China, on 26-28 September 2005.
(viii) Promote wood-based bioenergy using wood residues and wastes in tropical countries. <i>[ITTO Yokohama Action Plan, Section 3.3, Goal 2, Action 4]</i>	Make provisions for and consider the results of a study and an international conference (to be organized in cooperation with FAO and UNCTAD) on wood-based bioenergy using wood residues and wastes in tropical countries. Estimated cost: US\$200,000 Expected funding source: Unearmarked funds of the Special Account
(ix) Continue to promote private investment through facilitating information exchange on investment opportunities. <i>[ITTO Yokohama Action Plan, Section 3.3, Goal 1, Action 1]</i> <i>[ITTC Decisions 1(XXXV) and 4(XXXV)]</i>	In cooperation with UNCTAD and regional development banks, follow-up on the results of the ITTO-sponsored International Forum on Investment Promotion and make provisions for convening three regional seminars to promote investment in sustainable management of natural tropical forests and natural forest-based development. Estimated cost: US\$450,000 Expected funding source: Sub-account B of the Bali Partnership Fund
(x) 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. <i>[ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 5; Section 3.3, Goal 2, Action 5]</i>	Make provisions to carry out studies and for convening an international conference to promote development of non-timber forest products and services, in cooperation with FAO, INBAR and other organizations as appropriate. Estimated cost: US\$250,000 Expected funding source: Sub-account B of the Bali Partnership Fund

APPENDIX C-1

STUDY ON MONITORING PROGRESS IN COMPARABILITY AND ACCEPTANCE OF FOREST CERTIFICATION SYSTEMS

[ITTO Yokohama Action Plan, Section 3.1, Goal 2, Action 3]

1. Preamble

The steady expansion of forest certification worldwide has involved the development of a range of forest certification standards and schemes, but progress for tropical forests has been slow, due to the complexity of forest ecosystems, the lack of resources, skills and green premiums. While there are commonalities among these standards and schemes, there are also significant differences. This is because forests and forest management standards have to be based on, and adapted to, the respective regional and local ecological and socio-economic conditions. Establishing appropriate and globally applicable standards for sustainable forest management is neither possible nor desirable especially when tropical forests are compared to temperate and boreal forests. In this context, comparability and acceptance among forest certification standards and schemes has arisen in light of the challenges posed by the proliferation by such standards and schemes and difficulties encountered by producer countries. Several efforts have been undertaken to address the issue taking into account similar practice in other fields of standardization and conformity assessment and with emphasis on market requirements and acceptance.

The purpose of the study is to review and assess progress in comparability and acceptance of forest certification standards and systems and particularly the promotion of certification with respect to tropical timber, bearing in mind as a background the ITTO's achievements and standards including the ITTO Guidelines on sustainable management of natural tropical forests, establishment and sustainable management of planted tropical forests, conservation of biological diversity in tropical production forests, fire management in tropical forests, and the restoration, management and rehabilitation of degraded and secondary tropical forests.

The study also aims to identify the relevance of each system in a local, social and economic context; including the impact that certification can have on addressing illegal logging.

2. Terms of Reference

The study will:

- (i) Collect and analyze information on forest certification and chain of custody certification including economic implications and incentives under different schemes.
- (ii) Identify and recognize the appropriateness of each system, taking into account local, social, economic and forest conditions and institutional arrangements.
- (iii) Review various mechanisms and initiatives with respect to comparability and acceptance of forest certification standards and systems, including criteria and requirements used or proposed for assessing such standards and systems.
- (iv) Review current and emerging market requirements and preferences both in public procurement and the private sector with regard to certified/legally produced timber particularly tropical timber, with particular emphasis in identifying commonalities and differences in these requirements.
- (v) Assess the implications of market requirements and preferences and various initiatives for tropical timber producers and their competitiveness.
- (vi) Present the main findings on progress in comparability and acceptance of forest certification systems and standards and related market requirements.
- (vii) Make full use of available information and studies on certification. FAO, the private sector and civil society will be invited, including through the Trade Advisory Group (TAG) and Civil Society Advisory Group (CSAG) to provide input to the study.
- (viii) Suggest areas of cooperation, with regard to certification of tropical timber, including arrangements and possible incentives in implementation by phases, which include legal compliance.

3. Budget: US\$150,000

APPENDIX C-2

ECONOMIC VALUATION OF FOREST SECTOR WITH PARTICULAR REFERENCE TO THE AMAZON BASIN

[ITTO Yokohama Action Plan, Section 1, Goal 2, Action 7.7]

1. Preamble

The lack of information and knowledge on the real contribution of the forest sector to promote trade on timber from SFM to the national economy constitutes a barrier in the process of analysis, formulation and continuity of concrete policies and measures on forests.

In order to overcome such difficulty and create conditions for a regional dialogue on the transfer of technology and financial resources in a realistic context, it is necessary to identify common criteria to analyze the contribution of the forest sector in the public accounts of each country. Currently, it is difficult for relevant national institutions to understand the methodology and practices in terms of budgeting, outputs and investments in the forest sector and to compare with other Amazon Basin countries (Brazil, Bolivia, Colombia, Ecuador, Peru, Venezuela, Guyana and Suriname).

The purpose of this activity is to develop a framework concerning the contribution of the forest sector to the national economy of the Amazon Basin/ITTO member countries.

FAO, ACTO and other relevant organizations will be invited to contribute to the activity.

2. Terms of Reference

The activity will:

- (i) Carry out a study with a view to break down the types and amounts of the various activities that compose the accounts for the forest sector. Examples of action include: participation in GDP, employment generation, education benefits, international trade, government support programs, etc. The study will draw upon methodologies and studies carried out in other regions.
- (ii) Identify gaps and limitations in existing budgetary, trade and economic data.
- (iii) Organize a workshop with all the appropriate sectors including forest, planning and financial to discuss a common methodology in order to compare data and budgets and harmonize work strategies.
- (iv) Recommend measures to be taken by the countries concerned in order to improve the information on contribution of the forest sector in national accounts and to improve planning.
- (v) Inform the ITTO Council on lessons learned, in particular those that may also be of interest for other regions (e.g. methodologies, market statistics and trade information).

3. Budget: US\$50,000

APPENDIX C-3

PROMOTE WOOD-BASED BIO-ENERGY USING WOOD RESIDUES AND WASTES IN TROPICAL COUNTRIES

[ITTO Yokohama Action Plan, Section 3.3, Goal 2, Actions 4 and 8]

1. Introduction

Wood is the principal source of energy for heating and cooking for millions of families in developing countries. Wood also plays an important role in providing steam for power generation in sawmills and for kiln drying sawn timber in many tropical countries.

Driving renewed interest in wood-based energy solutions is the carbon neutrality of wood-based bio-energy under the Kyoto Protocol in both developed and developing countries. According to a study commissioned by ITTO in 2003-2004 on improving timber utilization efficiency and reducing waste, replacing coal power generators with wood burning generators is effective in reducing CO₂ emissions. Additionally, sulphur dioxide (SO₂) emissions from wood combustion are practically negligible in comparison with most other fuels. Because of the advantages provided by wood based energy systems there is a need to promote interest in projects aimed at replacing fossil fuel power systems with wood based systems using wood residues. The twin advantages of this are efficient utilization of wood residues and reduction of carbon emissions.

Therefore, it is recommended that a study be commissioned to analyze and report on the current status of wood-based bio-energy in selected ITTO consumer and producer countries and the development potential of the wood-based bio-energy sector under the Kyoto Protocol. The report should highlight appropriate technologies for wood-based bio-energy appropriate for adoption by ITTO producer countries. Strategy proposals to assist ITTO producer countries in the development of wood-based bio-energy should be formulated. There is also the need to organize an international conference on wood-based bio-energy using wood residues and wastes in tropical countries in cooperation with relevant international organizations such as FAO and UNCTAD in order to disseminate the main outputs of the proposed study and to promote investment.

2. Terms of reference

The study will:

- (i) Review the current status of the wood-based bio-energy sector focusing on utilization of wood wastes in respect of demand, supply, costs and prices in selected ITTO producer and consumer countries
- (ii) Identify and assess appropriate technologies for heat and power generation from wood-based bio-energy the use of which could be introduced to or expanded in ITTO producer countries
- (iii) Analyze the opportunities and constraints in promoting wood-based bio-energy under the Clean Development Mechanism of the Kyoto Protocol
- (iv) Make recommendations on future actions that could assist tropical producer countries in sustainably developing a wood-based bio-energy sector using wood wastes.
- (v) Prepare and present for the consideration of the Committee on Forest Industry a preliminary report at its Thirty-ninth Session in November 2006 and a final report at its Fortieth Session in May 2007; and
- (vi) Prepare a final report taking into consideration comments of the Committee and submit a final written report along with a print-ready CD-ROM.

An International Conference on Wood-based Bio-energy Using Wood Residues and Wastes in Tropical Countries will be organized in 2007 in collaboration with FAO and UNCTAD.

3. Duration

The expected duration of this programme is 24 months.

4. Budget: US\$200,000

APPENDIX C-4

REGIONAL INVESTMENT FORA IN NATURAL FOREST-BASED INDUSTRIAL DEVELOPMENT

[ITTO Yokohama Action Plan, Section 3.3, Goal 1, Action 1]

1. Introduction

Flourishing forest industries based on sustainable sources are essential for achieving sustainable forest management. Building such industries requires investment, but, unfortunately, investments in industries based on products derived from natural tropical forests are lacking behind. Several reasons have been mentioned, including: poor investment climates from local and national governments (too restrictive laws, administrative burden, lack of positive incentives), limited possibilities for (micro-) credits and insurances of risks, insufficient links between producer priorities and market demands/opportunities, insufficient knowledge, constraints in internalizing full costs in competitive product prices.

Although attempts have been made to reverse these trends, there is an urgent need to promote more private investment in natural tropical forest-based industrial development as an essential part of the achievement of sustainable forest management. To contribute towards this goal, it is proposed that ITTO convenes regional investment promotion fora to fully discuss the issue.

2. Terms of Reference

Convene three regional investment promotion fora (Asia, Africa, Latin America) to:

- (i) review the forest industry recent past investment, investment trends (focus on natural forest-based industries) and market opportunities;
- (ii) critically exam constraints to and identify opportunities for private-sector investment in natural forest-based industrial development;
- (iii) address specific challenges for small and medium scale enterprises; and
- (iv) discuss and recommend measures to enhance the investment environment and to attract investment for forest industries based on sustainable managed natural forests.

Target audience: local and national entrepreneurs, (potential) foreign investors/ business partners, financial institutions

In full cooperation with: development banks, private sector, UNCTAD, UNIDO,....

3. Duration

The expected duration of this programme is 24 months.

4. Budget

Budget for short review papers, investment forum and associated seminar: US\$450,000
(Taking into account entrance fees, sponsors, host-country, etc...)

APPENDIX C-5

INTERNATIONAL CONFERENCE TO
PROMOTE DEVELOPMENT OF NON-TIMBER FOREST PRODUCTS AND SERVICES

[ITTO Yokohama Action Plan, Section 3.2, Goal 1, Action 5; Section 3.3, Goal 2, Action 5]

1. Introduction

Over the last two decades NTFPs generated high expectations for being able to combine forest management and conservation with income generation. NTFPs are being proposed by many ITTO member countries as key components in achieving Sustainable Forest Management (SFM). For example, the ongoing ITTO study on Community based Forest Industries and the ITTO Investment Forum reveal that communities and other type of small scale enterprises depend heavily on NTFPs and forest services for their livelihoods, particularly on those NTFP which are traded at international markets such as bamboo, rattan, medicinal plants, resins, natural honey, eco tourism, etc. These studies also highlight that there are still many other NTFP which are used locally and with a potential for international markets. Although several efforts have been made to promote NWFP, there is an urgent need to consolidate lessons learned among ITTO members including on how best to encourage private investment in the sector. To contribute towards this goal, it is proposed that ITTO convene an international conference to share and review lessons learned by NTFP producers, traders and consumers in promoting trade in NTFPs and to analyze their contribution to SFM.

2. Terms of Reference

- (i) Make provisions to carry out studies on opportunities for and to promote the development of non-timber forest products and forest services which can improve the economic attractiveness of maintaining the forest resource base (incl. to make an assessment on the effective contribution NTFPs can make to SFM, poverty alleviation; to take stock of the valuation methodologies to assess their economic contribution to national economies; how to encourage more domestic production, processing and marketing of NTFPs in ITTO producing countries; etc.) and;
- (ii) To convene an international conference to promote development of non-timber forest products and services, in cooperation with FAO, INBAR, UNCTAD and other organizations as appropriate; and by focusing mainly on those internationally traded NTFPs in bringing producers, traders and consumers together to share experiences on how their use can contribute to the renewal of the resources (domestications/plantations management) and how to encourage domestically used NTFPs into international trade.

Objectives

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.

