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13 – 18 May 2002
Bali, Indonesia

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

Bali, Indonesia

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REPORT

OPENING OF THE SESSION (Agenda Item 1)

1. The Thirty-second Session of the International Tropical Timber Council was opened by the Chairperson of the Council, Dr. Jürgen Blaser (Switzerland). In his opening address, the Chairperson welcomed all delegates to the Thirty-second Session and on behalf of the Council expressed gratitude and appreciation to the Government and People of Indonesia. He was particularly thankful to the President, H.E. Madam Megawati Soekarnoputri, for gracing the Session with her presence and the Governor of the Province of Bali for the kind invitation to host the Session and for the warm welcome accorded to delegates.
2. The Chairperson recalled the specific significance of the island of Bali to ITTO. He said that it was in Bali that the ITTO put forward its most important and most ambitious objective, the Year 2000 Objective, whereby all internationally traded timber should have come from sustainably managed sources by the year 2000. He admitted that although a lot of progress had been made, the objective had not been achieved. He also recalled the international dialogue on forests in the Intergovernmental Panel on Forests and the subsequent United Nations Forum on Forests, the Convention on Biological Diversity, the Framework Convention on Climate Change, the Convention on Combating Desertification, and other international organizations. He expressed regret that there were not many success stories to tell and that the world's forests were still being lost at alarming rates.
3. Dr. Jürgen Blaser said that ITTO had underpinned its political discussions and decisions with concrete actions in the field, in particular through its project work and thanked particularly, the Government of Japan who had supported these efforts financially and through the transfer of technology and know-how. He said that ITTO should adapt into a new policy context, taking into consideration the experiences of the past years, the new forest-related legal context and the results of the deliberations at the World Summit for Sustainable Development in Johannesburg and evolve into an even more effective and useful tool for achieving sustainable development goals through sound forest management and fair and transparent trade of forest products and services.
4. Dr. Jürgen Blaser called upon the Council, and its partners in the Collaborative Partnership on Forests, particularly the World Bank, to continue to support the efforts of the Governments of Africa and to help organize a Ministerial Conference on Forest Law Enforcement in Africa. He said that he was convinced that proper incentives for sustainable forest management and a fair and transparent trade in forest products would help to eliminate unsustainable and illegal practices.
5. In his welcome address, H.E. Mr. Dewa Beratha, Governor of the Province of Bali thanked the Council for choosing Bali as the venue for the Thirty-second Session of the ITTC. He said that the people of Bali had been preserving their forests based on the philosophy of a balanced relationship of life, covering the relationship between man and God, man and the environment and man with man.
6. In her address to the Council, H.E. Ms. Cathérine Angèle Boka Agoussi, Minister of Forestry of the Republic of Côte d'Ivoire said that in 1998, the Government of Côte d'Ivoire undertook an overall assessment of the forestry sector which resulted in the promulgation of a new forest policy. She expressed her sincere thanks to the international community, particularly to the ITTO, for the support it had always provided to Côte d'Ivoire which had resulted in significant progress in sustainable forest management. She mentioned that the change in forest policy reflected the overall economic and social recovery undertaken by the Government. She indicated that a Poverty Reduction Strategy was under preparation with the support of donors, in order to guide the design and implementation of new projects.
7. H.E. Dr. Muhammad Prakosa, Minister of Forestry of Indonesia, briefed the Council on Indonesia's forestry sector, and underscored the alarming rate of deforestation. He described five programme areas being pursued by the Ministry as: illegal logging and illegal trade; restructuring forest industries; forest fires; decentralizing forest management; and developing industrial forest

- plantations. He also spoke about efforts by the Ministry to bridge the gap between supply and demand of timber and lamented the minimal success of reforestation programmes. He called for full commitment in combating illegal logging and trade. He hoped that the outcome of the 2001 Forest Law Enforcement and Governance (FLEG) meeting held in Bali would result in concrete action, and highlighted a memorandum of understanding with United Kingdom (UK) on forest law enforcement and governance.
8. H.E. Dr. Juan Mayr Maldonado, the Minister of Environment of Colombia stated that forest management and conservation of biodiversity were of the highest priority for Colombia. He stressed the need to respond to challenges posed by climate change and commended the ITTO mangrove work plan and the ITTO Guidelines for the Management of Secondary Forests, Tropical Forest Restoration and Rehabilitation of Degraded Forest Lands as extremely important to countries with such ecosystems, and called for donor attention to these issues. He expressed his gratitude to the Governments of Japan and USA for their financial contributions for the implementation of projects related to these areas.
 9. Mr. Kenichi Mizuno, Parliamentary Secretary for the Ministry of Foreign Affairs of Japan expressed his gratitude to the Government of Indonesia for hosting the Session. He called on the Council to take urgent measures against illegal logging and expressed his Government's appreciation of the efforts made by ITTO and the Indonesian Government with regard to the issue of illegal logging. He pledged Japan's continued support in tackling the problem of illegal logging.
 10. Mr. Mizuno said that Japan strongly hoped that the Council would agree on concrete actions to assist African Member Countries, taking into account the results of the recent Technical Mission to Congo Basin countries. He mentioned that such measures by the ITTO should be acknowledged as part of the WSSD Partnership Initiatives in the field of forestry. He proposed that the ITTO should consider organizing a side-event to publicize the significance of ITTO's activities at the WSSD meeting.
 11. Mr. Mizuno said that in spite of recent financial difficulties the Japanese Government would make every effort to support the ITTO. He mentioned that Japan would pledge the same level of voluntary contribution as in the past years. He called on the Organization to continue improving efficiency of its work, including the streamlining of the Council Sessions.
 12. In her keynote address to the Council, H.E. Madam Megawati Soekarnoputri, President of the Republic of Indonesia, on behalf of the Government and People of Indonesia and on her own behalf, expressed her appreciation and thanks to the Council for the confidence reposed in Indonesia by allowing it to host the Council Session for the second time. She said that 70 per cent of Indonesia's land area was covered with forest on which the country depended for wood and other related products for its national development. She noted that the process of globalization had considerably affected her Government's efforts in managing the forest sustainably. She cited illegal export activities generated by the increase in the tropical timber purchase in the international market as hampering efforts towards sustainable forest management. She informed the Council that her Government had adopted a forest policy for the next ten to twenty years with particular emphasis on the programmes of forest rehabilitation and conservation. She called for international assistance and cooperation in restoring Indonesia's forests.

ASCERTAINMENT OF THE QUORUM (Agenda Item 2)

13. The Executive Director, Dr. Manoel Sobral Filho, reported that the Quorum for the Thirty-second Session of the ITTC had been met (Annex I of this document provides a full list of participants).

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

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

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 fifty-seven (57), comprising thirty-one (31) producers and twenty-six (26) consumers, including the European Community (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, Ms. Mary Whitlock (USA).
17. She referred to document ITTC(XXXII)/3 and reported that the Committee was composed of representatives from Brazil, Gabon, Germany, Netherlands, Papua New Guinea, Philippines, Switzerland and U.S.A. The Committee met on 16 May 2002 and examined and accepted the credentials of thirty-eight (38) countries and the European Community which participated in the Thirty-second Session of the ITTC and the Sessions of the Associated Committees.
18. The Committee requested the delegation of the Republic of Congo to submit their credentials to the Secretariat as soon as possible.

PROPOSED DISTRIBUTION OF VOTES (Agenda Item 6)

19. The Chairperson referred to document ITTC(XXXII)/1 Annex. He informed the Council that in accordance with Article 19(4) of the ITTA, 1994, the proposed distribution of votes would be used for the assessment of the contribution of each Member to the Administrative Budget for 2002.
20. In the absence of any comments by Members, the proposed distribution of votes for 2002 was approved.

ADMISSION OF OBSERVERS (Agenda Item 7)

21. The Chairperson drew Council's attention to document ITTC(XXXII)/Info.3 which listed states, inter-governmental and non-governmental organizations applying for Observer status. The Council admitted all applicants.

STATEMENT BY THE EXECUTIVE DIRECTOR (Agenda Item 8)

22. The Executive Director welcomed delegates to the Thirty-second Session. He was particularly thankful to the President of the Republic of Indonesia, H.E. Ibu Megawati Soekarnoputri for gracing the Session with her presence. He mentioned that the presence of the President was both gratifying for the Council and also an indication of the importance the Government of Indonesia placed on the achievement of sustainable development and forest conservation. Dr. Sobral also acknowledged the participation of H.E. Mr. Juan Mayr Maldonado, Minister of Environment of Colombia; H.E. Ms. Cathérine Angèle Boka Agoussi, Minister of Forests of Côte d'Ivoire; H.E. Dr. Muhammad Prakosa, Minister of Forests of Indonesia; H.E. Mr. Dewa Made Beratha, Governor of Bali Province; and Mr. Kenichi Mizuno, Parliamentary Secretary for the Ministry of Foreign Affairs of Japan.
23. Dr. Sobral recalled the historic Eighth Session of the Council held in Bali in 1990 that adopted the ITTO year 2000 Objective linking trade in tropical timber with sustainable forest management. He indicated that the Organization had made considerable progress since the adoption of the ITTO Year 2000 Objective, especially in the field of policy and law reform. He said that as a follow-up on sustainable forest management policies and guidelines developed and agreed by the Council, several governments of producer countries had woven principles of sustainable forestry into administrative structures, land-use planning and environmental legislation.
24. Dr. Sobral reported that planning was underway to conduct training workshops on the ITTO Criteria and Indicators for Sustainable Management of Natural Forests in Brazil, Cameroon, Colombia, Congo, Côte d'Ivoire, Papua New Guinea and the Philippines. He also mentioned that ITTO was planning three regional workshops for producer countries wishing to establish credible auditing systems for ITTO's Criteria and Indicators. He highlighted training in the private sector

and local communities as the core of ITTO's holistic approach to forest development and conservation. He indicated that in collaboration with the Indonesian Ministry of Forestry, ITTO had developed partnership with major environmental and industry organizations such as the Indonesian Eco-labelling Institute (LEI), WWF Indonesia, the Indonesian Forest Concessionaires Association (APHI) and the Indonesian Wood Panel Association (APKINDO).