3. Budget

Estimated cost: US\$250,000

SUMMARY TABLE

TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	ITTO BUDGET US\$	DURATION (MONTHS)	GEOGRAPHIC COVERAGE	RECOMMENDATION(*)
Committee on Economic Information and Market Intelligence					
PD 353/05 Rev.2 (M,F,I)	a, h, j, n	477,889	24	Philippines	1
PD 317/04 Rev.2 (M,I)	c	492,318	24	Indonesia	5
Committee on Forest Industry					
PD 313/04 Rev.3 (I)	c, f, g, i, k, l, m	503,736	36	Côte d'Ivoire	1
PD 315/04 Rev.2 (I)	c, m	137,122	18	Côte d'Ivoire	5
PD 316/04 Rev.2 (I)	d, f, g	772,238	48	CAR	1
PD 343/05 Rev.1 (I)	c, f, i	508,651	36	Philippines	1
PPD 68/03 Rev.2 (I)	d,f,g	80,000	12	Myanmar	1

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

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Yokohama, Japan

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

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

REPORT

Item 1 - Opening of the Session

The Thirty-seventh Session of the Committees was opened on 7 November 2005 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. James Gasana (Switzerland), Vice-chairperson of CEM deputising for Ing. Renzo Silva (Venezuela), Chairman of the CEM who was absent. This Joint Session considered Agenda items 1-4. The subsequent meetings of the CRF were chaired by Ms. Jennifer Conje (USA), Chairperson of CRF, assisted by Dr. Petrus Gunarso (Indonesia), Vice-Chairperson of CRF. The list of participants is presented in document ITTC(XXXIX)/Info. 2 Rev.1.

Item 2 - Adoption of Agenda and Organization of Work

At its first meeting in a joint session on 7 November 2005, the Committees formally adopted the Agenda of its Thirty-seventh Session as contained in document CRF(XXXVII)/1.

Item 3 - Admission of Observers

A list of observers admitted by the Committee in a joint session to attend its Thirty-seventh Session is contained in document ITTC(XXXIX)/Info. 3.

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

The Committees noted the presentation made by Dr. Ricardo Umali (Philippines), Chairman of the Expert Panel on the Report of the Expert Panel (EP) for Technical Appraisal of Project Proposals at its Thirtieth Meeting held on 1-5 August 2005 in Yokohama, Japan as contained in document CEM,CRF,CFI,CFA(XXXVII)/1. In summary, the report of the EP indicated:

- (vi) the fewer number of proposals - 35 projects and six pre-projects for a total of 41 – assessed by the EP, down from 79 in the previous EP meeting;
- (vii) only nine projects and one pre-project, totaling ten proposals (24% of proposals assessed) with category 1 rating;
- (viii) the ten category 1 proposals consisted of two new proposals and eight revised proposals;
- (ix) 27 proposals requiring further revisions and three proposals referred for disapproval; and
- (x) 63% of the proposals ranked with a “wider use” value of zero and only two proposals with the highest value of 4.

The Chairman emphasised the persistent problems in project formulation including the lack of comprehensive problem analysis, deficient logical framework and lack of relevance to country and ITTO priorities.

The major findings/recommendations of the EP included:

- (xv) management of NTFPs such as rattan, bamboo and medicinal plants and protected areas fails to clearly show relevance to SFM and achievement of Objective 2000;
- (xvi) proposals on lesser-used species (LUS) and lesser-known species (LKS) are often poorly justified;
- (xvii) transboundary/regional proposals should contain firm commitment from participating countries to pursue common objectives and conduct joint activities;
- (xviii) project proposals developed from pre-projects and subsequent phases of phased projects should clarify the origin, what needs to be continued, and previous results to build upon;
- (xix) several proposals still lack focus, with many unwieldy components like inventory, management plan, plan implementation and training being envisioned for implementation under one project;
- (xx) training and capability-building proposals should be supported by needs assessment, curricula of training modules, and targets to be trained etc.;
- (xxi) technical and scientific aspects are weakly developed, in particular for genetic improvement projects; the choice of species and use of technologies should be clearly justified;
- (xxii) confusion on whether proposals are to be submitted as small projects, pre-projects, or full project proposals;

- (xxiii) unclear understanding of the scope and expected results for projects on phased approaches to certification. Proponents should review the results and recommendations of the ITTO International Workshop on Phased Approaches to Certification held in Switzerland in April 2005;
- (xxiv) the strategy, methodology and approach to community-based plantation projects should be explained in detail as these vary from country to country and within a country;
- (xxv) projects on sustainable management of degraded secondary forests should follow the right guidelines using natural regeneration, enrichment planting and similar rehabilitation methods;
- (xxvi) the subsidizing of regular business activities in projects executed by and benefiting the private business sector should be seriously evaluated and the support activities properly justified;
- (xxvii) proposals for tsunami victims should be submitted directly to ITTC to avail without delay of the rehabilitation support particularly on the need to rebuild houses made of bamboo; and
- (xxviii) patents and intellectual property rights to technologies developed in project implementation and existing regulations for joint ownership with ITTO as donor should be evaluated and implemented. Proper guidance from the ITTC should be solicited to clarify this matter.

The Panel requested the Council to remind members to limit and prioritize the proposals as currently detailed in the rules of submission of ITTO and seek only to submit those which would have the most effect on sustainable forest management in member countries.

With regards to the application of the proposed new ITTO system for evaluating proposals [Decision 3(XXXVII)], the Chairman of the EP reported that out of 18 new project proposals tested, 16 obtained different rating categories as compared to the current system. In most cases, however, the differences were modest and stemmed from divergences in appraisal, overlooked information or misinterpretation of the criterion. The EP Chairman observed that relevance should not be qualified by a mark, 0 to 5, but by a simple Yes/No. Threshold levels proposed for the rating system seemed to be satisfactory, but the requirement to meet all thresholds for a project to classify for category 1 might need to be reconsidered. The EP felt that the results of the rating system should serve as a guide for its decision on the appropriate category rather than as a final verdict. There were suggestions for amendments at the level of award (sub)criteria and indicators. The EP noted the discrepancy between the structure and elements in the scoring table and the format contained in the ITTO Manual for Project Formulation and underlined the necessity of revising the Manual as soon as appropriate. The comments and suggestions on the new systems would be finalized by the Thirty-first EP and presented at the next Session of the Council.

The delegate of Brazil indicated that country members and the EP should be acquainted with the new evaluation system before it was adopted, and that the revision of the ITTO Manuals was one of the means to achieving this. She felt that the 0-5 mark for project relevance was more objective than a simple Yes/No. The delegate of PNG expressed concern on the low number of proposals recommended to the Council and that some good proposals could have been rejected.

Item 5 - Report on Completed Projects and Pre-projects

The Secretariat informed the Committee that the completed projects and pre-projects are listed in document CRF(XXXVII)/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 115/90 Rev.1 (F) Rehabilitation of Natural Forests (Malaysia)**

The Committee took note that this project was reported as completed at its Thirty-third Session pending Final Financial Audit Report. The Secretariat informed the Committee that a satisfactory Final Financial Audit Report has been received. The Committee therefore decided to consider the project as completed.

2) **PD 24/93 Rev.2 (F) Forest Management of Natural Forest in Malaysia - Phase II (Malaysia)**

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

3) **PD 48/98 Rev.1 (F) Reforestation of the Abutia Plains by Indigenous Communities in the Volta Basin (Ghana)**

The Committee took note that the Executing Agency has submitted the project Completion Report and Final Financial Audit Report. The Committee therefore decided to consider the project PD 48/98 Rev.1 (F) as completed.

4) **PD 49/98 Rev.1 (F) Participatory Tropical Forest Development by Women in Indigenous Communities (Ghana)**

The Committee took note that the Executing Agency has submitted the project Completion Report and Final Financial Audit Report. The Committee therefore decided to consider the project PD 49/98 Rev.1 (F) as completed.

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

The Committee took note that this project was reported as completed at its Thirty-fifth Session pending Financial Audit Report. The Committee was informed by the Secretariat that the Final Financial Audit Report has been submitted by the Executing Agency. The Committee therefore decided to consider the project as completed.

6) **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 (Congo)**

The Committee took note that the Executing Agency has submitted the project Completion Report and Final Financial Audit Report. The Committee therefore decided to consider the project PD 4/00 Rev.1 (F) as completed. However, the project is kept on the list of completed projects that should present to the 38th Committee Session the project outcomes and the results of an independent project evaluation requested by the Government of Switzerland.

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

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

The Committee took note that this project was reported as completed at its Thirty-second Session, but the Final Financial Audit Report is still pending. The Committee was further informed that the Peruvian Ministry of Agriculture had sent a written statement to the Secretariat indicating that, after four unsuccessful and deserted attempts by the National Comptroller at tendering out the project's audit, authorization was given to the Ministry of Agriculture to proceed with the tendering itself. The Ministry, after performing an open bidding process, recently granted the elaboration of the audit to an independent firm, which has already

initiated the project's auditing process. 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 10/97 Rev.1 (F) A Sustainable Management Model in the Iwokrama Rain Forest (Guyana)**

The Committee noted that the project has been reported as completed in document CRF(XXXIV)/3. Moreover, The Guyanese Delegation also provided a formal presentation of the project's accomplishments at this Session of the CRF.

- 3) **PD 67/01 Rev.1 (F) Dissemination of Forest Development and Research Results Obtained During the Implementation of the Technical Project for Forest Conservation CEMARE (Panama)**

The Committee took note that this project was reported as completed at its Thirty-fifth Session, but the Final Financial Audit Report is still pending. The Committee was further informed that the Executing Agency, ANAM, had recently sent a written request to obtain the no-objection from the Secretariat for the selection of an independent auditing firm to carry out the required audited financial report, and that it was immediately granted by the Secretariat. 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.

- 4) **PD 178/02 Rev.1 (F) Information and Training Programme for Sustainable Forest Management in the Peruvian Amazon Region (Peru)**

The Committee took note that this project was reported as completed at its Thirty-sixth Session, but the Final Financial Audit Report is still pending. The Committee was further informed that the Executing Agency had just recently finalized the publication of the project's technical documents and forwarded the required copies to the Secretariat, and that it was now in a position to initiate the independent auditing of the project's accounts. 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.

5.2 Completed Pre-projects

(A) Completed Pre-projects, Including Financial Audit

- 1) **PPD 75/03 Rev.3 (F) Genetic Improvement of Tropical Forest Species (Guatemala)**

The Committee took note that the Executing Agency has submitted the Completion Report, Technical Report and the Final Financial Audit Report, as well as a Project Proposal. The Committee decided to consider the pre-project as completed.

(B) Completed Pre-projects, Pending Financial Audit

- 1) **PPD 40/02 Rev.1 (F) Conservation and Sustainable Management of Mangroves in the Kouilou Coastal Area with the Participation of Local Communities Established in the Area - South Congo (Congo)**

The Committee took note that the Executing Agency has submitted the pre-project Completion Report and Technical Report, and a Project Proposal *PD 362/05 (F) "Conservation and Sustainable Management of Mangrove Forests in Kouilou Coastal Area, Southern Congo, with the Participation of Local Communities Established in the Area"* assessed by the Twenty-ninth and Thirtieth Expert Panel meetings. Moreover, it noted that the Executing Agency has not yet submitted the Final Financial Audit Report. The Committee therefore requested the Executing Agency to submit the Final Financial Audit before the next Committee Session.

- 2) **PPD 60/02 Rev.1 (F) Development of a Strategy and Planning of Measures for the Management of the Assoukoko Natural Reserved Forest and Adele Community Forests with a View to their Sustainable Management by Local Communities in accordance with ITTO Criteria & Indicators (Togo)**

The Committee took note that the Executing Agency has submitted the pre-project Completion Report and Technical Report. A project proposal titled "Support for the Implementation of a Sustainable Forest Management Action Plan in the Assoukoko Gazetted Forest" was drafted. Moreover, it noted that the Executing Agency has not yet submitted the Final Financial Audit Report. The Committee therefore requested the Executing Agency to submit the Final Financial Audit before the next Committee Session.

Item 6 - Ex-post Evaluation

(A) Ex-post Evaluation

It was informed that the ex-post evaluation of all RFM projects selected by the Committee had already been carried out and the reports were presented at its previous sessions.

(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 Secretariat introduced a list of all completed projects relevant for ex-post evaluation in the field of Reforestation and Forest Management and which includes projects completed since 2002 not previously selected for ex-post evaluation [Document CRF(XXXVII)/5 "Shortlist of Completed Projects Relevant for Ex-post Evaluation in the Field of Reforestation and Forest Management grouped according to Main Objectives"], as requested by the Committee at its Thirty-fifth Session.

The Committee took note of the aforementioned document and established a small informal working group consisting of delegates representing Brazil, Indonesia, Malaysia and United States of America 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 training and community participation in sustainable forest management had not been previously recommended for ex-post evaluation and therefore presented to the Committee two lists of 4 and 7 projects respectively pre-selected for ex-post evaluation grouped under the aforementioned themes. The working group's report was considered by the Committee, which approved the following projects ex-post evaluation by thematic group:

1) Training in sustainable forest management

PD 89/90 (F) I, II & III	SUSTAINABLE FOREST MANAGEMENT AND HUMAN RESOURCES DEVELOPMENT IN INDONESIA - PHASES I, II & III	INDONESIA
PD 26/92 Rev.2 (F,I)	DEVELOPMENT OF METHODS AND STRATEGIES FOR SUSTAINED MANAGEMENT OF MOIST TROPICAL FORESTS IN CAMEROON	CAMEROON
PD 63/97 Rev.3 (F)	SPECIALIZATION PROGRAM FOR FOREST TECHNICIANS ON SUSTAINABLE TROPICAL FOREST MANAGEMENT IN BOLIVIA	BOLIVIA
PD 42/00 Rev.1 (F)	TRAINING OF TRAINERS FOR THE APPLICATION OF THE ITTO, AND THE NATIONAL CRITERIA AND INDICATORS OF SUSTAINABLE FOREST MANAGEMENT AT FOREST MANAGEMENT UNIT LEVEL	INDONESIA

2) Community participation in sustainable forest management

PD 37/95 Rev.2 (F)	MANAGEMENT OF CATIVO FORESTS AND NON-TIMBER PRODUCTS WITH THE PARTICIPATION OF RURAL AND INDIGENOUS COMMUNITIES, DARIEN, PANAMA	PANAMA
PD 21/97 Rev.2 (F)	DEVELOPING TROPICAL FOREST RESOURCES THROUGH COMMUNITY-BASED FOREST MANAGEMENT, NUEVA VIZCAYA, PHILIPPINES	PHILIPPINES
PD 48/98 Rev.1 (F)	REFORESTATION OF THE ABUTIA PLAINS BY INDIGENOUS COMMUNITIES IN THE VOLTA BASIN	GHANA
PD 49/98 Rev.1 (F)	PARTICIPATORY TROPICAL FOREST DEVELOPMENT BY WOMEN IN INDIGENOUS COMMUNITIES	GHANA
PD 9/99 Rev.2 (F)	SUSTAINABLE MANAGEMENT OF MISSAHOE RESERVED FOREST FORESTRY RESOURCE WITH THE PARTICIPATION OF THE LOCAL RURAL COMMUNITIES FOR AN OPTIMAL TIMBER PRODUCTION (KPALIME, TOGO)	TOGO

PD 38/99 Rev.1 (F,I)	DEMONSTRATION COMMUNITY FOREST MANAGEMENT IN THE NATURAL CLOUD FORESTS OF THE URUMBA BASIN, SAN IGNACIO	PERU
PD 44/99 Rev.2 (F)	IMPLEMENTATION OF A MANAGEMENT PLAN BY THE CHIQUIACA AND OROZAS COMMUNITIES IN TARIJA, BOLIVIA	BOLIVIA

The Committee further requested the Secretariat to make the necessary arrangements for the conduct of the ex-post evaluations before the Fortieth Committee Session in May 2007, and also prepare an updated "Shortlist of Completed Projects Relevant for Ex-post Evaluation in the Field of Reforestation and Forest Management" for the Forty-first Session, which should include all completed projects since 2004 not previously selected for ex-post evaluation. In addition, the Committee requested the Secretariat consider a new theme under which it should group completed projects in the Shortlist to be prepared, this being that of Criteria and Indicators for Sustainable Forest Management.

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

7.1 Project Work in Progress

The Committee took note of a status report [document CRF(XXXVII)/4] by the Secretariat on the 99 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 (64), B) awaiting the signing of an Agreement (12), C) projects awaiting financing (23), or D) falling under the sunset provision since the last Session (0).

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

The Committee urged the Executing Agency to submit the project Completion Report, Technical Report and Final Financial Audit Report by the end of December 2005.

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

The Committee requested the Executing Agency to submit the project Completion Report and Final Financial Audit Report by the end of December 2005.

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

The Committee took note of the Executing Agency's request for an extension including budgetary modifications in order to successfully complete the project's activities and that the Secretariat had considered it justified. In this light, the Committee endorsed an extension of the project until the end of March 2006, without additional funds.

- 4) **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 that the Government has taken actions regarding the two following issues: (a) the gazetting of the forest and signing of the Forest Classification Act, and (b) the replenishment of 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. The Committee took note of the information, requested the project Executing Agency (ANAFOR) to address these conditions for further ITTO support and allowed the Secretariat to lift the suspension of the project as soon as all requirements are met.

- 5) **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 took note of the Executing Agency's request for an extension including budgetary modifications in order to successfully complete the project's activities and that the Secretariat had considered it justified. In this light, the Committee endorsed an extension of the project until the end of September 2006, without additional funds.

- 6) **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 Ministry of Environment had recently informed the Secretariat that, in its intention to revamp the project so as to successfully achieve its objectives, it had: i) initiated legal procedures against the former head of SINERGIA-COLOMBIA; ii) drafted the YPO for the year 2006; and iii) designated CODECHOCO, a former collaborating agency of the project, to execute the implementation of the project's remaining activities over a two-year period, and assigned it approximately US\$ 280,000 from the Ministry's Environmental Compensation Fund (FCA). The project's other collaborating agency, Maderas del Darien, is also expected to continue supporting the implementation of the project. In addition, it has also submitted to the Secretariat at this session all the pending documentation as requested by the Committee during its XXXV Session in order to consider lifting the suspension of this project. In this light, the Committee recommended the Secretariat review the submitted documentation as soon as possible and carry out a mission to Colombia in the next two weeks to jointly evaluate with the Ministry of Environment and other stakeholders the current situation and set out the procedures required by the Secretariat to lift the suspension of project activities and reactivate the project.

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

The Committee took note that the Ministry of Environment had recently informed the Secretariat that, in its intention to revamp the project so as to successfully achieve its objectives, it had: i) initiated legal procedures against the former head of SINERGIA-COLOMBIA; ii) drafted the YPO for the year 2006; and iii) designated the Corporation for the Sustainable Development of the Northern and Oriental Amazon (CDA), to continue with the implementation of the project's remaining activities and simultaneously allocated approximately US\$ 114,000 to the project from the Ministry's Environmental Compensation Fund (FCA). In addition, it has also submitted to the Secretariat at this session all the pending documentation as requested by the Committee during its XXXV Session in order to consider lifting the suspension of this project. In this light, the Committee recommended the Secretariat review the submitted documentation as soon as possible and carry out a mission to Colombia in the next two weeks to jointly evaluate with the Ministry of Environment and other stakeholders the current situation and set out the procedures required by the Secretariat to lift the suspension of project activities and reactivate the project.

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

The Committee observed that most of the project's activities have been satisfactorily completed, except for the Clean Development Mechanism (CDM) provisions and validation process within the UNFCCC, which depended solely with the Kyoto process within the UNFCCC and that, to this effect, the Executing Agency had requested another extension in time, including some budgetary modifications, until August 2006

without additional funds, hoping that the aforementioned activity could be completed by then. 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 August 2006, without additional funds. Moreover, The Colombian Delegation also provided a formal presentation of the project's accomplishments at this Session of the CRF.

9) PD 57/99 Rev.2 (F) Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon - Phase I (Brazil)

The Committee recalled that the project was facing serious difficulties to execute the budget within the administrative framework of EMBRAPA and was working on potential alternatives to overcome this impasse. It further noted that ABC and EMBRAPA recently submitted to the Secretariat the agreement between EMBRAPA and the Tropical Forest Institute (ITF) for the management of project funds and that EMBRAPA had fully resumed the project's activities. However, the Committee also noted that, due to the lengthy delays incurred by the aforementioned impasse, the Executing Agency has requested for an extension including budgetary modifications in order to successfully complete the project's activities and that the Secretariat had considered it justified. In this light, the Committee endorsed this extension of the project until the end of August 2007, without additional funds.

10) 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 noted that no progress report was received from the Executing Agency by the August 2005. The Committee urges the Executing Agency in the future to submit its progress reports on time.

11) PD 14/00 Rev.5 (F) Integrated Plan for the Consolidation of the Bagre Highlands Biological Corridor, Province of Darien (Panama)

The Secretariat informed the Committee that the Executing Agency had requested an extension with minor budgetary amendments until 31 December 2006, without additional funds, and provided adequate justifications. The Committee took note of the information and endorsed this extension until December 2006, without additional funds, for the successful completion of project activities.

12) PD 17/00 Rev.3 (F) Conservation and Development in the Natural Protected Areas System of Tambopata (Peru) – Madidi (Bolivia)

The Committee took note of the Executing Agency's request for an extension including budgetary modifications in order to successfully complete the project's activities and that the Secretariat had considered it justified. In this light, the Committee endorsed this extension of the project until the end of March 2006, without additional funds.

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

The Committee took note that all activities of the project are planned to be completed by end of December 2005 with significant amount of unspent funds. The Committee also took note of the presentation by the Executing Agency on the workplan and associated budget for extension of the project for two years starting January 2006 utilizing these unspent funds in order to fully achieve outputs and objectives of the project. The Committee approved extension of the project without additional funds for two years starting January 2006 for which a definitive workplan shall be formulated by the Executing Agency in close consultation with the Secretariat.

14) PD 39/00 Rev.3 (F) Sustainable Collaborative Forest Management: Meeting the Challenges of Decentralization in the Bulungan Model Forest (Indonesia)

The Committee took note of the Executing Agency's request for an extension of the project for ten months starting March 2006 in order to successfully achieve the project's outputs and objectives particularly the Integrated Land Use Plan for the Malinau District which takes longer time to complete due to the necessity to carry out intensive stakeholder consultations. The Committee decided to approve the extension of the project for ten months starting March 2006 without additional funds.

15) PD 54/00 Rev.4 (F) Genetic Resistance of Iroko to *Phytolyra lata* – Phase II (Côte d'Ivoire)

The Secretariat summarized the outcomes of the small working group, made up of representatives from the CFC Secretariat, Côte d'Ivoire, Ghana, USA and ITTO Secretariat, as follows:

- The small working group was informed about the relocation of the project implementation from the KANI Forest Reserve to a new site located in the SANGOUÉ Forest Reserve with similar ecological conditions. Donors appreciated this relocation as a way to address earlier security concerns regarding the safety of project staff and operations;
- In order to address the Donors' concerns on security issues during the project implementation, the small working group decided that Donors and ITTO would request for frequent updates on the security status in Côte d'Ivoire and, in particular, regarding the new project site, as per United Nations security parameters.

Regarding the progress made by the Project Executing Agency (SODEFOR) to improve the conditions for a smooth implementation of this project in Côte d'Ivoire, the small working group also addressed the following recommendations to:

A. The Project Executing Agency (SODEFOR)

1. To send an information letter to the CFC Secretariat providing the following elements:
 - Brief description of the internal mechanism on the management of project funds by SODEFOR, and
 - Assurance on the safety of project funds to be transferred to SODEFOR (taking into consideration the cases of other ITTO projects currently implemented by SODEFOR).
2. To attach to this information letter a copy of the SODEFOR's letter No.0128/05/DPRC/MKM/AMKL of 25 January 2005) and a letter of guarantee and responsibilities on the project funds to be transferred to SODEFOR by CFC and ITTO.

B. The Supervisory Body (ITTO)

1. To provide a statement on other operational ITTO projects implemented by SODEFOR in Côte d'Ivoire in relation to the financial and technical aspects.

The small working group asked the Project Executing Agency (SODEFOR) and the Supervisory Body (ITTO) to provide the above-mentioned information, by the end of November 2005, for consideration by the CFC Secretariat, as a first step on the ways and means to start the implementation of this project.

The Committee took note of the information and asked the Project Executing Agency (SODEFOR) and the Supervisory Body (ITTO) to address these recommendations accordingly.

16) 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 was informed that the Executing Agency (WRI) was negotiating some arrangements in order to get "SPOT" satellites images at reduced prices, as the project will not continue to get free of charge the "LANDSAT TM7" satellite images through the University of Maryland and WRI arrangements. The Committee expressed its concerns about this information, and therefore requested the Secretariat to closely follow up this issue through the project regular monitoring and evaluation work.

17) PD 199/03 Rev.3 (F) Strengthening National Capacity and Regional Collaboration for Sustainable Use of Forest Genetic Resources in Tropical Asia (Malaysia)

The Committee took note of the information by the Secretariat that the Project Agreement has been signed on 17 August 2005.

- 18) PD 200/03 Rev. 4 (F) **The Establishment of Seed Orchards for Selected Indigenous Tree Species in Sabah, Malaysia (Malaysia)**

The Committee took note of the information by the Secretariat that the Project Agreement has been signed on 17 August 2005.

- 19) PD 206/03 Rev.1 (F) **Development of Human Resources in Sustainable Forest Management and Reduced Impact Logging in the Brazilian Amazon (Brazil)**

The Committee took note of the Executing Agency's request for an extension in order to successfully complete the project's activities and that the Secretariat had considered it justified. In this light, the Committee endorsed an extension of the project until the end of March 2006, without additional funds.

- 20) PD 224/03 Rev.1 (F) **Trans-boundary Biodiversity Conservation: The Pulong Tau National Park, Sarawak State, Malaysia (Malaysia)**

The Committee was informed by the Secretariat that the First Project Steering Committee meeting had recommended the Executing Agency to redefine Outputs 1.2 and 2.2 of the project and made adjustments to pertaining activities and budget without additional funds. The Committee also took note of the presentation by the Executing Agency on the Supplementary Project Document that shows the redefined outputs and the adjusted activities and budget without additional funds. The Committee decided to endorse the Supplementary Document as an inseparable part of the original project document.

- 21) PD 271/04 Rev.2 (F) **Rehabilitation of Degraded Forest Land Involving Local Communities in West Java, Indonesia (Indonesia)**

The Committee took note of the information by the Secretariat that the Project Agreement has been signed on 21 September 2005.

(B) Projects awaiting implementation agreement

- 1) PD 248/03 Rev.4 (F) **Antimary Forest Management Regional Training Centre (Brazil)**

The Committee took note of the information by the Secretariat that the Project Agreement was duly signed on 12 September 2005.

- 2) PD 270/04 Rev.2 (F) **Ex-situ and In-situ Conservation of Teak (Tectona Grandis L.F) to Support Sustainable Forest Management (Myanmar)**

The Committee took note of the information by the Secretariat that draft of the Project Agreement has been sent to the Government of Myanmar on 2 August 2005.

- 3) PD 288/04 Rev.2 (F) **Development of Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area, Phase IV (Final Phase) (Malaysia)**

The Committee took not of the information by the Secretariat that draft of the Project Agreement has been sent to the Government of Malaysia on 2 August 2005.

- 4) PD 289/04 Rev.1 (F) **Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Trans-boundary Biodiversity Conservation between Thailand, Cambodia and Laos- Phase II (Thailand and Cambodia)**

The Committee took note of the information by the Secretariat that draft of the Project Agreement has been sent to the Governments of Thailand and Cambodia on 16 February 2005.