25. The Executive Director expressed concern that while the idea of forest certification emerged in the early 1990s with a focus on tropical forests and tropical timber, the main progress being made in its implementation had so far been concentrated in non-tropical developed countries. He cited recent data which indicated that only 6.4 million hectares out of 109 million hectares of certified forests were located in ITTO producing Member Countries.
26. Dr. Sobral mentioned that since its beginning, ITTO had taken an ecosystem approach to the management of forest resources. He cited the development of the ITTO Mangrove Work Plan and the draft Guidelines for the Management of Secondary Tropical Forests, the Restoration of Degraded Tropical Forests and the Rehabilitation of Degraded Tropical Forest Lands as evidence that the Organization was continuing to strengthen its ecosystem approach.
27. Dr. Sobral highlighted that sustainable tropical forest management was a difficult and costly task. He said that it was not a lack of commitment on the part of tropical country governments that was hindering faster progress towards sustainable forest management but the problem was much more related to a lack of means. He noted that it seemed increasingly clear that natural forests and particularly natural tropical forests were simply not competitive in the supply of marketable products, including timber. He said that natural forests offered an unparalleled service in conserving biodiversity which was not remunerated by the markets and the problem was being compounded by the fact that forest conversion to other land-uses such as rubberwood and oil palm plantations as well as annual agricultural crops, including soybeans and cotton, was much more profitable than sustainable forest management. He called for new ways of raising the financial resources needed to implement sustainable forest management and proposed the option of making direct payments for the global services provided by forests, such as biodiversity conservation, carbon storage and water supply.

REPORT OF THE INFORMAL ADVISORY GROUP (IAG) (Agenda Item 9)

28. The Chairperson referred to document ITTC(XXXII)/2. He reported that the Informal Advisory Group established under Decision 3(XXII) met for the tenth time on Sunday, 12 May 2002. The meeting was attended by the Chairperson and Vice-chairperson of Council, the Chairpersons of the Committees, the spokespersons of the Consumer and Producer Group, representative of the Government of Japan and the Executive Director.
29. Issues considered by the IAG included: timber certification; enhancing cooperation with environmental NGOs; guidelines for restoration, management and rehabilitation of degraded and secondary forests; frequency and duration of Council and Committee Sessions; new Agreement and long-term strategic plan; ITTO participation in and contribution to the CPF, UNFF and WSSD (the full report of the IAG is attached as Annex V).

ITTO Participation in and Contribution to the World Summit on Sustainable Development (WSSD), Johannesburg, South Africa

30. The Chairperson recalled the discussions in the IAG and brought to the attention of the Council the possibility of ITTO organizing a satellite meeting at the World Summit on Sustainable Development (WSSD), in Johannesburg, and also conveying a political statement from the ITTO to the World Summit.
31. Ms. Kayoko Fukushima (Japan) said that it was important for ITTO to participate in the WSSD meeting. She stated that ITTO had addressed many activities and issues relevant to the theme of the WSSD meeting. She proposed that ITTO should organize a satellite event during the WSSD meeting to disseminate information on ITTO's achievements relevant to the WSSD meeting. She also supported the proposal for ITTO to register its new activities agreed by the Council and relevant to the theme of the WSSD in the Type II Document of the WSSD.
32. Ms. Jan McAlpine (USA) stated that ITTO should consider the WSSD meeting an appropriate forum to send a positive message about what ITTO had accomplished to date. She supported the

proposal for ITTO to organize a satellite event to showcase its outstanding activities and contributions to sustainable development. Regarding Type II activities relating to demonstration and partnership between the public, private sector and communities, she indicated that most of ITTO's project activities would qualify under that category and proposed that the Committees should identify such possible projects to be showcased at the WSSD meeting. Ms. McAlpine noted that while ITTO was established as a multilateral commodity organization in tropical timber it had had a track record of actions and experience in the field with respect to its project activities. She proposed that the caucuses should work on a simple message conveying ITTO's success story to the WSSD meeting.

33. Ms. Manuela Jost (Switzerland) supported the proposal for ITTO to send a positive message to the WSSD meeting. She said the message should be short and concise and political in nature.
34. Mr. Rae-Kwon Chung (Republic of Korea) cautioned that the WSSD meeting was only four months away and wondered whether it was not already too late for the ITTO to be allocated any space for a satellite meeting or event.
35. Mr. Suboh Maohd. Yassin (Malaysia) supported the proposal that the ITTO should avail itself of the opportunity to showcase its activities relevant to the theme of the WSSD at the meeting in Johannesburg. He expressed some doubts about the impact of a satellite meeting by ITTO at the WSSD meeting, considering the fact that most delegations would be too busy and pre-occupied and a satellite meeting would be adding extra burden to some delegations, especially those from developing countries. Regarding the issue of conveying a message from the Council to the WSSD meeting, he proposed two options: (i) that the Executive Director be mandated to make a statement at one of the plenary sessions; and (ii) a prepared text could be conveyed for the attention of the conference.
36. Dr. Untung Iskandar (Indonesia) supported the proposal for the Executive Director to participate in the WSSD meeting and to convey a political message from the Council to the meeting, while the Council explored the availability of space and time for any other activities to be organized by ITTO.
37. Mr. Dike Kari (Papua New Guinea) said that ITTO had demonstrated its commitment to the sustainable management of tropical forests and therefore ITTO should convey this important message to the WSSD meeting.

Enhancing Participation of Members of Civil Society in the Relevant Activities of the ITTO

38. Mr. Joel Sampaio (Brazil) welcomed the idea of enhancing the participation of civil society in the relevant activities of the ITTO. He, however, noted that there was the need for the Council to focus on the methodology for such participation in order to be effective.
39. Ms. Candy Green (USA) supported the goal of finding ways to enhance the involvement of NGOs and other Members of civil society in the activities of ITTO.
40. Mr. Enzo Barattini (European Community) echoed the support of European Community for ITTO to enhance the participation of Members of civil society in the relevant activities of the Organization.
41. Mr. William Mankin (Global Forestry Project) recalled Decision 9(XXVIII) inviting the formation of NGO advisory groups. He said that during the Twenty-eighth Session of the Council in Lima, many delegates expressed strong concern about the partial involvement of NGOs in the activities of the ITTO. He noted that the trade group quickly responded to the invitation by the Council and formed the Trade Advisory Group (TAG). He also noted that in the last years, the ITTO had undertaken several progressive initiatives that had raised the interests of environmental NGOs. He reported that in response to these initiatives by the Council, the environmental NGOs had decided to form Civil Society Advisory Group and requested for similar opportunities as provided for the TAG. He hoped the Council would welcome the formation of the Civil Society Advisory Group (CSAG) and address the issues raised by the CSAG.
42. Mr. Rae-Kwon Chung (Republic of Korea) stressed the importance of enhancing the participation of members of the civil society in the relevant activities of the ITTO. He noted that there were

encouraging signs of bridging the gap between civil society groups and the ITTO. He expressed his delegations' strong support for the participation of civil society groups in the activities of the ITTO. He also expressed his support for a Council Decision on the issue.

43. Mr. Don Wijewardana (New Zealand) expressed support for the initiative to enhance the participation of members of civil society in the activities of the ITTO. He said the initiative was a very healthy development. He, however, cautioned that it would be difficult to maintain the momentum partially because of the difficulty in identifying the groups that should be involved and maintaining the interests of the groups.
44. Mr. Dike Kari (Papua New Guinea) said that a number of NGOs were already represented in the Council as Observers and at the national levels, NGOs were providing inputs at various levels of policy. He pointed out that delegates were representing both civil societies and governments and there was no need to separate individual groupings.
45. H.E. Mr. Juan Mayr Maldonado (Colombia) supported the initiative of enhancing the participation of members of the civil society in the activities and decisions of the ITTO. He said that the initiative showed the maturity of the ITTO. He cited the participatory approach in decision making in Colombia which had produced very good results.
46. Mr. Jianyu Mao (People's Republic of China) expressed support for the participation of civil society groups in the activities of the ITTO. He said that there were many civil society groups in China and the government would want these groups to be involved in the activities of international organizations.
47. Mr. Michael Stephens (Australia) supported the idea of promoting constructive inputs of stakeholders into the ITTO processes.

Forest Law Enforcement and Governance Initiative, Brazzaville, Republic of Congo, June 2002

48. The Chairperson introduced the agenda item and reported that the IAG had discussed the issue and had proposed that the Council should consider the possibility of ITTO involvement in this important initiative in Africa.
49. Mr. Joel Sampaio (Brazil) recalled that the initiative on forest law enforcement and governance started in Asia and was discussed by the Council at the Thirty-first Session in Yokohama. He pointed out that Decision 6(XXXI) had already authorized the Executive Director to follow international work in the area of forest law enforcement and governance.
50. Mr. Enzo Barattini (European Community) on behalf of the European Community and its Member States supported the Brazzaville initiative and stressed that the European Community was fully involved in the discussions and the follow-up on illegal logging and illegal trade in timber. He said that France and the United Kingdom were closely involved on the issue of forest law enforcement and governance in the African region. He hoped that the discussions in the Council would reach fruitful conclusions.
51. Mr. Boakye-Dapaah (Ghana) supported the Brazzaville initiative on forest law enforcement but expressed concern about the linkage between forest law enforcement and governance and sought further clarification on the linkage.
52. Ms. Jan McAlpine (USA) informed the Council that the United States was one of the co-sponsors of the Brazzaville initiative. She welcomed further discussions on the issue in the caucuses. She said that most of the activities being undertaken by the ITTO in its Members States were supporting the countries in capacity building and other forestry related areas. She stressed that there was an appropriate role for ITTO in addressing the issues of forest law enforcement and governance and was prepared to discuss with other delegates in identifying appropriate niches for ITTO's engagement on the issue. She noted more broadly that Africa was particularly significant to world leaders in 2002 because the World Summit on Sustainable Development would be held in that region. She also mentioned Africa's initiative known as the New Partnership for Africa's Development (NEPAD) and hoped that it would attract more support and engagement. She expressed her pleasure that ITTO had advanced its commitment to working in Africa, including the numerous project activities and cooperation with the African Timber Organization (ATO) to find ways to be more effective in that region.

53. Mr. Shoji Sato (Japan) reiterated Japan's support to ITTO's initiatives aimed at assisting the Yaoundé Process.

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

54. Mr. E. Collins Ahadome (ITTO Secretariat) recalled Decision 3(XVI) which called on Members to inform the ITTO at the earliest opportunity of any proposals by Members to list internationally traded tropical timber species in CITES appendices and reported that the Secretariat had not been advised by any Member or CITES of any such proposal.
55. Mr. Suboh Mohd. Yassin (Malaysia) informed the Council that following the listing of ramin in Appendix III of CITES, which took effect on August 2001, Malaysia had taken the necessary steps to implement the Decision, as required by the Convention. He, however, indicated that in the initial stages Malaysia experienced some problems in putting all the mechanisms in place and proposed that in future, range states should be consulted to ensure that the objectives for the proposed listings were achieved. He said that a parallel consultation approach would contribute towards enhancing the credibility of such listings. He indicated that the current CITES listings methods had serious systematic weaknesses including inadequate consultations and lack of substantial supportive evidence.
56. The Executive Director reported to the Council that the ITTO Secretariat had been collaborating very closely with CITES through the CITES Timber Working Group. He said that as a result of the collaboration, a resolution was adopted by the Conference of Parties of CITES requesting the CITES Secretariat to consult with ITTO and other relevant organizations when they receive proposals to list timber species.