- 5) PD 310/04 Rev.2 (F) **Biodiversity Management and Conservation in Forest Concessions Adjacent to a Totally Protected Area (Nouabale-Ndoki National Park), Northern Republic of Congo (Congo)**

The Committee took note of the information by the Secretariat that the Project Agreement has been drafted and is being sent to the Government of Congo for signature.

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

The Committee took note of the information by the Secretariat that the Project Agreement was duly signed on 31 August 2005.

7) PD 337/05 Rev.2 (F) An International Workshop on Clean Development Mechanism – Opportunities and Challenges for the Forest Industry Sector in Sub-Saharan Tropical Africa (Ghana)

The Secretariat informed the Committee that the Secretariat of the Common Fund for Commodities (CFC) had expressed interest to finance this project, which was approved and fully funded by the Council at its Thirty-eighth Session in June 2005, provided that its contribution to the project budget be reduced from US\$120,000 to US\$100,000. Thus, the ITTO Secretariat and the submitting agency had been in consultation to scale down the project budget prior to the preparation of the project agreement and other appropriate documents by the CFC Secretariat. The Committee took note of this information and endorsed the amended budget of the project.

(C) Projects awaiting financing

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

Phase I has been reported as completed in document CRF(XXXVI)/6.

2) PD 22/99 Rev.2 (F) III Study on the Behaviour of Native Timber Species of Commercial Value in the Tropical Moist Forests of Honduras - Phase I (Completed), Phase II (Completed), Phase III (Pending Finance) (Honduras)

The Committee took note that while Phases I and II of this project had been successfully completed in March 2004, the project's Phase III was still awaiting finance. In view of the time lapsed and the lack of any provisions as how to proceed in the case of phased projects in this situation, the Committee decided to recommend this item be included on the agenda of the Committee on Finance and Administration for discussion at its next session.

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

None

7.2 Pre-project Work in Progress

Nineteen pre-projects have been approved by the Committee and are under implementation or in preparatory stages. The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XXXVII)/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 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 of the Executing Agency's request for an extension including minor budgetary modifications in order to successfully complete the pre-project's activities and that the Secretariat had considered it justified. In this light, the Committee endorsed an extension of the pre-project until the end of March 2006, without additional funds.

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

The PNG Delegation informed the Committee that the Completion Report, Technical Report and Financial Audit Report will be submitted before the 38th Session of the Committee. The Committee took note of this information.

(B) Pre-projects awaiting implementation agreement

1) PPD 103/04 Rev. 1 (F) Rehabilitation of Degraded Forest Using Indigenous Species through Collaboration with Local Communities in West Kalimantan (Indonesia)

The Committee took note of the information by the Secretariat that the Pre-project Agreement has been signed on 21 September 2005.

2) PPD 114/05 Rev.1 (F) Formulating a Proposal on Demonstration of Sustainable Management for Mangrove in China (China)

The Committee took note of the information by the Secretariat that the Pre-project Agreement has been signed on 21 September 2005.

(C) Pre-projects awaiting financing

1) PPD 111/05 Rev.1 (F) Sustainable and Multipurpose Forestry to Settle the Tribal Shifting Cultivators of Tripura State in India by Providing Viable Economic Activities (India)

The Committee noted that the pre-project was approved during the 38th Session of the Council without funding. The Indian Delegation informed the Committee that immediate implementation of this pre-project is among the top priorities of the Government of India in promoting sustainable forest management and therefore deserves immediate funding by ITTO donors. The Delegation further expressed concern over the rationale behind ITTO funding mechanisms as many projects are approved but not funded. The Committee took note of the comments and observation by the Indian Delegation.

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

None

Item 8 - Consideration of Project and Pre-project Proposals

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

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

The Committee recalled its recommendation to the Council during its Eleventh Session in Yokohama in November 1992, requesting the Secretariat not to forward any revisions of proposals requiring complete reformulation until these revisions had again been technically evaluated by the Expert Panel. In compliance with this, 12 project proposals were considered by the Committee; similarly two pre-project proposals were considered.

• CATEGORY ONE PROJECT PROPOSALS

PD NUMBER	TITLE	SUBMITTING COUNTRY
PD 294/04 Rev.3 (F)	The Study and Demonstration of the Management of Secondary Forests in Tropical Regions for the Purpose of Enhancing Economic and Ecological Benefits	China
PD 324/04 Rev.3 (F)	Sustainable Management of Tropical Forest Resources through Stakeholder Agreements in Traditionally Owned Areas of Papua New Guinea	Papua New Guinea

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
PD 342/05 Rev.2 (F)	Development of Policy and Management Scenarios for Sustainable Management of Ghana's High Forests	Ghana
PD 349/05 Rev.2 (F)	Criteria for the Management of Mangrove and Flood Forests in the Central Coastal Plains of Veracruz, Mexico: A Community Management Tool	Mexico
PD 367/05 Rev.2 (F)	Promotion of the Sustainable Management of Tropical Planted Forest in Congo's Tropical Forest Plantations	Republic of Congo
PD 386/05 Rev.1 (F)	Technological Development for the Production of Planting Materials to Support Sustainable Plantation of Bali Indigenous Species through Community Participation	Indonesia

• **RESUBMISSION OF PROJECT PROPOSALS TO THE COMMITTEE**

PD NUMBER	TITLE	SUBMITTING COUNTRY
PD 228/03 Rev.3 (F)	Tropical Forest Fire Monitoring and Management System Based on Satellite Remote Sensing Data in China	China
PD 237/03 Rev.4 (F)	Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru – Phase II (Peruvian Component)	Peru
PD 238/03 Rev.4 (F)	Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru (Ecuadorian Component) Phase II	Ecuador
PD 269/04 Rev.3 (F)	Community-based Pilot Project for the Restoration and Sustainable Management of Degraded Primary and Secondary Forests in the Northern Area of the Ecuadorian Amazon Region	Ecuador
PD 372/05 Rev.1 (F)	Contribution to Forest Rehabilitation in Thailand's Areas Affected by the Tsunami Disaster	Thailand

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

• **CATEGORY ONE PRE-PROJECT PROPOSALS**

PPD NUMBER	TITLE	SUBMITTING COUNTRY
PPD 116/05 Rev.1 (F)	Decentralisation of Forest Seed Production and Marketing (Guatemala)	Guatemala

• **CATEGORY FIVE PRE-PROJECT PROPOSALS**

PPD NUMBER	TITLE	SUBMITTING COUNTRY
PPD 102/04 Rev.2 (F)	Pilot Project for Capacity Building in Forest Land-Use Management, Institutional Development and Municipal Management	Guatemala

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

Item 9 - Policy Work

In accordance with its Biennial Work Programme for the year 2004-2005 and its decisions at the last Session, the Committee considered the following matters:

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

The Committee took note of the report of this activity, including the draft revised ITTO Guidelines for the Conservation of Biodiversity in Tropical Production Forests presented by the Secretariat and the consultants (Professor Jeffrey Sayer and Mr. Stewart Maginnis), as contained in document CRF

(XXXVII)/6. The Committee had discussions and decided to endorse the approach proposed in the study report to finalize the Guidelines, including the field testing of the revised draft Guidelines and convening of an Expert Panel to further revise the draft Guidelines based on field tests. The Committee developed the terms of reference, as included in Appendix I, in order to implement this approach and finalize the Guidelines.

- (ii) The Promotion of the ITTO Guidelines for the Management, Restoration and Rehabilitation of Degraded and Secondary Tropical Forests.

The Committee took note of the report presented by the Secretariat, in particular regarding the publication of the ITTO/IUCN Manual on Forest Landscape Restoration and the preparation of national workshops. With regard to the Manual, the Committee was informed that the ITTO/IUCN manual titled "Restoring Forest Landscapes: an introduction to the art and science of forest landscape" has now been published in English as a joint ITTO/IUCN publication, and the manual was launched at this Session. The Committee was informed that copies of the manual in English are available for distribution to member countries. The translation of the Manual into French and Spanish is underway and the French and Spanish versions should be available early next year.

With regard to the organization of FLR national workshops, the Committee was informed that the first workshop, out of the ten approved and funded by the Council, was organized in March 2004 in Brazil. Preparations for the organization of the remaining nine workshops are underway. The workshops, which will use the new ITTO/IUCN manual of FLR and the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests as supporting documents are expected to be conducted in the first half of next year.

- (iii) 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 Secretariat has found it appropriate to conduct this study in conjunction with the Market Study on Tropical Timber implemented by the EIMI Committee. A call for tenders was placed in the Economist to invite interested consultants to propose their services. Eight applications were received and analyzed and the selection process is being finalized. The study is expected to be initiated before the end of the year and the report tabled at the next Session of the Committee.

- (iv) Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests (Colombia, Philippines and Peru).

The Committee was informed that the Government of Peru was currently finalizing the terms of reference to carry out a forest fire study in the Piura River watershed in Northern Peru. Moreover, field activities are expected to be implemented early next year, with a view towards presenting the report of the study to the Committee at its next Session.

With regard to the identification of policy issues to be discussed at its next Session, the Committee decided to put on its agenda the consideration of the report of the case study conducted in Peru on prevention and management of fires in relation to tropical timber producing forests. The Committee also decided to consider the selection of issues included in the 2006-2007 ITTO Work Programme.

Item 10 - Biennial Work Programme of the Committees for 2006-2007

The Secretariat highlighted activities of the ITTO Biennial Work Programme falling under the responsibility of the Committee, as contained in document ITTC (XXXIX)/7. The Committee held discussions and suggested amendments to the proposed work programme. The Committee also developed detailed terms of reference, as included in Appendix II, for the implementation of the strategic activity (viii) in the field of Reforestation and Forest Management entitled "Promote the exchange of experience of the regional level on the implementation of sustainable forest management through ITTO supported projects". The Committee decided to recommend to members to pursue discussions on the ITTO Work Programme in Council, under Agenda Item 14. The approved project and strategic activities for the Committee are contained in the ITTO Biennial Work Programme 2006-2007 [document ITTC(XXXIX)/7 Rev.4].

Item 11 - Election of Chairperson and Vice-Chairperson for 2006

Dr. Petrus Gunarso of Indonesia was elected as Chairperson for 2006. Mr. Flip van Helden of the Netherlands was elected as Vice-Chairperson for 2006.

Item 12 - Dates and Venues of the Thirty-eighth, Thirty-ninth and Fortieth Sessions of the Committee

The Thirty-eighth Session of the Committee would be held in conjunction with the Fortieth Session of the International Tropical Timber Council.

The Thirty-ninth Session of the Committee would be held in conjunction with the Forty-first Session of the International Tropical Timber Council.

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

Item 13 - Other Business

These issues were raised under this agenda item:

- (i) The representative of PNG expressed concern over the fact that project PD 232/03 (F) "The Establishment and Operation of Model Forest Management Area in Papua New Guinea" failed to secure approval of the Expert Panel. However in spite of this lack of support, he informed the Committee that the establishment of the demonstration area with the commitment of the Government will be pursued with the support of the private sector. The development of the demonstration area will use the ITTO Guidelines.
- (ii) The representative of the U.S.A. stressed that ex-post evaluation reports contain a wealth of experience and lessons learnt that are of great interest to all members. He suggested that starting from the Fortieth Council Session that will take place in Merida, Mexico, ex-post evaluation reports should be presented during a Joint Session of the Committees. The Committee supported this idea and recommended that the agenda of the next Joint Committee Session be developed accordingly.
- (iii) The representative of Germany recalled that ITTO is providing assistance to members for project formulation in order to improve the quality of projects to be submitted to ITTO. He also recalled that a new scoring system to be used on a trial basis by the Expert Panel for Project Appraisal was approved at the Thirty-sixth Session in Brazzaville, Republic of Congo. He recommended that the revision of the ITTO Manuals related to the Project Cycle, as approved by Decision 3(XXXVII) "Measures to Improve and Strengthen the ITTO Project Cycle" should be initiated as soon as possible in order to take into account the application of this new scoring system.
- (iv) The representative of Guatemala recalled that none of the CRF documents provided any indication as regards the period of validity of approved CRF projects pending finance and the session at which these would become sunset. As such, he recommended and the U.S.A. and the Netherlands representatives seconded, that in the future at least one CRF document contain the aforementioned information.

Item 14 - Recommendations to the International Tropical Timber Council

(A) The Committee recommended that funding be made immediately available for the following projects approved at this Session:

- | | |
|---------------------|---|
| PD 228/03 Rev.3 (F) | Tropical Forest Fire Monitoring and Management System Based on Satellite Remote Sensing Data in China (China)
[Phase I US\$ 230,000] & [Phase II US\$ 165,028] |
| PD 237/03 Rev.4 (F) | Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru – Phase II (Peruvian Component) (Peru) [US\$ 577,800] |
| PD 238/03 Rev.4 (F) | Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru (Ecuadorian Component) Phase II (Ecuador) [US\$ 577,800] |

- PD 294/04 Rev.3 (F) The Study and Demonstration of the Management of Secondary Forests in Tropical Regions for the Purpose of Enhancing Economic and Ecological Benefits (China) [US\$ 478,344]
- PD 324/04 Rev.3 (F) Sustainable Management of Tropical Forest Resources through Stakeholder Agreements in Traditionally Owned Areas of Papua New Guinea (Papua New Guinea) [US\$ 452,196]
- 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) [US\$ 297,041]
- PD 342/05 Rev.2 (F) Development of Policy and Management Scenarios for Sustainable Management of Ghana's High Forests (Ghana) [US\$ 242,676]
- PD 349/05 Rev.2 (F) Criteria for the Management of Mangrove and Flood Forests in the Central Coastal Plains of Veracruz, Mexico: A Community Management Tool (Mexico) [US\$ 387,296]
- PD 367/05 Rev.2 (F) Promotion of the Sustainable Management of Tropical Planted Forest in Congo's Tropical Forest Plantations (Republic of Congo) [US\$ 143,856]
- PD 372/05 Rev.1 (F) Contribution to Forest Rehabilitation in Thailand's Areas Affected by the Tsunami Disaster (Thailand) [US\$ 790,020]
- PD 386/05 Rev.1 (F) Technological Development for the Production of Planting Materials to Support Sustainable Plantation of Bali Indigenous Species through Community Participation (Indonesia) [US\$ 597,512]

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

- PPD 116/05 Rev.1 (F) Decentralisation of Forest Seed Production and Marketing (Guatemala) [US\$ 46,764]

Item 15 - Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix I

CONSERVATION AND SUSTAINABLE USE OF BIODIVERSITY IN TROPICAL TIMBER PRODUCTION FORESTS

Testing the ITTO/IUCN Guidelines

Terms of Reference

Background

The draft Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests developed by ITTO and IUCN were presented to the Committee on Reforestation and Forest Management of ITTO during the Council session in November 2005. The decision was taken to apply the Guidelines on a trial basis and to proceed with a series of field tests during 2006 and then submit the results of the field tests to an Expert Panel in 2007. The Guidelines will then be revised as appropriate and submitted to the ITTO for formal approval at the Forty-third session of Council in late 2007. At the Thirty-ninth session it was agreed that field tests will be carried out in four willing producer countries.

Objective

The "field test" is designed to examine the practical feasibility of applying the draft Guidelines both on the ground at the forest management unit level and nationally (or provincially) at the policy level. Based on the lessons learnt from the "field test" the guidelines will be revised and submitted to the ITTC for its consideration.

In order to do this the field test will examine 7 key aspects of application:-

At the policy level: i) Do the draft guidelines sufficiently address policy-level issues related to biodiversity conservation in production forests that are identified through field testing and policy analysis? ii) What are the optimal incremental changes in nationally available biodiversity information that would deliver the most efficient and effective field-level gains in biodiversity conservation? iii) What are the characteristics of current forest management regulations that either exacerbate or mitigate the decline in "biological diversity of conservation concern" in tropical forest management operations?

At the field level: i) Do the draft guidelines sufficiently address field-level issues related to biodiversity conservation in production forests? ii) What are the incremental costs of applying the draft guidelines to forest management operations and which of these would forest managers willingly assume under present conditions and for what reasons? iii) What are the indicative immediate changes to the conservation status of biological diversity that one might anticipate with thorough application of the guidelines? iv) What are the longer-term research questions that need to be addressed for the next generation of biodiversity guidelines?¹

Overview of the field test

In each participating country the Guidelines will be tested in from two to five forest management units, including forest concessions; community managed forest areas; private forest land; and areas of plantations with large set-aside reserves. The test areas will be selected depending upon the level of interest of the forest managers and their willingness to provide in-kind support to the process, such as extending basic data collection during inventory or stock surveys to include element of biological diversity of conservation concern, reflecting such data in stock maps and other relevant documentation and providing basic assistance to the national survey teams.

Provisional application of the guidelines at both the field and national (policy and regulatory) level will be examined. Partnership will be sought with specialised conservation and forestry institutions within the countries to benefit from their competencies in this area. These specialist institutions will be encouraged to participate and assist in the testing and application of the concepts underlying the Guidelines. All partners in

¹ It is important to ensure that baselines established during this field test can serve as future basis for any necessary longer term investigations.

this field test will be encouraged to begin the process of building national capacity to better conserve biodiversity in tropical production forests.

Terms of Reference

IUCN will coordinate the process of revision in consultation with ITTO. IUCN will engage, in consultation with ITTO, the services of international consultants to lead the process to provide technical backstopping for the work in the field.

A. The lead IUCN consultant

1. In consultation with ITTO and national forest authorities, identify a cooperating institution in each of the countries and select a lead national consultant to be responsible for the field tests in that country.
2. Agree the terms and conditions for managing the funds needed for the field testing and for providing any facilities required for the national consultants with the cooperating institutions.
3. Identify and develop terms of reference for other international consultants, if required, to support the field testing, for instance the economist, as required.
4. Convene a meeting of these lead national consultants at a central location to develop detailed plans and budgets for the field tests in the four countries.
5. Visit each of the countries when the work in the field is well advanced and facilitate meetings of the representatives of the forest management units concerned, representatives of local conservation organizations and of the national forests agency to review the progress of the field testing and make arrangements for the finalization of the national report.
6. Produce a synthesis report drawing out the main technical lessons from the four field tests related to potential revisions to the draft guidelines for presentation to the expert panel.
7. Compile a short consolidated report on the "process" of lesson learning from the field testing that may help inform the preparation and testing of other guidelines.
8. In consultation with and on behalf of ITTO, convene the meeting of the expert panel and take responsibility for the final revision of the Guidelines for submission to the ITTO.
9. Convene a wrap up meeting of the lead national consultants – this will take place immediately prior to the expert panel and in the same location. This will enable the results to feed directly into the work of the expert panel and for the consultants to take part in the expert panel meeting.
10. Make recommendations on strategy for the future dissemination of the Guidelines.

B. Economist

IUCN will also engage the services of an economist to prepare a methodology to examine the incremental costs to forest management operations of implementing the Guidelines (the incremental costs of addressing policy and regulatory conditions for best practice at a national level will not be examined under these terms of reference). This consultant will:

1. Attend the inception meeting of the country lead consultants.
2. Develop a check sheet of data needs and an analytical framework for assessing the incremental costs to forest managers of adopting the ITTO/IUCN Biodiversity Guidelines.
3. Visit at least one of the countries to work with local consultants to apply this methodology.
4. Gather and synthesise the economic data from the field tests and prepare a report to be integrated with the report of the lead consultant and submitted to the ITTO.
5. Support the revision process by providing a summary review of other studies on the incremental costs of best practice sustainable forest management such as certification.

C. The national lead consultants

1. Liaise with relevant forest authorities, conservation organisations and forest managers to ensure that they are fully informed of the objectives, and if necessary are willing to participate in the process of conducting the field tests.
2. Identify a range of forest management operations (concessions; private, community forests;

- plantations) that are willing to host the tests. The expectation is that between two and five forest management operations in each country will engage in the process. Logging companies will be selected on the basis of their agreement to provide in-kind support to the process and to host the field testing teams in their operational areas.
3. Prepare a detailed plan and cost estimates for the conduct of the field tests in their country, in consultation with the lead IUCN consultant.
 4. Conduct a literature review to ascertain the biodiversity values of international and national concern that are significant in the areas of the forest management operations selected.
 5. For policy-level analysis: Compare the draft Guidelines to national (or provincial) biodiversity action plans and other national (or provincial) plans which have biodiversity implications (e.g. NFPs; PRSPs) to see if the draft Guidelines adequately cover the issues raised in those plans and provide useful guidance for their implementation.
 6. Review management plans and other associated documentation to ascertain the degree to which biodiversity concerns are addressed.
 7. Engage local survey teams to apply the methodology developed at the inception workshop in the logging areas. These surveyors will be taxonomists from national specialist institutions – botanic gardens, herbaria, museums, universities etc. Their task will be to:
 - Review management plans for the logging area and determine the extent to which the information required for the implementation of the Guidelines is already available.
 - Conduct field surveys to provide any additional information on biodiversity that is required and particularly to identify features of special biodiversity concern in the logging operation area.
 - Examine issues related to local and indigenous use, values and knowledge of biodiversity consistent with the requirements of the draft Guidelines.
 8. The lead national consultant will also:
 - Determine the additional surveys, studies and other measures that the logging operator will need to undertake in order to be consistent with the Guidelines.
 - Manage the funds allocated for the local field work.
 - Assemble data on the incremental costs to the logging operator of achieving consistency with the Guidelines in accordance with the methodology developed at the inception meeting.
 - Review any policy and regulatory obstacles or needs that relate to the implementation of the Guidelines and identify any changes that would be needed.
 - In consultation with national experts, identify factors economic and otherwise that would motivate the implementation of the Guidelines by forest managers.
 - Convene the national workshop to analyze the results of the field work and studies and to disseminate results to other forest managers, the national forestry authority and conservation organizations.
 - Produce a report on the field test consistent with a detailed outline that will be developed during the inception meeting.
 9. Make recommendations for the longer-term monitoring of performance against baselines established during the field test.
 10. For field-level analysis: Identify the field level issues which facilitate or obstruct biodiversity conservation in production forests to determine if those issues are adequately addressed in the guidelines.
 11. For policy-level analysis: Identify the policy / national issues raised in the field tests which facilitate or obstruct biodiversity conservation in production forests to determine if those issues are adequately addressed in the guidelines.

D. The Expert Panel

The expert panel will be convened in 2007. It will consist of three producer country representatives, three consumer country representatives, two NGO representatives, three representatives of relevant international organisations, two private sector representatives, and representatives of the four participating countries as well as members of the review team. Participants will be selected by ITTO in consultation with IUCN.

E. Estimated budget

International consulting services	\$50,000
Consultant economist	\$10,000
National lead consultants (4X\$15K)	\$60,000
International travel	\$32,000
Domestic travel – field teams	\$24,000
Field survey teams (4x\$17)	\$68,000
In-country meetings (4X\$5k)	\$20,000
Expert panel - Participants travel and meeting expenses	\$40,000
IUCN coordinating and technical support costs	\$40,000
Reporting costs – publications, communications	\$10,000
ITTO monitoring costs	\$10,000
ITTO programme support costs	\$45,630
Total	\$396,630

Appendix II

ITTO BIENNIAL WORK PROGRAMME 2006-2007

Strategic Activities in the Field of Reforestation and Forest Management

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

TERMS OF REFERENCE

Terms of Reference 1: workshops

- Objective: organize regional workshops to exchange experiences on the implementation of sustainable forest management through ITTO supported projects, and activities such as the application of C&I at national and FMU level;
- Number of workshops: three workshops, one in each ITTO tropical timber producing region, Africa, Asia-Pacific and Latin America;
- Venue: in a selected country within the region. The selection process will take into account: the extent of forest resources, number of ITTO supported projects focusing on sustainable forest management, and the proposed contribution of the country for the organization of the workshop and communication facilities;
- Number of participants: 40-50, including ITTO focal points and executing agencies implementing ITTO focusing on sustainable forest management projects. Such projects will be selected taking into account the following priority areas:
 - Policy development
 - Reduced impact logging
 - Forest Management/inventory
 - Community participation in forest management
 - Demonstration areas
 - Forest Rehabilitation
 - Plantation establishment
 - Silviculture of natural forests
- Duration: 3 days

Terms of Reference 2: International consultant

An international consultant will be selected for the overall coordination and facilitation of the workshops. The international consultant shall have an extended track record in tropical forestry and proven experience (at least 15 years) in the implementation of sustainable forest management activities, including in the use of the ITTO criteria and indicators for the sustainable management of natural tropical forests and in project management. Specific tasks will include:

- Refine, in consultation with ITTO the criteria for the selection of the workshop host country;
- Develop in consultation with ITTO a grid for the assessment of experience generated from ITTO supported projects with the view to facilitate comparison and discussion;
- Develop in consultation with ITTO and focal points a format for national papers and reports presented by focal points and papers to be presented by Executing Agencies at the workshop;
- Assist the regional consultants in planning and organizing the regional workshops;
- Moderate the workshops in cooperation with the regional consultants;
- Provide during the workshops an overview of sustainable tropical forest management status and challenges, including clarifying the overall framework for implementing sustainable forest management and linkages with criteria and indicators.

Duration of the assignment: 6 weeks

Terms of Reference 3: Regional consultant

A consultant from the region will be selected to facilitate the organization of the regional workshop. The consultant should have a proven experience (at least 5 years) in sustainable forest management and in project management. The specific tasks will include:

- In consultation with the international consultant, national ITTO focal points and ITTO refine the criteria for the selection of projects to be presented at the regional workshop;
- Propose to ITTO the projects to be presented at the regional workshop;
- Assist Executing Agencies and focal points in preparing papers and reports to be presented at the workshops;
- Assist the host country in the organization of the workshop;
- Assist the international consultant in facilitating the workshop;
- Prepare the report of the workshop for submission to ITTO.

Duration: 1 month

Budget

International consultant:

Fee (6 weeks)	\$15,000
Duty Travel	\$17,000
Communication	\$500

Total 1	\$32,500

Regional consultants (3):

Fee (1 month) x3	\$21,000
Communication x3	\$1,500

Total 2	\$22,500

Workshops (3) (50 participants):

Duty Travel	\$240,000
Workshops venue and logistics (\$5,000) x3	\$15,000

Total 3	\$255,000

Total \$310,000

ITTO Program support costs (13%) \$40,300

Grand Total \$350,300

Appendix III

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

(A) CATEGORY ONE PROJECT PROPOSALS

1. **PD 294/04 Rev.3 (F)** **The Study and Demonstration of the Management of Secondary Forests in Tropical Regions for the Purpose of Enhancing Economic and Ecological Benefits (China)**

Conclusion of the Thirty-seventh 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 294/04 Rev.3 (F) and recommended the Council to allocate US\$ 478,344 for its immediate implementation.

2. **PD 324/04 Rev.3 (F)** **Sustainable Management of Tropical Forest Resources through Stakeholder Agreements in Traditionally Owned Areas of Papua New Guinea (Papua New Guinea)**

Conclusion of the Thirty-seventh 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 324/04 Rev.3 (F) and recommended the Council to allocate US\$ 452,196 for its immediate implementation.