MANGROVE CONSERVATION PROGRAMME – DECISIONS 9(XXIX) & 7(XXXI) (Agenda item 11)

57. The report of the Expert Panel on the ITTO Mangrove Work Plan was presented by Dr. François Blasco, Chairperson of the Expert Panel.
58. He referred to document ITTC(XXXII)/5 and provided a brief background to the ITTO Mangrove Conservation Programme. He recalled that the first draft of the Mangrove Work Plan was produced in September 2001, and subsequently an International Mangrove Workshop was convened in February 2002 in Cartagena, Colombia.
59. Dr. Blasco mentioned the main bio-geographic mangrove areas in the world and stated that the world's mangrove regression during the last decade was about 1,030 sq.km/year. He said that was mainly due to conversion to shrimp aqua culture and called for mixed shrimp farming and mangrove silviculture to prevent further regression of mangroves. The ITTO Mangrove Work Plan aims to promote conservation, rehabilitation and sustainable management of mangroves for the benefit of the global community. Dr. Blasco indicated that the work plan covered areas including; conservation and sustainable management of mangroves, mangrove information and awareness; socio-economic aspects; mangrove forests functions and health; cooperation and capacity building; and policies and legislation. He mentioned that some of the activities would be carried out directly by the ITTO and member countries could also seek support from ITTO through the regular project cycle.
60. Dr. Blasco concluded that more knowledge was needed about the world's major ecosystems and about the complex interplay between environment and development. He said that mangrove degradation and climate change were mere symptoms and that the real issue was managing coastal ecosystems in relation to population needs and resource use.
61. Dr. Untung Iskandar (Indonesia) commended the consultant and the Expert Panel for the report. He highlighted conservation and sustainable management of mangroves as an area which deserved particular attention. He sought further elaboration on the recommendation to assess and develop new criteria and indicators for sustainable management of mangrove ecosystems.
62. Dr. Blasco provided examples of areas where mangroves were being managed sustainably but mentioned that sustainably managed mangroves required strict application of existing legislation. He indicated that the adoption of strict silvicultural system with the appropriate protection could

- result in sustainable management in most parts of the world. However, in most parts of the world it would be almost impossible to establish mangrove conservation areas. He called for the application of forestry management practices and also rehabilitation of mangroves in a way which allowed for utilization of the mangroves.
63. Mr. Rae-Kwon Chung (Republic of Korea) sought further clarification on the causes of mangrove degradation. He also requested further information on other organizations involved in mangrove conservation programme.
 64. Dr. Blasco provided information on the main causes of mangrove degradation. He cited conversion of mangrove to agriculture, industrialization, urbanization, aqua culture and construction of dams as the main causes of destruction of mangrove ecosystems. He mentioned that all the other international organizations working in the area of mangrove conservation had endorsed the ITTO Mangrove Work Plan at a meeting in Cartagena, Colombia. He said the meeting was convened to ensure that ITTO's Work Plan would not duplicate any on-going efforts.
 65. Dra. Angela Andrade (Colombia) said that the meeting in Cartagena, Colombia discussed the need to have a consistent technical approach to mangrove ecosystems. She mentioned that many organizations were working on mangrove ecosystems but each with its own specific goals. She highlighted that RAMSAR Convention treated mangrove as a wetland which would be different from a biosphere approach. She said that the ITTO Mangrove Work Plan adopted an ecosystem approach and called for an integrated approach to ensure a sustainable development of mangrove ecosystems. She also mentioned the need for a shared vision among all organizations working in the area of mangroves, and indicated that there was consensus on the need for a sustainable development of mangrove ecosystems and their regeneration in all parts of the world.
 66. Mr. Daniel Birchmeier (Switzerland) commended the Expert Panel for the preparation of the mangrove work plan. He mentioned that the proceedings of the "Expert Workshop in Cartagena" should have been attached to the work plan. He cautioned that the impression should not be created that ITTO would be directly involved in mangrove work and proposed that emphasis should rather be put on the work of Member Countries endowed with mangrove resources and that the role of ITTO as an organization should be limited to providing support to plans and actions of Member Countries and working with relevant organizations to provide the required assistance. He agreed with the Expert Panel on the definition of the six areas of action and the structure of activities under those areas. He, however, mentioned that he would like to see under all the six areas of action, the supportive role to be played by ITTO, and said such supportive activities were missing under areas 3, 4 and 6.
 67. Ms. Aulikki Kauppila (Finland) on behalf of the Consumer Group commended the Expert Panel for the mangrove conservation work plan. She said that mangrove conservation had become an important part of ITTO's work programme and the work plan would assist the Organization in allocating resources to areas where ITTO had a comparative advantage in view of the many other priorities of the Organization.
 68. Mr. Toshiyuki Suzuki (Japan) recognized some improvements in the revised work plan. However, he indicated that the activities in each of the six areas had not been reduced and no details of these activities had been provided in the work plan. He said that the goal of each area should be specified and noted the constraints of time in trying to reduce the number of activities. He proposed that the Mangrove work plan should be adopted by the Council and that Member Countries and the secretariat could submit project proposals taking into consideration the revised work plan and the availability of financial resources. He highlighted conservation and sustainable management of mangroves and cooperation and capacity building as areas of particular importance.
 69. Mr. Suboh Mohd. Yassin (Malaysia) commended Dr. François Blasco for the report. He said that the report sufficiently covered the complexities of the mangrove ecosystem and the importance of its management, rehabilitation and conservation both for ecological and socio-economic reasons. He welcomed the recommendations of the Expert Panel and highlighted that it was in the interest and obligation of ITTO to assume a more active role in the conservation and sustainable management of mangrove ecosystems. He proposed that ITTO should set up a special unit or group within the Organization to ensure continued support to Member Countries, in terms of

providing the necessary technical expertise. He noted that the financial allocation provided by ITTO for mangrove work had been on the decline and called for a reversal of the trend.

70. Ms. Jennifer Conje (USA) commended the Secretariat and the Expert Panel for the report. She said that considering the importance of mangrove forests to Producing Member Countries the mangrove work plan should be used as a reference document by the Expert Panel for Project Appraisal. She supported the position expressed by the delegation of Switzerland that ITTO should work in coordination with relevant organizations in providing support to Member Countries. She stressed that any support provided by the Organization should be channelled through the regular project cycle and should be relevant to ITTO's mandate. She also highlighted the fact that any financial support provided by ITTO should be balanced, taking into consideration other competing demands on the Organization's resources.
71. The Council decided to form a working group to deal with the issues raised by delegates. The working group was composed of Cameroon, Colombia, Japan, Malaysia, Panama, Switzerland and USA.

GUIDELINES FOR THE MANAGEMENT OF SECONDARY TROPICAL FORESTS, TROPICAL FOREST RESTORATION AND REHABILITATION OF DEGRADED FOREST LANDS – DECISION 6(XXX) (Agenda item 12)

72. The Chairperson introduced the agenda item and invited Prof. Jeffrey Sayer and Mr. Steward Maginnis to present the report of the Expert Panel on "Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests".
73. Prof. Jeffrey Sayer, Chairperson of the Expert Panel, referred to document ITTC(XXXII)/6. He reported that a draft working document for the Expert Panel was produced by Dr. Jürgen Blaser and Dr. Cesar Sabogal. The working document had been discussed previously with the FAO, WWF and IUCN in January-February 2002. The Expert Panel meeting was held from 18 to 22 February 2002 in Bern, Switzerland.
74. Prof. Sayer provided the following data on the tropical forest landscape: 500 m ha of non-accessible primary forest and protected areas; 400 m ha of outside forests with trees, forest plantations, agroforest; 120 m ha of timber production forests under concessions or "managed forests"; and 850 m ha of degraded primary forests, secondary forests, and degraded forest land. He noted that about 300 million people depended on degraded primary forests and secondary forests.
75. Prof. Sayer highlighted the following as the purpose of the Guidelines:
- provide a knowledge base of key ecological, silvicultural, socio-economic, policy, legal and institutional aspects;
 - help planners in integrating the restoration, conservation and management of degraded and secondary forests at the local and landscape level;
 - make accessible relevant experience;
 - stimulate the adoption of appropriate/adaptive management practices;
 - help create an adequate policy focus on degraded and secondary forests at the local, national and international level.
76. Prof. Sayer provided definitions for modified natural forests, managed forest, degraded and secondary forest. He highlighted the following fundamental strategies underlying the Guidelines: restoration of degraded forests aimed at regaining ecological integrity and restoring the forests back to its original state; for secondary forests the strategy involved the sustainable management of those forests and the use of those lands for services other than wood production; rehabilitation of degraded lands involved regaining site productivity and improving the potential of those lands to produce goods and services. He said that the basic pillars of the proposed strategies were social, ecological, economic and institutional.
77. Prof. Sayer said that the Guidelines had been organized under seven objectives. These are:
- Attain commitment to the restoration, management and rehabilitation of degraded and secondary forests;
 - Formulate and implement supportive policies and appropriate legal frameworks;
 - Empower local people and equitably distribute costs and benefits;