3. **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)**

Conclusion of the Thirty-seventh 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 326/05 Rev.2 (F) and recommended the Council to allocate US\$ 297,041 for its immediate implementation.

4. **PD 342/05 Rev.2 (F)** **Development of Policy and Management Scenarios for Sustainable Management of Ghana's High Forests (Ghana)**

Conclusion of the Thirty-seventh 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 342/05 Rev.2 (F) and recommended the Council to allocate US\$ 242,676 for its immediate implementation.

5. **PD 349/05 Rev.2 (F)** **Criteria for the Management of Mangrove and Flood Forests in the Central Coastal Plains of Veracruz, Mexico: A Community Management Tool (Mexico)**

Conclusion of the Thirty-seventh 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 349/05 Rev.2 (F) and recommended the Council to allocate US\$ 387,296 for its immediate implementation.

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

Conclusion of the Thirty-seventh 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 367/05 Rev.2 (F) and recommended the Council to allocate US\$ 143,856 for its immediate implementation.

7. **PD 386/05 Rev.1 (F) Technological Development for the Production of Planting Materials to Support Sustainable Plantation of Bali Indigenous Species through Community Participation (Indonesia)**

Conclusion of the Thirty-seventh 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 386/05 Rev.1 (F) and recommended the Council to allocate US\$ 597,512 for its immediate implementation.

(B) RESUBMISSION OF PROJECT PROPOSALS TO THE COMMITTEE

1. **PD 228/03 Rev.3 (F) Tropical Forest Fire Monitoring and Management System Based on Satellite Remote Sensing Data in China (China)**

Conclusion of the Thirty-seventh Committee

The Committee noted that the project was approved during the 37th Session of the Council and that the Executing Agency has divided the original project into two phases without changing the project elements, budget and duration. Therefore, the Committee approved the project PD 228/03 Rev.3 (F) and recommended the Council to allocate US\$ 230,000 (Phase I) and US\$ 165,028 (Phase II) for its immediate implementation.

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

Conclusion of the Thirty-seventh Committee

The Committee noted that the project was approved during the 37th Session of the Council. Moreover, the Committee also noted that the Executing Agency has made adjustments to the original project title, elements, budget and duration. Therefore, the Committee approved the project PD 237/03 Rev.4 (F) and recommended the Council to allocate US\$ 577,800 for its immediate implementation.

3. **PD 238/03 Rev.4 (F) Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru (Ecuadorian Component) Phase II (Ecuador)**

Conclusion of the Thirty-seventh Committee

The Committee noted that the project was approved during the 37th Session of the Council. Moreover, the Committee also noted that the Executing Agency has made adjustments to the original project title, elements, budget and duration. Therefore, the Committee approved the project PD 238/03 Rev.4 (F) and recommended the Council to allocate US\$ 577,800 for its immediate implementation.

4. PD 269/04 Rev.3 (F) **Community-based Pilot Project for the Restoration and Sustainable Management of Degraded Primary and Secondary Forests in the Northern Area of the Ecuadorian Amazon Region (Ecuador)**

Conclusion of the Thirty-seventh Committee

The Committee at its XXXVI Session decided that this proposal, that was not commended by the Expert Panel, should be revised taking into account all the recommendations of the Twenty-ninth Expert Panel and be submitted directly to the Committee for its consideration at the next Session; otherwise, the Committee would not consider it any further.

The Committee further noted that the revised project proposal had been submitted to the Committee at this Session for final appraisal. However, the Committee decided not to approve this proposal.

5. PD 372/05 Rev.1 (F) **Contribution to Forest Rehabilitation in Thailand's Areas Affected by the Tsunami Disaster (Thailand)**

Conclusion of the Thirty-seventh Committee

The Committee noted that the project was approved during the 38th Session of the Council. Moreover, the Committee also noted that the Executing Agency has made adjustments to the original project title, elements, budget and duration and that the revised project proposal adequately addressed the problems in the areas affected by the tsunami disaster. Therefore, the Committee approved the project PD 372/05 Rev.1 (F) and recommended the Council to allocate US\$ 790,020 for its immediate implementation.

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS

(A) CATEGORY ONE PRE-PROJECT PROPOSALS

1. PPD 116/05 Rev.1 (F) **Decentralisation of Forest Seed Production and Marketing (Guatemala)**

Conclusion of the Thirty-seventh 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 116/05 Rev.1 (F) and recommended the Council to allocate US\$ 46,764 for its immediate implementation.

(B) CATEGORY FIVE PRE-PROJECT PROPOSALS

1. PPD 102/04 Rev.2 (F) **Pilot Project for Capacity Building in Forest Land-Use Management, Institutional Development and Municipal Management (Guatemala)**

Conclusion of the Thirty-seventh Committee

The Committee noted that the 30th Expert Panel could not commend the revised pre-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.

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

PROJECT DOCUMENT	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (months)	RECOMMENDATION *	
				30th EP	37th CRF
PD 294/04 Rev.3 (F)	478,344	P.R. of China	48	1	1
PD 324/04 Rev.3 (F)	452,196	Papua New Guinea	36	1	1
PD 326/05 Rev.2 (F)	297,041	Togo	30	1	1
PD 342/05 Rev.2 (F)	242,676	Ghana	36	1	1
PD 349/05 Rev.2 (F)	387,296	Mexico	36	1	1
PD 367/05 Rev.2 (F)	143,856	Rep. of Congo	12	1	1
PD 386/05 Rev.1 (F)	597,512	Indonesia	36	1	1
PD 228/03 Rev.3 (F)	Phase I 230,000 Phase II 165,028	China	18	-	1
PD 237/03 Rev.4 (F)	577,800	Peru	24	-	1
PD 238/03 Rev.4 (F)	577,800	Ecuador	24	-	1
PD 269/04 Rev.3 (F)	399,870	Ecuador	36	4**	5
PD 372/05 Rev.1 (F)	790,020	Thailand	36	-	1
PPD 116/05 Rev.1 (F)	46,764	Guatemala	3	1	1
PPD 102/04 Rev.2 (F)	46,980	Guatemala	4	5	5

* For Categories of Recommendation see Table B.

TABLE B

Categories of Decision for 30th Expert Panel	Categories of Recommendation from 37th CRF to the Council
<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 style="padding-left: 20px;">a: (Such a pre-project proposal could be commended to the Committee for final appraisal.)</p> <p style="padding-left: 20px;">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>1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.</p> <p>2. Recommend to the ITTC that the proposal be revised and resubmitted:</p> <p style="padding-left: 40px;">a) directly to the relevant Committee, or</p> <p style="padding-left: 40px;">b) to the Expert Panel.</p> <p>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.</p> <p>4. Recommend to the ITTC that a decision on the proposal be deferred until the next session.</p> <p>5. Recommend to the ITTC that the proposal should not be further considered by ITTO.</p>

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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

(7 – 12 November 2005, Yokohama, Japan)

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

SEVENTEENTH SESSION OF THE COMMITTEE ON FINANCE AND ADMINISTRATION

Item 1: Opening of the Session

1. The Chairperson, Dato' Shaharuddin Mohamad Ismail (Malaysia), welcomed all delegates to the Eighteenth Session of the Committee. He informed the Committee that Mr. Zhang Zhongtian of China was to represent the Vice-chairperson Mr. Li Qiang of China, who was unable to attend this Session due to other official engagement.

Item 2: Adoption of Agenda and Organization of Work

2. The Committee adopted its agenda as presented in document CFA(XVIII)/1. 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), and chaired by the Chairperson of the Committee. The Panel will report directly to the Council. It would convene its meeting on Friday, 11 November 2005. He informed that the selection of the members of the Panel was to be finalized with a view to commence its work.

Item 3: Admission of Observers

3. The Chairperson advised the Committee that the Council had admitted all applicants as shown on document ITTC(XXXIX)/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

4. The Chairperson advised the Committee that the Report of the Thirtieth Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI,CFA(XXXVII)/1] were deliberated and concluded in the joint Session of the Committees on 7 November 2005. The joint Session had not requested the CFA for any follow-up.

Item 5: Draft Biennial Administrative Budget for 2006 - 2007

5. The Secretariat introduced document CFA(XVIII)/2, which had been distributed to Members in August 2005 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 Indicative Administrative Budget for 2006-2007 in document CFA(XVIII)/2/Amend.1, dated 2 November 2005, applying the exchange rate of 115 Yen to US\$1.00 (for the month of November 2005) against the rate of 112 Yen to US\$1.00 which was used in August 2005.

6. The Secretariat explained that the revised proposed budget for 2006 amount to US\$5,295,445 against the approved budget for 2005 of US\$5,765,991 (representing a decrease of US\$470,546 or 8.16%). The Secretariat pointed out that all expenditures in the proposed budget for 2006 have been kept at the same level as those for 2005, and that the decrease was due primarily to decrease in the dollar/Yen exchange rate, though there was an increase in the U.N. salary scale and benefits.

7. The Secretariat further pointed out that the indicative budget for 2007 would need to take account in due course the expenditures for the repatriation of the Executive Director in 2007 as well as expenses related to the recruitment and installation of the new Executive Director, both of which in total could amount to approximately US\$170,000.

8. The Secretariat, in response to the query from the representative of the United States of America, clarified that the amount of \$80,000 indicated in the Biennial Work Programme for 2006-2007 for the recruitment of the new Executive Director was budgeted for expenses which are not included in the Administrative Budget and comprising of advertisement costs, cost of convening an Expert Panel in the selection process and other logistics as required in accordance with an earlier Council Decision 3(XXV).

9. The Committee agreed that the indicative budget for 2007 be amended to include the costs of repatriation and the recruitment expenses for the position of the Executive Director. The Secretariat presented the revised budgets on document CFA(XVIII)/2/Amend.2, reflecting the appropriate amendments in the indicative Administrative Budget for the financial year 2007, as requested.

10. In response to the intervention by the representative of Switzerland, the Secretariat clarified the provisions of Rule 4, paragraph 3, of the Financial Rules which stipulates that "any member which has paid its full contribution within four months of the due date shall receive a discount (currently of 5.5%) . . . Such discounts shall be applied in the form of rebates from the assessed contributions of Members in the financial year following (the year) in which the discount was earned". In accordance to this, the discounts to be deducted from the assessed contributions of members for the financial year 2006 were based on the amounts (of 5.5%) of the contributions (in 2005) which were paid in full by members before the end of April 2005.

11. It was noted, however, that the provisions of Rule 4, paragraph 3, of the Financial Rules seem to be unclear as to whether the discount is to be calculated based on the gross assessed contributions or on the net contribution paid in the previous year. Pending clarifications of this, the Secretariat will continue to calculate the discount based on the payment in time (before the end of April) and in full of the net contributions in the previous year.

12. The Committee recommended that the Council approve the Biennial Administrative Budget for the Financial Years 2006-2007 as presented in document CFA(XVIII)/Amend.3. The approved amount for the financial year 2006 would be US\$5,295,445 and the indicative budget for the financial year 2007 would be US\$5,556,075. The approved budget for 2006 (of \$5,295,445) will be further increased by US\$117,769 to take account of the discount to be granted to Members for prompt payment of their contributions in 2005 (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\$1,214 by utilizing the bank interest earned in 2005 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 2006 is therefore US\$5,412,000. The assessed contribution from Members to the budget for 2006 is shown in document CFA(XVIII)/2/Amend.3; 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

13. The Secretariat introduced document CFA(XVIII)/3, prepared on 31 October 2005, which detailed the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2005, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed that in 2005, \$1,461,683.74 had been received to date from Producing Members out of the total net assessment of \$2,899,005.00; and \$2,781,387.00 had been received from Consuming Members out of the net assessed amount of \$2,866,073.00. As shown in the document, arrearages in contributions to previous years' budgets from Producing Members amount to \$4,965,078.49 and the outstanding payment of interest charges levied on late contributions under the ITTA, 1983, amount to \$204,608.96.

14. The representative of Indonesia explained that the shortfall in the amount of \$76,073.85 in its payment for the current year was due to the foreign exchange fluctuations and that this outstanding amount will be settled early in the year 2006.

15. The representative of Australia advised that its contribution for 2005 had already been remitted to the account of the Organization. At the same time, the representative of Peru informed the Committee that payment of its outstanding contribution for 2005 had already been affected. The Secretariat later informed the Committee that payment in the amount of US\$62,000.30 was received from Peru on 11 November 2005; and on this same date, an amount of EUR.70,076.55 was received from Gabon.

16. In response to the intervention of the representative of Switzerland, the Secretariat explained that as stipulated in Decision 7(XXXIII), "the Secretariat will not process project and pre-project proposals submitted by Members with cumulative arrears to the Administrative Account beginning from 2002 which are equal to or in excess of three times the Member's annual assessed contribution in the year proposals are submitted".

Currently, five Producing Members fall into this category and the Secretariat provided a table showing the detailed information on this process in calculating the arrearages to arrive at the non-eligibility.

17. The Committee concurred with the proposal made by the representative of Switzerland that information regarding members with arrearages in contributions resulting in non-eligibility for submission of project and pre-proposals be provided at all subsequent meetings of the Committee.

18. The Committee took note of the report.

Item 7: Current Status of the Administrative Account

19. The Secretariat presented document CFA(XVIII)/4 reporting the current status of the Administrative Budget for 2005, as at 31 October 2005, 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, plus funds already authorized by Council for use in 2005 from interest earned in 2004, it is anticipated that the estimated expenditures for current year would amount to \$5,130,261 (i.e. \$635,730 less than the total amount approved in the budget for 2005). This was due to one post of Projects Manager has been vacant since January this year and stringent cost saving efforts exercised by the Secretariat as well as the strength of the U.S. dollar against the Japanese Yen resulting in less expenditures in dollar term.