- Employ integrated approaches to resource assessment and planning;
 - Implement holistic and integrated forest management to enhance environmental and social values;
 - Promote economic efficiency and financial viability; and
 - Guarantee participatory monitoring and evaluation as a basis for adaptive management.
78. Prof. Sayer said that the value of the Guidelines would depend on the extent to which they would be put to use. He urged Member Countries to submit their comments to the Secretariat or to the consultants. He commended the consultants, Dr. Jürgen Blaser and Dr. Cesar Sabogal for the excellent work. He also expressed his gratitude to the other members of the Expert Panel.
79. Mr. Steward Maginnis (IUCN) said that a number of international organizations and NGOs, including IUCN, WWF, CIFOR, World Bank and DFID had carried out extensive work on forest landscape restoration. He noted that over the last decade nearly 19 million hectares of forest had been lost every year. There had also been considerable degradation of forests which had had a real impact on people's livelihood, on biodiversity and on local markets. He said that it had been estimated that by the year 2050 nearly one-third of the world's remaining forest would be negatively impacted upon by the effect of climate change.
80. Mr. Maginnis noted that afforestation had been part of the resource but not the whole solution. He defined Forest Landscape Restoration as "A planned process that aims to restore deforested or degraded forest landscapes regain ecological integrity and enhance human well-being in deforested or degraded forest landscapes". He indicated that FLR "brings together a number of existing development, conservation and natural resource management principles and applies them to the restoration of forest quality and quantity for the benefit of both people and nature". He distinguished between modified landscape where although the land-use patterns had changed, the "full basket of goods and services" was still available at the landscape level and degraded landscape where the configuration of land-use meant many goods and services were being supplied at sub-optimal levels. He noted that different types of agroforestry schemes could be used to enhance the forest functionality of landscapes.
81. In conclusion, Mr. Maginnis said that Forest Landscape Restoration should focus on the functionality of forests and on capacity of forests to provide goods and services, ecological processes and maintain future options. He indicated that the concept of FLR was relevant to both developing and developed countries.
82. Mr. Eriberto Argete (Philippines) commended the consultants and the Expert Panel for the Guidelines. He stated that the Philippines was concentrating its efforts at the sustainable management of secondary forests and that the Guidelines could draw on certain generic principles from countries like the Philippines.
83. Mr. A.S.K. Boachie-Dapaah (Ghana) commended the consultants for the report. He recognized the role that rehabilitated or restored forests could play in reducing the pressures on primary forests and form a sound basis for sustainable development, if well managed. He made the following specific comments on the report:
- Principle 6. Recommended Actions 17-21 were more related to the activities and actions for restoration rather than the institutions that the principle sought to address. He said the recommended actions for the proposed units of the institutions, as stated in the report, would require some revisions;
 - Principle 7. He indicated that decentralization was acceptable, as proposed, but only after capacity had been developed at the local level. He stated that Recommendations 23-24 should therefore reflect the development of capacity at the local level prior to the devolution of functions to the local level.
84. Mr. Douglas MacCleery (USA) commended the consultants and the Expert Panel for a good report. He said that the Guidelines should provide good tools for the restoration of degraded forests. He sought further clarification on the implementation and the way forward.
85. Mr. Takehiro Osugi (Japan) congratulated the Expert Panel and the consultants for the report. He said that the goal of the Guidelines should be to conserve degraded and secondary tropical forests.

86. Mr. Don Wijewardana (New Zealand) commended the consultants and the Expert Panel for the report. He was particularly pleased with the practical approach adopted in the report, that forest restoration should take into account the population growth and changes that had taken place. He highlighted the importance of working with NGOs, and other organizations.
87. Mr. Dike Kari (Papua New Guinea) commended the Expert Panel and the consultants for the report. He said that the restoration of degraded forest lands was a very important issue and there was the need to look at the underlying causes of degraded forest lands and who should play the lead role in addressing restoration of degraded lands and secondary forests. He also highlighted national level programmes for restoration as a key factor.
88. Mr. Sang-Kyun Kim (Republic of Korea) expressed his appreciation to the consultants and the Expert Panel for a comprehensive report. He stated that the report would contribute to the sustainable management of tropical forests. He called on the Council to adopt the Guidelines.
89. Mr. Daniel Birchmeier (Switzerland) welcomed the report of the Expert Panel on the Guidelines for the Management and Restoration of Secondary Tropical Forests, Tropical Forest Restoration and Rehabilitation of Degraded Forest Lands. He noted that the instrument to guide the management of this type of resources was urgently needed given the large extent of the areas concerned and their potential contribution to economic and social progress and to the protection of the environment. He urged the ITTO to collaborate closely with other international organizations such as CIFOR, FAO, IUCN and WWF in order to successfully increase the profile of these areas of activities. He mentioned that the Guidelines were long overdue and urged the Council to adopt the following concrete actions:
- organize regional workshops to share information among Member Countries and disseminate the Guidelines;
 - strengthen the cooperation between ITTO and other international organizations;
 - publish the Guidelines and a brochure summarizing its content and use; and
 - encourage Member Countries to apply the Guidelines and to prepare projects to test the practical application of these Guidelines.
90. Mr. Jesus Mosquera Andrade (Colombia) congratulated the Expert Panel for the report. He called on the Council to develop a feedback mechanism to ensure adequate capacity in the Member Countries to implement the Guidelines. He said that this feedback mechanism should be complementary to any decision of the Council on the subject.
91. Mr. Wulf Killmann (FAO) commended the consultants and the Expert Panel for the report. He said the report was a testimony of the spirit of cooperation between ITTO and FAO. He mentioned that FAO, Inter-governmental Panel on Climate Change, CIFOR and IUFRO had organized an expert consultation on harmonizing forest related definitions for use by various stakeholders. He noted that the meeting had a purpose of seeking a common understanding for a number of definitions and core forestry related terms not only from the point of view of forest management but also with regard to biodiversity, climate change, etc. He indicated that a draft document was in preparation and would be presented at a meeting scheduled for 11-13 September 2002. He said that results of that meeting might lead to some amendments in the definitions contained in the Guidelines. He proposed that the definitions could be considered as working definitions for the moment. He indicated that the FAO would ensure that the definitions process as well as the Guidelines process work in a kind of dovetail manner.

STRENGTHENING SUSTAINABLE FOREST MANAGEMENT IN CENTRAL AFRICAN COUNTRIES (CONGO BASIN) – DECISION 11(XXX) (Agenda item 13)

92. The Chairperson introduced the agenda item and invited Mr. Jean-Prosper Koyo and Dr. Jeffrey Sayer to present the report.
93. Mr. Jean-Prosper Koyo presented the mission's objectives and findings. He said the "Yaoundé Declaration" was adopted in March 1999 by the Heads of State from the six countries in the Congo Basin, aimed at improving the conservation and sustainable management of forests in the sub-region. He provided a background to Decision 11(XXX) and the subsequent technical mission to the Congo Basin countries – Cameroon, Democratic Republic of Congo, Republic of

- Congo, Central African Republic and Gabon. He said the international consultants were aided by national consultants in each of the five ITTO Member Countries.
94. The mission held consultations with representatives of all the national institutions dealing with forestry issues in all the five countries, international and local NGOs working in the area of conservation and research and training agencies. He expressed the mission's thanks and appreciation to all those who assisted the mission in its work.
95. Mr. Koyo highlighted the large number of regional forestry activities already underway in the Congo Basin and cautioned the considerable danger of duplication of effort in the region, in the absence of any coordination. He called for a closer look at the human dimension. He said the Yaoundé Process was both a challenge and an opportunity for the sub-region to overcome the inconsistencies and ensure that there was sub-regional integration of programmes.
96. Dr. Jeffrey Sayer in his presentation expressed his gratitude to the national consultants for their support. He mentioned that most people interviewed were of the opinion that the ITTO had had a good track record of sponsoring field demonstration and training projects in the Congo Basin which had had an excellent impact on sustainable forest management in the sub-region.
97. The mission noted that there was a thriving forest industry which was a significant force in the economy of the countries of the sub-region. He noted the significant fauna and flora in the region which had attracted enormous international attention. He indicated that the population was heavily dependent on the forests, especially in rural areas. He said that since the declaration of the Yaoundé Process, many activities had been going on in the sub-region. He cited the numerous on-going work on conservation and protected areas – such as the forest corridors linking up all the protected areas. He noted that the theoretical basis had been well worked out but the practical application in the field had been lacking. He proposed that the ITTO should focus its attention on managing concessions in the vicinity of protected areas. He said the ITTO Guidelines and Criteria and Indicators could provide a basis for training and capacity building for improved performance of those well managed concessions. He called on the ITTO to work with the bodies responsible for the Yaoundé Process to conduct seminars on the application of ITTO Guidelines as a basis for regional harmonization of norms and regulations on sustainable forest management.
98. The mission made the following recommendations:
- ITTO's project or programme activities in the sub-region should be seen as a coherent programme covering the five Member Countries of the Congo Basin;
 - These programmes should be part of the "Type 2" initiative being proposed for the Johannesburg WSSD meeting;
 - ITTO should focus on the continuation of support of concessions located in the vicinity of protected areas;
 - Applied research aimed at solving practical management problems should be an area of emphasis for the ITTO. Research in the sub-region had been fragmented and poorly linked to training or management institutions. There was an urgent need for better communication and networking amongst researchers in the sub-region and for a major increase in funds allocated to support research;
 - ITTO could support training of trainers at the national training institutes to develop teaching modules, short courses could be sponsored by the ITTO to achieve economies of scale and to promote interactions between professionals operating in the field; and
 - ITTO should begin some work in the Central African Republic as a matter of priority. ITTO had not done much work in Central African Republic although it had been member of ITTO for quite some time.
99. Mr. Shoji Sato (Japan) commended the work of the mission. He said the Congo Basin activities of sub-regional organizations showed complementarities and synergy with ITTO's activities. He said that the mission had clearly identified the constraints to sustainable forest management in the Congo Basin countries. He supported the recommendations for ITTO to assist in training and capacity building in the sub-region.
100. Ms. Jan McAlpine (USA) commended the mission for the report. She said that there was a great deal of interest among the international community as to whether the Yaoundé Process had actually made any difference and it was therefore important that the ITTO carried out its mission to the sub-region. She noted that the report addressed what was being done in the sub-region,

some of the impediments to sustainable forest management and possible actions relevant to the ITTO. She also noted that the timing of the mission was very opportune. She informed the Council that in preparation for the WSSD meeting in Johannesburg, South Africa had already announced some partnerships with the Congo Basin countries. She said that the United States of America was working with other countries to co-sponsor such an initiative. She supported the recommendation of the mission that the ITTO should identify and fully expand on its area of expertise in the sub-region as a contribution to the "WSSD Type 2" initiative. She expressed her appreciation that the role of the private sector and NGOs had been highlighted.