20. The Secretariat further informed the Committee that total contributions received to-date is \$4,243,070.74, and together with contributions expected to be paid by members before the end of 2005 (of \$722,877.26), it is still anticipated that contributions would fall short to finance the expenditures for 2005 in the amount of \$163,400. 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.

21. The Secretariat also informed the Committee that the Council, in the same Decision 2(XXXIV), requested the Executive Director to review the status of the Working Capital Account and report to Council should its balance fall below US\$2,500,000 at any time. As the current balance of the WCA is US\$2,500,590.41, any utilization of its resources at this stage would bring it below US\$2,500,000.

22. The Secretariat added that as a result of its consultations with members in the first two days at this Session, it appears that payment of contributions by members before the end of 2005 would be lower than previously anticipated and that the estimated deficits in financing the Administrative Budget for 2005 would be \$483,400. Later in the meeting, the Secretariat introduced document CFA(XVIII)/4/Rev.1 with revised figures showing this deficit.

23. After taking note of the reports by the Secretariat, the Committee decided to recommend to the Council to authorize the Executive Director to transfer an amount not exceeding US\$500,000 from the Working Capital Account to the current account in the Administrative Account to meet the shortfall of funds, as necessary, to implement the work programme of the Organization for the remainder of financial year 2005.

Item 8: Resources of the Special Account and the Bali Partnership Fund

24. The Secretariat presented document CFA(XVIII)/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), 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\$2,171,444.81 and regular ex-post evaluations of projects, as approved, are being carried out. Accordingly, the current available balance in this account amounts to US\$1,216,576.80.

25. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as of the end of the last session, thirty-five Activities, five Pre-Projects and four 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\$2,452,669.39. 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 including for the Biennial Work Programme for the years 2006-2007, that would be financed from these resources. The Secretariat added that the Council at its Thirty-fifth Session 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 cover the allocation of resources from the "Unearmarked Funds" in the Special Account as an interim measure. The Panel would report directly to the Council.

26. 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.

27. In response to the query from the representative of Norway about the record of its voluntary contributions, the Secretariat explained that Norway pledged US\$60,000 in each of the Sessions held in December 2004 and in June 2005, and that a total amount of US\$120,000 was received from Norway in 2005. These amounts were recorded as US\$90,000 for projects and US\$30,000 for pre-projects.

28. The representative of Malaysia, on behalf of all Producing Members, expressed gratitude for the generous voluntary contributions made by the donors.

29. The Committee took note of the document.

Item 9: Review of the positions of the two Regional Officers

30. The Chairperson recalled that at its Seventeenth Session held in Brazzaville, Republic of Congo, during 19-21 June 2005, the Committee, after a review of the Consultant's report on the evaluation of the performance of the Regional Officers, concluded to recommend to the Council that the current system of financing the positions of the two Regional Officers (through an increase to the charges to be deducted in all budgets of projects, pre-projects and activities, by 2%) be extended till the end of 2006, the date of expiration of the current ITTA. It also decided to deliberate on this issue further at the next Session of the Committee to be held in November 2005, in Yokohama, Japan, and requested the Secretariat to provide revised Terms of Reference of the Regional Officer taking into account the Consultant's report. The Committee further requested the representative of Brazil to propose a sample work programme for the Regional Officer for further deliberation at the next Session.

31. The Chairperson also referred to the ongoing discussion regarding this issue (position of Regional Officers) among others, at the United Nations Conference for the Negotiation of a Successor Agreement to the ITTA, 1994, the next meeting of which is scheduled to be held in January 2006, and informed the Committee that the status of these positions would be determined in accordance with the outcome of the negotiations of the successor Agreement.

32. The Secretariat introduced the Draft Terms of Reference for the ITTO Regional Officer [document CFA(XVIII)/6], and also made available copies of the Consultants report on the evaluation of the performance of the Regional Officers presented earlier in June 2005.

33. The representative from Brazil made a statement with regard to the Work Programme for the Regional Officer which was made available to all the members of the Committee.

34. The Committee took note of the documents.

Item 10 - Additional Funds to Finance the Participation at the Fourth Part of the United Nations Conference for the Negotiation of a Successor Agreement to the ITTA, 1994

35. The Chairperson recalled that at its Seventeenth Session held on 19-21 June 2005, in Brazzaville, Republic of Congo, the IAG requested the Committee to deliberate on the issue of further funds that would be required for financing participation of developing Member countries and to facilitate the Conference, should the United Nations Conference be convened for the fourth part. However, at that meeting, the Committee decided to defer deliberations on this matter to be taken up at the next Session of the Committee to be held in November 2005 in Yokohama, Japan, subject to the outcome of the third part of the United Nations Conference in Geneva.

36. The Chairperson further informed the Committee that at the third part of the United Nations Conference, it was concluded that the fourth part of the United Nations Conference is to be held in January 2006, in Geneva. He also added that the Secretariat had indicated the requirement of additional funds in the amount of

US\$350,000 and that earlier, the Council at its Thirty-seventh Session in December 2004, approved funding of this activity from the resources of the Working Capital Account of the Administrative Budget.

37. The Secretariat explained that in view of the current remaining balance of approximately US\$70,000 available in the Activity PP-A/34-132 "Negotiating a Successor Agreement to the ITTA, 1994", the additional funding requirement would amount to US\$280,000; though the budget for financing participation of developing Member countries in and to facilitate the fourth part UNCTAD Conference amount to US\$350,000, as advised earlier in Brazzaville.

38. The representative of Malaysia expressed concern on the utilization of the resources of the Working Capital Account which was fast depleting and suggested the possibility of reducing costs including seeking partial financial support to finance this activity from other sources. In addition, the WCA should be conserved to meet any shortfall in receipt of assessed contribution to finance the operation of the Secretariat.

39. The Committee, after taking note of several proposals and comments, decided to recommend to the Council to request the Executive Director to seek financial support from donor members and other sources to finance the amount of US\$280,000 for the continuation of supporting the negotiation process for a successor Agreement to the International Tropical Timber Agreement, 1994 (ITTA) and to utilize the Working Capital Account to finance this Activity fully should financial support from other sources falls short of the above amount.

Item 11: Biennial Work Programme of the Committee for the Years 2006-2007

40. The Chairperson referred to the report by the Secretariat on the implementation of the Biennial Work Programme for 2004-2005 presented at this Session of Council in document ITTC(XXXIX)/6 and the Biennial Work Programme for the Years 2006-2007 of the Committee of Finance and Administration which was presented in document ITTC(XXXIX)/7. 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.

41. The Committee took note of the Biennial Work Programme for the Years 2006-2007, 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 Annex I to this Report.

Item 12: Election of Chairperson and Vice-Chairperson for 2006

42. The Vice-Chairperson of the Committee for 2005, Mr. Li Qiang of China, was elected Chairperson of the Committee for 2006. Mr. James Singh of Guyana was elected Vice-Chairperson of the Committee for 2006.

Item 13: Dates and Venue of the Nineteenth, Twentieth and Twenty-first Sessions

43. The Committee agreed that the Nineteenth, Twentieth and Twenty-first Sessions would be held on the same dates and at the same venues as the Fortieth, Forty-first and Forty-second Sessions of the Council.

Item 14: Other Business

44. There was no other business.

Item 15: Recommendations to the International Tropical Timber Council

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

- (1) To approve the Biennial Administrative Budget for the Financial Years 2006-2007 as presented in document CFA(XVIII)/2/Amend.3, of the amount of US\$5,295,445 for 2006 and the amount of US\$5,556,075 as indicative Budget for the Financial Year 2007. The assessed contributions from Members for 2006 will be US\$5,412,000 to take account of the discount to be given to

Members for timely payment of their contributions in 2005 and to utilize part of the bank interest earned in the same year;

- (2) To authorize the Executive Director to transfer an amount not exceeding US\$500,000 from the Working Capital Account to the current account in the Administrative Account to meet the shortfall of funds, as necessary, to implement the work programme of the Organization for the remainder of financial year 2005; and
- (3) To request the Executive Director to seek financial support from donor members and other sources to finance the amount of US\$280,000 required for the continuation of supporting the negotiation process for a successor Agreement to the International Tropical Timber Agreement, 1994 (ITTA) and to utilize resources from the Working Capital Account to finance this Activity fully should financial support fall short of the required amount.

Item 16: Report of the Session

46. The Committee adopted this report as amended.

Annex 1

BIENNIAL WORK PROGRAMME FOR THE YEARS 2006 - 2007
COMMITTEE ON FINANCE AND ADMINISTRATION

ADMINISTRATIVE AND FINANCE ACTIVITIES

Activity	Implementation Approach and Cost Implications
(vii) Review the independent audited statement for the 2005 and 2006 financial years [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(viii) 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)].	Routine. Regular Sessions' work.
(ix) Review and make recommendations to Council, as necessary, regarding the Organization's administrative budget for the year 2007 of the approved biennial administrative budget for the years 2006-2007 [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(x) Examine and make recommendations to Council, regarding the approval of the Organization's biennial administrative budget proposals for the financial years 2008-2009 [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(xi) 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.
(xii) 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)].	Routine. Regular Sessions' work.

* * *

ANNEX V

**TERMS OF REFERENCE FOR THE COOPERATION
BETWEEN ITTO AND CITES
TO IMPROVE COUNTRY CAPACITY TO IMPLEMENT
CITES LISTINGS OF TROPICAL TIMBER SPECIES**

Terms of Reference

Cooperation between ITTO and CITES to improve country capacity to implement CITES listings of tropical timber species

Background

ITTO has undertaken numerous recent initiatives to assist countries in implementing CITES listings of timber species, including workshops on Mahogany in Peru (2004), Ramin in Malaysia (scheduled for 2006) and various country led projects. ITTO has also cooperated extensively with CITES in the Timber Working Group, the Mahogany Working Group (MWG) and other related activities. Many countries continue to face challenges in implementing CITES requirements, however, including the making of non-detriment findings for timber species listed in CITES Appendix II. The CITES Secretariat has requested ITTO to collaborate to improve management and monitoring of CITES listed timber species and build capacity to this end in range states. The European Commission (EC) and other donors have expressed interest in funding such work.

Terms of reference

Activities will take place in key range states throughout the tropics and will focus on tropical timber species currently listed in CITES Appendix II (*Swietenia macrophylla*, *Gonystylus* spp and *Pericopsis elata*), but could also be extended to other species of concern. Specific activities will be identified in consultation with relevant authorities in each country and may include:

1. Developing inventory plans, management and silvicultural prescriptions, as required, for CITES listed species;
2. Implementing pilot log tracking schemes for CITES listed species;
3. Training customs and other relevant officials, including CITES management and scientific authorities;
4. Developing guidelines/handbooks on management, monitoring and control procedures (including making non-detriment findings) for CITES-listed timber species;
5. Developing and conducting regional workshops to facilitate exchanges of experiences amongst range states; and
6. Developing and making recommendations through existing CITES (e.g. MWG) and ITTO processes and bodies.

A proposal will be developed to elaborate details of this programme and this will be available to members and potential donors at the 40th ITTC Session.

The principal objective of this programme will be to ensure that continuing international trade in CITES-listed timber species is consistent with their sustainable management. At the request of range countries, ITTO will develop and assist in implementing activities to improve management of CITES-listed timber species and improve capacity to implement CITES listings requirements for these species. Special efforts will be made to involve trade and industry representatives in all relevant activities given their key role in ensuring the sustainable management of CITES listed tropical timber species, and their involvement in the implementation of CITES listing requirements.

This global approach for CITES listed species will facilitate the development of synergies between activities in different regions and will help to achieve the objectives of both ITTO and CITES.

Budget (US\$)*

ITTO:	650,000
European Commission:	2,200,000
Total:	2,850,000

* Based on indicated availability of counterpart funds and the current euro/dollar exchange rate.

ANNEX VI

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(XXXIX)/2

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THIRTY-NINTH SESSION
7 – 12 November 2005
Yokohama, Japan

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

**6 November 2005
Yokohama, Japan**

**Seventeenth Meeting of the Informal Advisory Group (IAG)
Yokohama, Japan, 6 November 2005**

Report of the Chairperson

Introduction

1. The Seventeenth Meeting of the IAG was convened on Sunday, 6 November 2005 at the Meeting Room of the ITTO Secretariat at 10:00 a.m. chaired by Mr. Alhassan Attah (Ghana), Chairperson of the Council. The meeting was attended by Mr. Koichi Ito (Japan), Vice-Chairperson of the Council, Mr. Hideo Fukushima (Japan), Representative of the Host Government of the Headquarters, Ms. Jennifer Conje (USA), Chairperson of the Committee on Reforestation and Forest Management (CRF), Ms. Celestine Ntsame-Okwo (Gabon), Chairperson of the Committee on Forest Industry (CFI), Mr. Shaharuddin Mohamad Ismail (Malaysia), Chairperson of the Committee on Finance and Administration (CFA), Mr. Luiz Cesar Gasser (Brazil), Producer Spokesperson, Ms. Aulikki Kauppila (Finland), Consumer Spokesperson, Dr. B.C.Y. Freezailah (Malaysia), Producer Spokesperson, and Dr. Manoel Sobral Filho, the Executive Director.
2. The IAG considered and adopted the following agenda items for discussion:
 - i. Brief background on the IAG:
 - Decision 5(XXVI);
 - Report of the IAG at its Sixteenth Meeting, 18 June 2005;
 - General observation by IAG Members;
 - ii. Negotiations of a Successor Agreement to the ITTA, 1994;
 - iii. Biennial Work Programme
 - iv. Council decision-making process – ITTC Decision 7(XXXIII);
 - v. 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”;
 - vi. List of possible decisions for the Thirty-ninth Session of the ITTC and report to the Council; and
 - vii. 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 Sixteenth Meeting held on 18 June 2005 in Brazzaville, Republic of Congo as contained in document ITTC(XXXVIII)/2 dated 18 June 2005. 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.
4. In light of the coming Fourth Part of the United Nations Conference for the Negotiation of a Successor Agreement to the ITTA, 1994 to be convened in Geneva, Switzerland from 16 to 27 January 2005, the IAG recommended that every opportunity be taken to conduct informal consultations on the negotiations during the course of the current session of the Council without losing sight of the other items on the agenda of the Council which might have a bearing on the outcome of the negotiations.