101. Mr. Daniel Birchmeier (Switzerland) commended the mission team for the report. He said the report highlighted key programme areas of the sub-region. He noted that the outline was consistent with the Yokohama Action Plan. He stated that sustainable forest management could not be achieved without adequate investment in research and training. He said that the forest of the Congo Basin provided an opportunity for biodiversity, conservation and sustainable development. He indicated that the report correctly underlined the threat to the ecosystem of the region which could intensify if exploitation of timber increased due to the enforcement of logging bans in some Producer Countries. He acknowledged that the ITTO had not done enough to assist the Member Countries in addressing the existing threat. He called on ITTO to get involved as soon as possible and pledged Switzerland's support in that regard. He called on the Council to reflect on the complete actions that ITTO could support as a contribution to the implementation of the sub-regional Convergence Plan. He highlighted the need for a clear and concrete connection between the actions proposed in the report and their relationship to the sub-regional Priority Action Programme. He proposed that a pragmatic approach would be to select, as a first step, particular actions in the programme for implementation on the basis of their consistency with the Yokohama Action Plan. He proposed that the following actions requiring urgent solutions should be addressed first: (i) identifying priority conservation areas; (ii) strengthening inter-state cooperation for the management of trans-boundary forest ecosystem; (iii) law enforcement against illegal trade of fauna and flora; and (iv) harmonizing of inventory norms. He proposed that the mission should liaise with authorities in charge of the implementation of the Convergence Plan to draft concrete proposals. He proposed that a table be elaborated from the report, describing for each level of support the objectives, the recommended actions, a time horizon, the expected results and the verifiable indicators, and an approximate budget.
102. Mr. A.S.K. Boachie-Dapaah (Ghana) commended the mission team for the report. He noted the number of projects being implemented in the Congo Basin and the need for synergy in the implementation of these projects in order to achieve optimum benefit. He supported the recommendation for a holistic approach to the development of the forestry sector in the Congo Basin, particularly creating a linkage between forests, rural development and poverty alleviation within the sub-region. He endorsed the need for developing capacity within the private sector in the sub-region with the view to shifting the balance of power in communication from the public to the private sector. He noted that the existing situation had arisen by default rather than by design and must be proceeded by the building of capacity in the private sector. He noted the linkages between educational programmes and the ability to provide trained personnel to meet the complexities and challenges in the African forests and was of the view that programmes should be designed in consultation with stakeholders in the region. He said that would allow for ownership of the programme by stakeholders and yield better results. He noted further that in spite of the interest generated in the Congo Basin there was a lack of financial commitment in the sub-region and appealed to the international community to provide the required financial and human resources for the implementation of programmes for sustainable forest management.
103. Mr. Rubens Nambai (Central African Republic) congratulated the mission for its work and expressed his support for the Yaoundé Declaration and the recommendations contained in the report of the mission. He appealed to the Council to provide further support to the Congo Basin not only in sustainable forest management but also in the conservation of wildlife as well as all other issues covered in the sub-regional convergence plan.
104. Mr. Hyrceinte Bengono Belinga (Cameroon) commended the mission for the report. He supported the recommendations of the mission and thanked the ITTO for the initiative and the support.
105. Mr. Jean Boniface Memvie (Gabon) thanked the ITTO for supporting the Yaoundé Process. He also commended the mission for the excellent report. He urged the Council to support the recommendations of the mission, which was in line with the sub-regional convergence plan.

106. Dr. Gilbert Kaya (Republic of Congo) thanked the ITTO for showing interest in the sustainable forest management of the Congo Basin. He commended the mission for an outstanding report. He reiterated the importance of the forests of the Congo Basin in the economies of the sub-regional countries as well as its global importance with regard to the environment. He highlighted the need for a land use plan for the sub-region.
107. Mr. Joseph Ipalaka Yobwa (Democratic Republic of Congo) commended the ITTO for organizing the technical mission to the Congo Basin countries. He congratulated the mission for an excellent work. He said that the Yaoundé Process was a great opportunity for the Democratic Republic of Congo to rehabilitate its forest ecosystem. He supported the recommendations in the mission report. He informed the Council that the Democratic Republic of Congo had finalized a new forest code which was being reviewed by the Government before parliamentary approval.
108. Mr. Enzo Barattini (European Community) commended the mission for an excellent report. He supported the recommendations in the report. He informed the Council that the European Community had been very active in the Congo Basin in support of the Yaoundé Process. He applauded the regional effort being carried out by the Congo Basin countries and called for synergies in the efforts of the countries in order to achieve sustainable management of forests in the entire sub-region. He hoped that through the ITTO, the European Community would be able to continue its multilateral effort.
109. Mr. Léon Siagoue (Côte d'Ivoire) commended the ITTO and the technical mission for an excellent report. He indicated that the sociological dimensions of all the activities listed in the report were extremely important for the achievement of sustainable forest management of the Congo Basin. He said that problems relating to land use were extremely important to the Government of Côte d'Ivoire and urged the ITTO to continue supporting countries to establish programmes for sustainable forest management to achieve ITTO Objective 2000.

ITTO OBJECTIVE 2000 – DECISION 2(XXIX) (Agenda item 14)

110. The Executive Director recalled Decision 2(XXIX) that authorized the provision of assistance to producer countries, on request, to identify, in each country, those factors which most severely limit progress towards achieving Objective 2000 and to formulate an action plan to overcome these constraints. He reported that the Secretariat had received requests for assistance from Brazil, Cameroon, Central African Republic and Congo. Following these requests, technical assistance missions to Brazil and Congo were initiated and the report of the technical assistance provided to Congo would be presented to the Council. He also reported that the mission work in Brazil and Cameroon were still underway.
111. Dr. Sobral further recalled that Decision 2(XXIX) authorized the rendering of assistance to producer countries in setting up ITTO Objective 2000 Boards or nationally appropriate focal groups for achieving Objective 2000. He reported that requests for assistance to set up these boards had been received from Cameroon, the Republic of Congo, Gabon and Papua New Guinea. He thanked the Government of Japan for its financial assistance to implement the decision.
112. Dr. Sobral also recalled that Decision 9(XXX) authorized, on request by Member Countries, ten national level workshops to train officials, forest managers, forest concessionaires and others directly involved in sustainable forest management in the effective use of the ITTO Reporting Formats for the ITTO Criteria and Indicators for Sustainable Forest Management. He reported that, as of April 2002, Bolivia, Brazil, Cameroon, Colombia, Congo, Côte d'Ivoire, Indonesia, Papua New Guinea, Philippines, Togo and Vanuatu had started preparations to host the workshops.
113. Dr. Sobral further recalled that Decision 9(XXX) encouraged Producer Members to submit their first national level reports using the approved reporting formats. He reported that as of April 2002, Colombia, Congo, Indonesia, Myanmar, Panama, Peru, Thailand, Togo and Vanuatu had submitted their reports to the Secretariat. He highlighted that these reports together with the mission reports would form the basis of a major report on the Status of Tropical Forest Management to be prepared and published by 2003.

114. Mr. Takehiro Osugi (Japan) highlighted the importance of the country reports on progress towards achieving Objective 2000 and appealed to Producer Countries to establish strategies towards sustainable forest management as soon as possible. He also requested countries who had received technical missions to establish the necessary strategies based on the recommendations of the technical missions.

Report of the Technical Mission to the Republic of Congo

115. The report was presented by Mr. Henri-Félix Maître, Mission Leader. He referred to document ITTC(XXXII)/8.
116. Mr. Maître recalled Decision 2(XXIX) that authorized the Executive Director to render assistance to Producer Countries, on request, to identify those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management and to formulate an action plan to overcome those constraints.
117. Mr. Maître outlined the objectives of the mission and highlighted that the mission concentrated its efforts on identifying the constraints to sustainable forest management in the Republic of Congo. He provided a brief description of the Forestry Sector of the Republic of Congo. He mentioned that on either side of the equator, the Republic of Congo had two large forest areas covering approximately 20 million hectares or 60% of the total land area. He stated that until the 70s, timber was the country's main source of revenue and currently second to oil in terms of exports. He highlighted that domestic processing of timber was limited to primary conversion to sawnwood and veneer and secondary conversion to plywood.
118. The mission noted the extensive changes in the institutional framework of the Forestry sector. The Department of Forestry had become the Ministry of Forest Economy and Fisheries (MEF). The new forestry law also provided for the setting up of a Forestry Fund into which taxes levied in the sector were being paid. The institutional reform was on-going with the recent setting up of the following bodies: The General Forest Economy Inspectorate; the National Timber Trade Information and Statistics Center; and the National Inventory and Forest Management Center (CNI AF)
119. The mission acknowledged that there was scientific knowledge on the ground for sustainable management of the Congolese forest. It also acknowledged the existence of good forestry tradition in the Republic of Congo. The mission noted the strong political will of the Congolese Government to sustainable forest management as evidenced by the adoption of the new Forestry Code. It, however, mentioned that the incentive aspect of the new Forestry Law had not been adequately developed and noted that as a weakness. The mission indicated that the Forestry Fauna and Land Use Codes should, in principle, follow a land use plan and not precede it.
120. The mission identified the following constraints to sustainable forest management: political instability; absence of a land use plan; inadequate institutional capacity; fragile state of industries; difficulties in law enforcement; insufficient data on the forest resource base; and the lack of control on land use.
121. The mission made the following recommendations: the need for a national land use plan; development of adequate institutional capacity and data collection system; educating the people on the new Forestry Law; provision of incentive measures such as performance bonuses; access to attractive credit facilities or the extension of long-term concession rights; provision of silvicultural extension services to assist the establishment of private forests and plantations; creation of a consultation body responsible for resolving community conflicts; revitalizing research, including silvicultural techniques; and balancing the capacity of local processing industries to the forest production capacity or the annual allowable cut.
122. The mission concluded that there was a strong commitment on the part of the Republic of Congo towards sustainable management of forest resources and that the Ministry of Forest Economy was implementing internal institutional reforms necessary to enhance its capacity for action, in order to ensure the successful application of the new Forest Policy and the conduct of activities leading to sustainable forest management.
123. Dr. Gilbert Kaya (Republic of Congo) expressed his country's deepest appreciation to the ITTO for the support provided by the ITTO towards sustainable management of the Congolese forests.

He also thanked the members of the technical mission for an excellent work. He provided some clarifications on certain aspects of the report. He proposed that the recommendations should be followed by an Action Plan.

124. Mr. Daniel Birchmeier (Switzerland) commended the excellent work carried out by the mission in support of the Government of Congo. He said the report provided a reliable up-to-date analysis of the situation of the forest sector in the Republic of Congo. He expressed his appreciation of the commitment demonstrated by the Government of Congo to achieve sustainable management of its forests and ITTO's Objective 2000. He, however, noted that most of the recommendations were concerned only with the public sector and there was little attention paid to the needs of other stakeholders involved in forest management. On how to move forward, Mr. Birchmeier proposed that ITTO's involvement must be put on a more systematic and monitorable basis. He called for a rough assessment of costs and a time horizon for the implementation of the recommendations. He proposed a tabulation of the objectives, the recommended actions, a time horizon, the expected results and the monitorable indicators, and an approximate budget.
125. Ms. Jan McAlpine (USA) commended the mission's work and also commended the Government of the Republic of Congo for its commitment to sustainable forest management. She said that the report identified a wide range of issues. She proposed that, like the Indonesian Mission, the recommendations of the Congo Mission should be addressed through the ITTO Project Cycle. She noted that ITTO on its own would not be able to solve the forestry problems of any Member Country, including the Republic of Congo. She indicated that ITTO could only support the Government of Republic of Congo in addressing the constraints to sustainable forest management.
126. The Executive Director provided additional information on the Decision which authorized the mission to the Republic of Congo. He mentioned that there were still some funds allocated under the decision to assist the Republic of Congo to proceed with a broader consultation within the country, on the basis of the mission report. He said a national workshop had been proposed and additional work would be needed to prepare an Action Plan and an outline of projects related to the implementation of the Action Plan.