Negotiations of a Successor Agreement to the ITTA, 1994

5. The IAG noted the outcomes of the Third Part of the United Nations Conference for the Negotiation of a Successor Agreement to the ITTA, 1994 held in Geneva, Switzerland from 27 June to 1 July 2005 and the preparations for the convening of the Fourth Part of the Conference in Geneva from 16 to 27 January 2006 including a final working paper resulting from the Third Part of the Conference which had been made available under cover of document TD/Timber.3/L.6 dated 5 October 2005. The IAG was informed of the presence of H.E. Ambassador Carlos Antonio de la Rocha Paranhos (Brazil), President of the Conference, who would be addressing the Council under item 12 of its agenda and convening the Meeting of the Friends of the Chair in the afternoon of 6 November 2005. It was further noted that two informal consultation meetings had been included in the Provisional Programme of Meetings and Activities to facilitate consultations between the consumer and producer groups.

6. Since the Fourth Part of the Conference would be the final meeting scheduled for the negotiations, the IAG underlined the importance that the informal consultations be conducted and managed in a manner that would maximise the impact of the process on the negotiations in January 2006. The IAG took due recognition of the need for more time for consultations within and between the consumer and producer caucuses and for the consultations to be carried out on an informal basis. The IAG called for punctuality in the conduct of the caucus meetings and informal consultations to enhance the efficiency and productivity of the consultation process in order to maximize its impact on the negotiations in January 2006.
7. The IAG was informed that the Fourth Part of the Conference had been scheduled for two weeks. Recognizing the need to allocate time for legal editing in the event that a successor agreement was adopted, the IAG recommended that the informal consultations to be conducted during the course of the current session of the Council should also give due consideration to the need for the Fourth Part of the Conference to have an effective structure and strategy that would facilitate the adoption of a successor agreement.

Biennial Work Programme

8. The IAG was briefed by the Executive Director on the Draft Biennial Work Programme for the Years 2006-2007 as contained in document ITTC(XXXIX)/7 dated 22 September 2005. It was noted that the draft contained information on estimated cost and expected funding source in respect of each of the strategic policy activities proposed as requested by the Council and consistent with its decision that unearmarked funds were to be used for activities of global or regional scope such that the biennial work programme would not compete with projects and pre-projects submitted by member countries for funding by donors. It was further noted that the overall costs of implementing the draft biennial work programme had been kept at the same level of funding as that of the current biennial work programme. Nevertheless, the draft biennial work programme was substantive, given the need to complete the implementation of the ITTO Yokohama Action Plan by the end of 2006.
9. The IAG took due note that the draft biennial work programme would cover the year 2007 while the duration of the ITTO Yokohama Action Plan and the ITTA, 1994 would expire at the end of 2006. In this regard, the IAG recommended that the Council should give due consideration to the need for streamlining the ITTO Action Plan and the ITTO Biennial Work Programme in a manner that would not in any way prejudice the outcome of the on-going negotiations on a successor agreement to ITTA, 1994. The IAG further recommended that the Draft Biennial Work Programme for the Years 2006-2007 be considered by the Council in a way that would facilitate the channelling of inputs from all Committees in respect of their consideration of the proposed strategic policy activities assigned to them.

Council Decision-Making Process – ITTC Decision 7(XXXIII)

10. The Chairman informed the meeting that following consultations on the venue for the Fortieth Session of the Council held under his auspices between the Governments of Mexico and Papua New Guinea (PNG) pursuant to the decision taken by the Council at its previous session, the Governments of Mexico and PNG had amicably agreed that the Fortieth Session of the Council be held in Mexico in the first semester of 2006 and that the Forty-second Session of the Council be held in PNG in 2007.
11. The Executive Director drew attention of the IAG that Annex II of ITTC Decision 7(XXXIII) covered the Schedule of Council Sessions and ITTA Renegotiations up to its Thirty-ninth Session in November 2005 and that the shortened duration of the Thirty-sixth and Thirty-eighth Sessions did not allow for the application of the Streamlining Council Decision-Making Procedures as contained in Annex I to the decision during those two sessions. In light of the situation, the IAG recommended that the Council should give due consideration to the issue of the duration of its future spring sessions, taking into account the applicability of Annex I to ITTC Decision 7(XXXIII), the desirability of conducting field visits during these sessions and the varying views regarding the appropriate duration of these sessions particularly those held by the consumer and producer caucuses.

12. The IAG further took due note that the Forty-second Session of the Council which the Government of PNG wished to host would be beyond the duration of the ITTA, 1994 which would expire at the end of 2006. In full cognizance of the goodwill demonstrated by the Government of PNG in agreeing that the Fortieth Session of the Council be held in Mexico in 2006, the IAG recommended that the offer by the Government of PNG to host the Forty-second Session of the Council in 2007 be given due consideration by the Council in a manner that would not prejudice the outcome of the on-going negotiations on a successor agreement to the ITTA, 1994.

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”

13. The Executive Director informed the meeting that in accordance with the relevant provisions of ITTC Decision 7(XXXIII), the ITTO Secretariat had received no draft decisions or elements of decision from members. However, in addition to the decisions on projects, pre-projects and activities as well as on the ITTO Biennial Work Programme for the Years 2006-2007, he raised the possibility of the Council adopting a decision authorising the transfer of US\$500,000.00 from the Working Capital Account to the Administrative Account to cover an anticipated shortfall in contributions particularly from producer member countries. Noting that the anticipated shortfall was attributable more to the lateness in payment rather than non-payment of membership contributions, the IAG recommended that the draft decision be included in the list of possible decisions to be considered for adoption by the Council at its Thirty-ninth Session.

List of possible decisions for the Thirty-ninth Session of the ITTC and report to the Council

14. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Thirty-ninth Session as follows:
 - i. Project, Pre-Projects and Activities
 - ii. ITTO Biennial Work Programme 2006-2007
 - iii. Management of the Administrative Budget for 2006
15. In addition, the IAG noted that a number of recommendations might be submitted by the Committees through their respective reports to the Council for its consideration and approval. Accordingly, follow-up work could be undertaken through the provisions of existing decisions of the Council.

Other Matters

16. In light of its deliberations on the relationship between the ITTO Action Plan and the Biennial Work Programme and the Successor Agreement to the ITTA, 1994, the IAG recommended that the Council might consider in due course the efficacy of extending the duration of the ITTO Yokohama Action Plan to 2007 or preparing a new ITTO Action Plan for 2007-2011, pending the outcome of the negotiations on a successor agreement to ITTA, 1994.
17. The IAG unanimously agreed to put on record its appreciation to the Government and people of Japan and the Mayor of Yokohama for the hospitality and arrangements made for the smooth and fruitful convening of the Thirty-ninth Session of the Council.

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ANNEX VII

**STATEMENT BY THE PRODUCER SPOKESPERSON
ON THE REPORT OF THE COMMITTEES ON
ECONOMIC INFORMATION AND MARKET INTELLIGENCE (EIMI) AND
FOREST INDUSTRY (FI)**

**STATEMENT BY THE PRODUCER CO-SPOKESPERSON, DR. B.C.Y. FREEZAILAH,
ON THE ADOPTION OF THE REPORT OF THE COMMITTEES ON ECONOMIC INFORMATION AND
MARKET INTELLIGENCE (EIMI) AND FOREST INDUSTRY (FI)
CONCERNING THEIR JOINT SESSION BY THE ITTC ON 12 NOVEMBER 2005**

Mr. Chairman
H.E. Mr. Jorge Viana, Governor of the State of Acre, Brazil
Members of Council
Observers at the Session of Council

Ladies and Gentlemen,

On behalf of Producers, allow me to make a statement on the first item of 'Other Business' on page 18 of the EIMI and FI Committee Report concerning the review undertaken on the experiences in conducting the two committee meetings in joint sessions. In spite of the reported experience, Producers must register serious concern on the 'marriage' of these two Committees, Producers find the 'honeymoon' neither happy nor productive. Such joint sessions result in scaling down the work and activities of both Committees and even more worrisome to us is the proposal to adopt such an arrangement in a new ITTA now being negotiated. Producers are strongly of the view that these two Committees must continue as two separate entities and conduct their meetings separately. Similar concerns and views have also been voiced by Dr. Ivan Tomaselli, yesterday on behalf of all TAG members.

Mr. Chairman, the ITTO, as we have often been reminded by the EU, to which all Producers are in complete agreement, is a commodity organisation. Hence the work of these two Committees must be pursued separately with equal vigour like the work in the Committee on Reforestation and Forest Management. Important issues related to further and increased processing, value addition, diversification of products, marketing, market-intelligence, economic information, data, statistics, transparency of timber economy, remunerative prices etc, which are stipulated in the ITTA, 1994, must be addressed in the Committees on EIMI and FI in full and in depth in order to achieve progress. To gloss over these vital issues by merging them or through joint meetings will be against the very spirit and philosophy of our organisation. Indeed, such arrangements will seriously erode ITTO's commodity focus.

Let me elaborate a bit to give more clarity on the serious concern of Producers on this matter. In the ITTA of 1983, the founding grand-fathers of the ITTO formulated 8 objectives, out of which 6 of them relate directly to the Permanent Committees on EIMI and FI as they were then known. For the ITTA, 1994 the founding fathers, in their wisdom, gave us 14 objectives out of which 7 are within the purview of these two committees. In the proposals for a new ITTA, now being negotiated, there are 17 objectives and 10 of them are directly related to the work of these two Committees on EIMI and FI. Clearly, the work of these Committees are extremely important for the ITTO.

And why do Producers place special importance on these two Committees? They are of importance because the issues to be addressed in the two Committees, as indicated earlier, are crucial to securing higher earnings from our forest resources, which are vitally needed by all Producer countries for socio economic development and for investing in SFM. The statement by the Hon. Minister from Guyana to Council on this matter was clear. Let me give the experience in Malaysia for which I have some information. The area of production forests under sustainable management in Malaysia is only 11.2 million hectares. Currently, our annual exports of timber products amount to USD 5.4 billion. This has been made possible through diversification, value addition and marketing initiatives. Obviously such earnings from such a small forest area will not be possible if we export only logs and rough sawn lumber.

Mr. Chairman, we cannot over emphasize the vital role and need for resources in order to implement SFM and certification as being demanded by the whole world. Indeed some of you may have read an excellent paper written by J. K. Vanclay and J. D. Nichols in the Journal of Forestry. In this paper the authors demonstrated the clear and compelling positive correlation between implementation of SFM and the GNP of the country. Simply put, poor countries cannot afford to implement SFM. Hence the wisdom of the founding fathers in creating the Bali Partnership Fund and the Special Account in the ITTA, 1994 to assist Producer countries.

Mr. Chairman, Ladies and Gentlemen, if I could take just a few more minutes on funding of SFM and certification to indicate that there are three possible sources.

- Firstly, internal resources from budgetary allocations of Producer countries.
- Secondly, remunerative prices which reflect the cost of implementing SFM or a green premium for certified timber.
- Thirdly, voluntary contributions such as the ITTO Bali Partnership Fund and the Special Account as provided for in Articles 20 and 21 of the ITTA, 1994.

On budgetary resources of Producer countries, we all know the severe limitations Producer countries face. They must accord priority to social, health and educational programmes apart from infrastructure development. On the issue of a green premium we may note the situation as indicated by the representative of the TAG. The green premium is both uncertain and meagre. That takes us to the third source of funding, assistance from the international community, in particular the Bali Partnership Fund and the Special Account in the ITTO. Both funds are voluntary and in the experience of the ITTO, in the last two decades, such contributions are less than encouraging. This is the reason why Producers have made concrete proposals for Articles 20 & 21 for a new ITTA for which we seek the understanding and support of Consumers. We, of course appreciate the difficulties Consumers face in making firm commitments on this matter. We are however somewhat optimistic on international assistance to address the problems of tropical forestry because such problems are now on the agenda of the G-8 countries. And we hope the G-8 Forum will give due consideration in their deliberations and go beyond words with some proactive measures. We therefore appeal to the G-8 countries in the ITTO to assist the ITTO in securing adequate and predictable levels of funding to promote the sustainable management of tropical forests. Such assistance coupled with remunerative prices for tropical timber will enable Producers to enhance implementation of SFM.

Mr. Chairman, Ladies and Gentlemen, as we say 'sayonara' to the year 2005, and before we meet in Geneva to conclude the negotiations of a new ITTA under the leadership of H.E. Ambassador Paranhos and the Vice-Chair, Dr. Jürgen Blaser the major religions and cultures of the world, will observe and celebrate major events and festivities. It is that time of the year of giving and forgiving and a time to reflect on what we have done and what we have not been able to do. Hopefully, such sentiments of generosity as citizens of our endangered planet, will prevail in Geneva when we meet to conclude the negotiations for a better and more effective ITTA.

In conclusion, may I seek the assistance of the secretariat, through you, Mr. Chairman, to have this Producer statement annexed in the proceedings of this ITTC Session, in full.

Thank you.

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