CERTIFICATION (Agenda Item 15)

127. The report on the ITTO International Workshop on Comparability and Equivalence of Certification Schemes was presented by Dr. Markku Simula.
128. He referred to document ITTC (XXXII)/10 and highlighted earlier international dialogue on the subject including:
 - Mutual Recognition Technical Seminar (PEFCC), Brussels, 26-29 June 2000;
 - Second International Seminar on the Mutual Recognition of Credible Forest Certification Systems (CEPI), Brussels, 28-29 November 2000;
 - FAO-GTZ-ITTO Seminar on Building Confidence among Forest Certification Schemes and Their Supporters, Rome, 19-20 February 2001; and
 - EU Workshop on Forest Certification: Foreign Novel Incentives for Environment and Sustainable Management, Brussels, 6-7 September 2001.
129. Dr. Simula presented data on world certified forests from 1990 to 2002. He said that by January 2002 only about 8 per cent of the world's certified forest, totaling 109 million hectares were in developing countries. The distribution by region was: 35 per cent in North America; 54 per cent in Europe; 3 per cent in Africa; 3 per cent in Latin America and 2 per cent in Asia-Pacific. He indicated that over 92 per cent of the certified forests were in developed countries while ITTO producer countries accounted for a mere 6 per cent. Tropical timber producers were therefore seriously lagging behind the developed countries in making use of forest certification. He noted, however, that many tropical countries were committed to promote and implement certification as a tool for making progress towards sustainable forest management.
130. On issues related to certification, Dr. Simula highlighted the inflexibility of standards to be applicable in diverse local conditions, the level of performance requirements, conflicts and/or incompatibility between legal settings and certification standards and legitimizing forest harvesting which might conflict with traditional rights. He pointed out that producers were uncertain about benefits of certification and that the cost burden was heaviest for developing countries and small-scale forest owners. He indicated that there was a high degree of

commonality between the different certification schemes and standards but there were also important differences.

131. Dr. Simula said what constituted a 'credible'/'acceptable' or 'reliable' certification standards or scheme still remained to be defined. He indicated that several parties had attempted to define such requirements but there had not been any consensus on them. He highlighted the fact that most existing forest certification schemes had been developed outside the ISO framework but were gradually changing their systems and procedures towards higher quality in terms of transparency and reliability with existing ISO standards or guides. He indicated that there were three possibilities to bridge the gap between the existing certification schemes: (1) cooperative arrangements like mutual recognition and/or joint certification assessment; (2) consumer pressure which would lead to disappearance of unacceptable schemes; and (3) producer pressure which had resulted in the harmonization of nation-level certification standards in some countries.
132. Dr. Simula said that several workshop participants supported the idea of mutual recognition between schemes as a means to reduce conflict among buyers and consumers. He highlighted that any international framework for mutual recognition should be non-discriminatory, transparent, cost-effective and should include regular revision of standards.
133. Dr. Simula mentioned that national certification schemes had been developed in a number of tropical countries and efforts to make national standards compatible with the international ones and the regional and national sets of sustainable forest management had been taken in a number of tropical countries. He indicated that national schemes had also tried to obtain endorsement by international certification schemes but the processes had been time-consuming and their outcomes still remained uncertain. He said that if the requirements for certification standards were set too high to be achievable in tropical countries, it would discourage many countries from taking action. He highlighted that sustainable forest management should be understood as a process where continuous improvement was essential and different starting levels must be recognized. He said that a phased approach was proposed by the workshop as a potentially feasible option for tropical timber producers in gaining recognition in their efforts to implement certification.
134. The workshop made the following recommendations for ITTO:
- provide support for capacity building in producer Member Countries, including institutional strengthening, stakeholder participation, auditing systems and training;
 - monitor progress in comparability and equivalence of certification systems and explore opportunities for promoting convergence in forest certification standards in Member Countries, including regional initiatives;
 - facilitate discussion involving stakeholders and provide support to explore the feasibility of a phased approach.
 - recognize the potential contribution of certification in controlling illegal logging and trade in tropical timber;
 - facilitate dialogue between consuming and producing Member Countries and educate stakeholders;
 - support research to examine the effectiveness and efficiency of alternative sets of indicators;
 - keep ITTO Members informed on international framework of mutual recognition; and
 - provide support to regional certification fora and related organizations in the tropical regions.
135. Dr. Untung Iskandar (Indonesia) expressed his appreciation to ITTO for the workshop. He commended Dr. Richard Eba'a Atyi and Dr. Markku Simula for the background paper for the workshop. He supported the proposal for a phased approach towards certification highlighting that sustainable forest management should be understood as a process where continuous improvement was essential. He also supported the recommendation for ITTO to provide support to regional initiatives.
136. Mr. Takehiro Osugi (Japan) proposed that the report of the workshop should be taken as a reference document for the creation of a certification scheme in producer member countries. He said the document laid out the obstacles confronting countries that want to implement certification schemes. He also noted that the report addressed the increased role that ITTO could play in

- promoting sustainable forest management. He supported the principle of a phased approach to certification and indicated that certification should be tailored to the needs of each country, but stressed the need for ITTO to promote both national and international standards.
137. Mr. A.S.K. Boachie-Dapaah (Ghana) commended the consultants for the background paper presented at the workshop and indicated Ghana's support for the recommendations of the workshop, particularly the need for ITTO to provide support for capacity building in Member Countries. He noted the low level of certified forests in developing countries in spite of the commitment by producer countries in promoting sustainable forest management. He said that was an indication that much still needed to be done. He noted with concern the gap between existing levels of management in the producer countries and the requirements of existing certification schemes on the market and attributed it to the lack of resources and capacity in producer member countries. He said the last decade saw the growth and commitment of buyer groups and indicated that the present decade should see the growth of producer groups with a view to encouraging linkage between buyers and producers. He called on ITTO to exploit the possibility of supporting initiatives for the establishment of producer groups in member countries in order to progress efforts towards certification. He proposed that ITTO should use its criteria and indicators as a basis for actively promoting convergence of certification schemes in its member countries. He further mentioned the need for ITTO to facilitate discussions among stakeholders on the feasibility of a phased approach to certification. He said the phased approach should be undertaken with a target time and standard to avoid lowering of standards and maintaining a credible system. Mr. Boachie-Dapaah supported the recommendation for ITTO to provide support for regional initiatives.
138. Mr. Sang-Kyun Kim (Republic of Korea) commended the consultants for an excellent report. He said that in many tropical countries there was still a wide gap between the level of management and the requirements by certification standards. The management systems in place were not yet adequate and the concept of forest auditing was still at the introductory stage. He mentioned the need to bridge the gap between the existing certification schemes. Mr. Kim stated that if the requirements for certification standards and schemes were set too high to be achievable in tropical countries, it would discourage producer countries. He also called for a definition of the standard for sustainable forest management which would be acceptable to the market. He supported the concept of a phased approach to certification.
139. Mr. David Birchmeier (Switzerland) commended the Secretariat and the consultants for the report. He expressed satisfaction with progress made by ITTO on certification since the Thirty-first Session of the Council. He urged the Council to continue the confidence building since the issue of certification was very crucial to ITTO. He said Switzerland believed that forest certification and the associated labeling of forest products could serve as one instrument, among others, to promote sustainable forest management of timber producing forests and also to inform buyers on the quality of the product. He recognized that there were still important issues being debated on certification and indicated that the number of schemes was quite high and was likely to continue to expand. He noted that to be detrimental to the tropical timber trade and to sustainable management of tropical timber producing forests.
140. Mr. Birchmeier said that Switzerland firmly believed that it was neither realistic nor suitable to work towards one universal forest certification and timber labeling scheme, given the diversity of forests and other conditions. He supported a phased approach to certification which allowed countries to catch up with certification requirements and mentioned that synergies between improved law enforcement and certification could be tapped through such a phased approach. He called for a verification of legal compliance, as a first step, and gradually introducing other elements of sustainable forest management.
141. Mr. Birchmeier noted that given the importance of the issue of certification to tropical timber trade and sustainable management of tropical forests, there was the need for ITTO to have a special action plan on certification, as an addendum to the Yokohama Action Plan.
142. Mr. Enzo Barattini (European Community) commended the consultants and the ITTO Secretariat for the report on the International Workshop on Comparability and Equivalence of Forest Certification Schemes. He indicated that the European Community generally supported the recommendations of the workshop and also indicated the European Community's support for mutual recognition of certification schemes. He, however, mentioned that further examination of some of the recommendations was necessary. He called for further discussions on the issue of

national schemes and highlighted the need for a regional or international approach to certification as a preference to national approach. He supported the recommendation for ITTO to provide support for capacity building to producer Member Countries in forest certification and indicated that building such capacity could contribute to the control of illegal logging and trade. Regarding the concept of a phased approach to certification, Mr. Barattini indicated that there was the need for further discussions by the Council. He called for prioritization of the recommendations.

143. Ms. Jan McAlpine (USA) said that certification had had much more impact than originally perceived. She noted with concern the low level of certified forests in tropical timber producing countries. She stated that certification was a market-based tool in promoting sustainable forest management and indicated that although ITTO had a role to play in certification, it should not endorse or be perceived to endorse any particular certification scheme. She noted ITTO's role in facilitating discussions among stakeholders on the issue of certification but stressed that ITTO should not play any role in creating any formal certification scheme or develop activities related to assisting in the creation of a management structure or training of staff for a particular certification system(s) or in assisting in marketing of a particular certification system(s). She highlighted the need for ITTO to focus its activities on assisting countries to build capacity to move towards sustainable forest management. She cited certain areas like forest inventory, assessment, planning, development and implementation of criteria and indicators, assisting countries in adapting such criteria and indicators to national conditions and assistance in the development and implementation of auditing systems for monitoring and evaluation of sustainable forest management as areas ITTO could focus its attention on.
144. Mr. Dike Kari (Papua New Guinea) commended the Secretariat and the consultants for organizing the workshop on compatibility and equivalence of forest certification schemes. He supported the earlier intervention by the United States delegation that ITTO should not endorse or be perceived to endorse any one particular certification scheme.
145. Mr. Suboh Mohd. Yassin (Malaysia) said that certification had become a fact of life. He mentioned that there was a greater awareness and recognition among the workshop participants, that the phased approach to certification as being pursued by Malaysia was a potentially feasible and practical option available for tropical timber producers. He supported the recommendation that ITTO should strengthen its role in promoting timber certification, including among others providing support for capacity building in producer Member Countries. Mr. Yassin also highlighted ITTO's role in enhancing regional initiatives.
146. Ms. Célestine Ntsame-Okwo (Gabon) commended ITTO Secretariat and the consultants for organizing the workshop. She endorsed the recommendations contained in the report of the workshop, particularly capacity building in producer Member Countries in forest certification and promoting regional initiatives. She said that certification was an important tool to control illegal logging and illegal trade.
147. Mr. William Mankin (Global Forest Policy Project) mentioned that some of the detailed discussions of the working groups at the workshop appeared to have been omitted from the final report. He cited the issue of a phased approach and indicated that it was not very clear how the concept of a phased approach would have to be implemented although substantial discussions on the concept took place at the workshop that appeared not to have been captured in the final report. He also mentioned that it was unfortunate that buyers groups did not participate in the workshop. He indicated that some buyers groups had already been inventing versions of a phased approach and it would have been useful to have the benefit of the experience of these buyers groups at the workshop. He proposed that the Council could invite some buyers groups to future Council Sessions to discuss and present several of these ideas evolving at the market place. He supported the earlier intervention by the European Community that there was the need for further discussions on the concept of phased approach to certification.
148. Mr. Mok Suan Tuan (Forest Stewardship Council) said that based on his own experience and knowledge, the requirements of the ITTO criteria and indicators and the principles and criteria of FSC, he was convinced that most ITTO producer Member Countries, particularly those in Asia Pacific region were on the right path and had already established the foundation to meet the requirements of both the ITTO criteria and indicators as well as the principles and criteria of the FSC. He therefore expressed his disappointment that most countries appeared not to be ready and therefore were opting for a phased approach. Mr. Tuan read to the Council a resolution

adopted by the FSC Board of Director in Bonn in recognition of the role of ITTO in promoting sustainable forest management and moving towards certification. Mr. Tuan also informed the Council that the FSC was planning to establish an international center in Bonn as well as regional and national offices in Africa and Asia.

ITTO LONG-TERM STRATEGIC PLAN (Agenda Item 16)

149. The Chairperson referred to item 7 of the IAG report and informed the Council that at its tenth meeting, the IAG had discussed the issue of the ITTO long-term strategic plan in relation to the renewal of the ITTA, 1994. He invited comments from the Council.
150. Mr. Daniel Birchmeier (Switzerland) said that Switzerland recognized that in the past the implementation of the ITTA, 1983 and 1994 had lacked a strategic plan but that was attenuated by the ITTO Action Plans, implemented through annual work programmes. He mentioned that a strategic plan would allow setting of clear goals and objectives for the implementation of the agreement. However, he recognized that the foundation of the ITTO's work (long and short term) should be the International Tropical Timber Agreement. He further stated that in the logic of strategic planning, a new ITTA should first be promulgated and then the ITTO strategic plan would then follow as the first upstream implementation instrument. He said that legally the duration of the strategic plan should not extend beyond the duration of the ITTA. Mr. Birchmeier stated that inverting the logic sequence would be turning the ITTA into an instrument to implement the strategic plan, which should not be the case.
151. Mr. Birchmeier proposed that the issue of an ITTO long-term strategic plan should be re-visited under the new ITTA which would be the only basis for the definition of long-term goals and objectives for the Organization. He mentioned that many new international instruments and agreements had been negotiated or were still under negotiation since the ITTA, 1994 entered into force in 1997. He stated that there were lots of merits in the ITTA, 1994 and that the main part of the agreement was still very valid and adequate. He, however, mentioned that there were some important aspects relating to rules on enforcement and compliance as well as measures on appropriate means to implement such enforcement and compliance provisions which were not sufficiently dealt with in the agreement. He proposed the establishment of a working group to discuss the time table and the process for the preparation of a new ITTA.
152. Mr. Enzo Barattini (European Community) supported the proposal by Switzerland to set up a working group as a first priority to discuss the future of a new agreement for the Organization. He stated that on-going international dialogue on forests should be taken into consideration in discussing the framework of the future agreement. He indicated that it was necessary to start thinking about formulating a strategic plan with a limited duration before re-negotiating a new agreement. On the timetable for renegotiation of a new agreement, Mr. Barattini said the Council should start the process during the Thirty-third Session of the Council in November 2002, so that the process itself could begin in 2003. He said the timetable as proposed would cover the present duration of the agreement and the extension.
153. Mr. Toshiyuki Suzuki (Japan) said that it was important and desirable for ITTO to formulate a long-term strategic plan. He stated that discussions on the subject might be useful in order to listen to views of other delegations. He supported the views expressed by the delegation of Switzerland because (i) the Yokohama Action Plan 2002-2006 had just been adopted and therefore the Council should concentrate its efforts on the implementation of the Yokohama Action Plan 2002-2006; (ii) the current ITTA, 1994 would be valid until 2006 and it would be difficult to envisage the content of the new ITTA.
154. Ms. Jan McAlpine (USA) said that the United States associated itself with the view expressed by the delegation of Switzerland that it would not be useful to discuss a long-term strategic plan before the re-negotiation of a new agreement. She reiterated the views expressed by the delegation of Japan that the Council had just adopted a new Action Plan. She said that the first step to any long-term strategic plan would be to ensure that there was a new agreement. On the issue of planning for the re-negotiation of a new agreement, Ms. McAlpine noted that the re-negotiation should be completed by December 2006. She mentioned that considering the time schedule of Council Sessions and the amount of work required for re-negotiation of a new agreement, it would be appropriate for Council to consider setting up a working group to look at the planning process for the re-negotiation.

155. Dr. Tachrir Fathoni (Indonesia) stated that considering the fact that the ITTA, 1994 would not expire until December 2006 and also that the Yokohama Action Plan had just been adopted by the Council, there was no need for a long-term strategic plan for the Organization. On the issue of re-negotiation of the ITTA, Dr. Fathoni said that there was still enough time since the ITTA had just been extended.
156. Mr. Jianyu Mao (People's Republic of China) supported the views expressed by Japan and Indonesia that in view of the fact that the Yokohama Action Plan 2002-2006 had just been adopted there was no need for the Council to discuss any long-term strategic plan at the moment.
157. Mr. Enzo Barattini (European Community) supported the proposal for a working group to begin the planning process for the re-negotiation of the agreement. He stated that a possible extension of the agreement was indispensable and must be envisaged and approved. He highlighted that negotiations of agreements do require a considerable amount of time and therefore if the agreement was not extended after 2003, then there would be no agreement to replace the current one.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO WORK PROGRAMME FOR THE YEAR 2002 (Agenda Item 17)

158. The Executive Director reported on the status of implementation of the ITTO Work Programme for 2002. He stated that for each activity, the Secretariat identified the implementation approach and cost implications as well as the implementation status. The report is contained in document ITTC(XXXII)/11.
159. Mr. Takehiro Osugi (Japan) recalled that at the Thirty-first Session of the Council, members were requested to provide, on a voluntary basis, information on the imports and exports of tropical timber. He indicated that such an information would be necessary for the implementation of sustainable forest management and to design measures against illegal logging and trade in tropical timber.

ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVII) (Agenda Item 18)

(a) Progress Report on the ITTO Fellowship Programme

160. The report was presented by Mr. E. Collins Ahadome (ITTO Secretariat). He referred to document ITTC(XXXII)/12 and reported that one hundred and five (105) fellowships amounting to US\$586,684 had so far been awarded under the Freezailah Fellowship Fund. Seventy-five per cent (75%) of these awards were in the field of Reforestation and Forest Management, fifteen per cent (15%) in Forest Industry and ten per cent (10%) in Economic Information and Market Intelligence. In terms of geographical distribution of the awards, twenty-eight per cent (28%) were awarded to applicants from Africa, thirty-six per cent (36%) from Asia-Pacific, twenty-six per cent (26%) from Latin America, six per cent (6%) from developing consumer countries and four per cent (4%) from consuming countries. Females accounted for thirty-seven per cent (37%) of the total awards. Mr. Ahadome also reported that through Decision 1(XXXI), Council provided US\$190,000 for the Freezailah Fellowship Fund in 2002 and requested an additional funding of US\$210,000 to cover awards and other costs for 2002.
161. Pledges to the Freezailah Fellowship Fund were made by Australia (US\$10,000), Japan (US\$100,000) and United States of America (US\$100,000).

(b) Report of the Chairperson of the Fellowship Selection Panel

162. The report was presented by Dr. B.C.Y. Freezailah, Chairperson of the Fellowship Selection Panel. He referred to document ITTC(XXXII)/13 and reported that the Fellowship Selection Panel composed of representatives of Central African Republic, Colombia, Malaysia, Australia, Switzerland and USA met twice during the Thirty-second Session of the ITTC. The Panel evaluated a total of 122 applications and recommended 28 applications for Council's approval.
163. The Council unanimously approved the report of the Fellowship Selection Panel.

DRAFT ANNUAL REPORT FOR 2001 (Agenda item 19)

164. Mr. E. Collins Ahadome (ITTO Secretariat) reported on the activities of the Organization in 2001, as detailed in the Draft Annual Report, document ITTC(XXXII)/4. The key decisions, policy work, voluntary contributions received by the Organization in 2001 and a summary of projects, pre-projects and activities funded by the Organization in 2001 were noted. Also highlighted in the draft Annual Report was the work of the Committees and a summary of the world timber situation in 2001.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 20)**(a) Pledges to the Special Account and the Bali Partnership Fund**

165. The Chairperson invited pledges to the Special Account and the Bali Partnership Fund. Switzerland pledged US\$150,000 to be transferred from the Swiss Trust Fund to the Bali Partnership Fund Sub-Account B.

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

166. The Council noted the resources in the Bali Partnership Fund as contained in document CFA(XI)/5.

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

167. The report was presented by Ms. Kayoko Fukushima, Chairperson of the Panel. The Panel was composed of representatives of Japan, Switzerland, USA, Colombia, Cameroon, Malaysia and the Executive Director.
168. Ms. Fukushima mentioned that as at the end of the Thirty-first Session of the Council, twenty-three activities, three pre-projects and three projects with a total budget amount of US\$7,694,157.00 had been funded from the resources of the Sub-Account B. The available resources of the Sub-Account B of the BPF amounted to US\$3,279,520.69. The Panel recommended to the Council that the financing limit of projects, pre-projects and activities to be financed from the Sub-Account B of BPF should not exceed US\$1.3 million. The Panel also recommended to the Council a list of prioritized actions, pre-projects and projects eligible for financing from the resources of the Sub-Account B of the BPF.
169. The Council unanimously adopted the report of the Panel (the full report is contained in document ITTC(XXXII)/14).
170. Ms. Jan McAlpine (USA) noted the diminishing resources in the Bali Partnership Fund Sub-Account B and urged the Council to pay attention to the fact that there was the need to replenish the resources in the Fund and in her view it should be replenished at some significant level. Consequently, the USA would be hosting "Friends of ITTO" meeting to familiarize countries, foundations and other interests with ITTO and its contributions, in Washington, D.C. USA, prior to the Thirty-third Session of the Council. She also noted for the Panel's consideration the mechanism for prioritizing projects, pre-projects and activities for funding. She said that funding of projects, pre-projects or activities with very high budgets would diminish the resources in the Sub-Account B of the BPF to the disadvantage of other activities, especially if such activities do not accurately represent the priority of the Organization. She cited the funding of PD124/01 Rev.2 (M) Phase 1, Stage 1 – Promotion of Sustainable Management of Africa Forest (US\$634,983.00) to buttress her point. She urged the Council to develop a mechanism that would ensure that the BPF met the objectives that it was originally intended to serve.
171. The Council applauded the great contributions of Ms. Kayoko Fukushima to the ITTO and wished her every success in her new assignment.

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda item 21)

172. Ms. Astrid Bergquist (Sweden), Chairperson of the Committee on Economic Information and Market Intelligence, presented the report of the Committee.

173. She referred to document CEM(XXX)/5. She reported that the Committee noted the report of the ITTO Annual Market Discussions held in a joint Session of the Committees under the themes "Tropical Timber Trade: Review and Prospects" and "Creating Opportunities for the Trade from ITTO's Work". The moderator for the Annual Market Discussion was Mr. Barney Chan (Sarawak Timber Association).
174. Ms. Bergquist said that the Committee reviewed the status of twelve (12) projects, seven (7) pre-projects and one (1) activity that were under implementation. The Committee also considered the reports of four (4) completed projects and two (2) completed pre-projects. The Committee recommended to the Council the approval and funding of three (3) new projects and two (2) new pre-projects. The Committee also recommended to the Council that funding be made available for three (3) projects and three (3) pre-projects approved at earlier Sessions.
175. On policy work, Ms. Bergquist reported that the Committee discussed among other issues; market access, timber certification, life cycle analysis (LCA) of timber products, proposed listing of timber species in the appendices of CITES, trade in secondary processed wood products (SPWP), United Nations Forum on Forests (UNFF) – matters on trade and sustainable forest management, Inter-Secretariat Working Group on Forest Statistics, creating greater opportunities for tropical timber trade from ITTO's work and issues and highlights of the ITTO Annual Market Discussion – 2002.
176. The report of the Committee was unanimously approved by the Council (the full report is contained in Annex IV).
177. Dra. Angela Andrade (Colombia), Chairperson of the Committee on Reforestation and Forest Management, presented the report of the Committee. She referred to document CRF(XXX)/19.
178. She reported that the Committee took note of the status report on 85 projects in the field of Reforestation and Forest Management which were either (i) in the process of implementation (74); (ii) awaiting the signing of an agreement (7); (iii) pending finance (4); or (iv) falling under the sunset provision since the last Session. The Committee reviewed one completed project where the field activities had been completed and the final report and other technical documentation including audited financial report of the project accounts had been submitted to the Secretariat. The Committee also reviewed twelve (12) completed projects and two (2) completed pre-projects pending financial audit reports. The Committee received the reports of ex-post evaluation of twelve (12) projects selected by the Committee at its Twenty-eighth Session and selected thirteen (13) additional completed projects for the next ex-post evaluation. The Committee recommended to the Council the approval and funding of twelve (12) projects and five (5) pre-projects and requested additional funding for one project.
179. On policy work, Dra. Andrade reported that the Committee discussed the following issues: International Conference on Criteria and Indicators for Sustainable Forest Management (ICCI 2002); Outcomes of the workshop and Expert Panel on ITTO's Mangrove Forest Ecosystem Work Plan [Decision 7(XXXI)] and their possible implication for the policy work of the CRF; ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests; and Forest Fire.
180. The report of the Committee was unanimously adopted by the Council (the full report is contained in Annex IV).
181. Ms. Candy Green (USA), Chairperson of the Committee on Forest Industry, presented the report of the Committee.
182. She referred to document CFI(XXX)/7. The Committee received the report of one completed project and a completed pre-project and selected one completed project in the Philippines for ex-post evaluation. The Committee reviewed the implementation status of twenty-seven (27) projects and eleven (11) pre-projects and noted that six (6) projects and two (2) pre-projects were awaiting implementation of agreement. The Committee recommended to the Council the approval and funding of four (4) projects and three (3) pre-projects and requested additional funding for one project.

183. On policy work, Ms. Green reported that the Committee discussed the following issues in a joint CEM/CFI Session: Review of international wooden furniture markets; increasing utilization efficiency and the reduction of losses and waste throughout the production chain; and assessment of the multiple benefits of downstream processing of tropical timber in Producer Countries.
184. The report of the Committee was unanimously approved by Council (the full report is contained in Annex IV).
185. The report of the Committee on Finance and Administration was presented by Ms. Kayoko Fukushima, Chairperson of the Committee. She referred to document CFA(XI)/7 Rev.1. She said that the Committee discussed the current status of the Administrative Account for 2002 and recommended to the Council to authorize the Executive Director to transfer, if necessary, an amount not exceeding US\$100,000 from the Working Capital Account (WCA) to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization for the year 2002. The Committee also reviewed the contributions to the Inter-sessional Working Group on Financial and Administrative Matters on the treatment of arrearages and decided that the matter of arrearages should be identified as a separate agenda item at the next Session of the CFA.
186. Ms. Fukushima indicated that the Committee discussed the Auditor's Report for the Financial Year 2001 and recommended to the Council to adopt the Report.
187. The Council unanimously approved the report of the Committee (the full report of the Committee is contained in Annex IV).

DATES AND VENUES OF THE THIRTY-THIRD, THIRTY-FOURTH AND THIRTY-FIFTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 22)

188. The Chairperson confirmed that the Thirty-third Session of the Council would be held from 4 to 9 November 2002, in Yokohama, Japan. He noted that the proposed dates for the Thirty-fourth Session to be held in Panama City, Panama was 26-31 May 2003. He informed the Council that the proposed dates had coincided with the dates for UNFF3 and, in consultation with the Secretariat, proposed that the Thirty-fourth Session of the Council should be held from 12 to 17 May 2003.
189. Mr. Raúl Gutiérrez Rivera (Panama) repeated the invitation of the Government of Panama to host the Thirty-fourth Session of the Council in Panama City. He noted that originally the Thirty-fourth Session of the Council was scheduled for 26-31 May 2003 which happened to coincide with UNFF3, and therefore, welcomed the proposed new dates for the Thirty-fourth Session as 12-17 May 2003. He highlighted the excellent infrastructural facilities in Panama that had made the City the venue for numerous major international events. He informed the Council that 2003 marked the centenary anniversary of Panama's independence and the Thirty-fourth Session of the ITTC had been included in the Country's centenary celebrations agenda as one of the key events in the area of sustainable management and the environment. He expressed Government of Panama's delight and honour to host the Thirty-fourth Session of the ITTC. He extended a warm and cordial invitation to all delegates to attend the Thirty-fourth Session of the ITTC in Panama City.
190. Mr. Shoji Sato (Japan) re-confirmed that the Thirty-third Session of the Council would be held from 4 to 9 November 2002, in Yokohama, Japan. He proposed that the Thirty-fifth Session of the ITTC be held from 3 to 8 November 2003, in Yokohama, Japan. He however, noted that the proposed dates would depend on future Council Decision on the frequency and duration of the Council and Committee Sessions.

OTHER BUSINESS (Agenda Item 23)

Statement by the Representative of the Center for International Forestry Research (CIFOR)

191. Dr. David Kaimowitz, Director General, CIFOR, addressed the Council. He noted that the Collaborative Partnership on Forests (CPF) had brought together thirteen of the world's main organizations and agencies concerned about forests. He said that members of the CPF had been meeting regularly to strengthen their formal and informal cooperation. He attributed the success

of the CPF to the goodwill and efforts of particularly, Dr. Manoel Sobral Filho, ITTO; Dr. Hosny El-Lakany, FAO; and Mr. Jagmohan Maini, UNFF.

192. Dr. Kaimowitz noted that one of the main objectives of the ITTO stated in the ITTA, 1983 was to promote and support research and development with a view to improving forest management and wood utilization, and indicated that as Director of a research institution, he was greatly heartened by the many different research efforts that the ITTO had supported. He also acknowledged the fact that many people had doubts about the contributions of research to sustainable forest management. He indicated that although the world had been spending several billions of dollars on tree planting, preparation of management plans, creating national parks, fighting forest fires and enforcing forestry laws, the successes had been way too few and far between. He said that it was absolutely essential to give some thought as to why there had not been greater successes, and the issue should be discussed not only among small group of experts but also with forestry companies, government officials, NGOs and local communities.
193. Dr. Kaimowitz highlighted three examples of the type of research being carried out by CIFOR:
- together with CIFOR's national partners in Brazil, Bolivia and Peru, CIFOR is currently looking at specific sustainable forest management practices adopted by forest companies in each of these countries;
 - CIFOR's extensive research on secondary forests in Asia and Latin America, carried out with large number of national partners, has provided the basis for many of the specific points included in the "Guidelines for the Management of Secondary Tropical Forests, Tropical Forest Restoration and Rehabilitation of Degraded Lands". He hoped that the Guidelines would play an important role in forest restoration efforts; and
 - CIFOR and the Forest Research and Development Agency of Indonesia (FORDA) have been working hard on providing inputs into forest management in the District of Malinau, East Kalimantan, with the generous support from the ITTO. He noted that these efforts had provided major lessons for the implementation of reduced-impact logging, improving the process of decentralization of forest management, conserving biodiversity in production forests, and reducing conflicts over forest tenure involving local communities.

Statement by the Representative of FAO

194. Mr. Wulf Kilmann, Director of Forest Products Division of FAO addressed the Council on behalf of FAO.
195. In his statement, Mr. Kilmann noted the close collaboration between FAO and ITTO. He indicated that the two organizations had been complementing each other's efforts, thus avoiding the risk of duplication. He said that recent areas of collaboration between ITTO and FAO included: forest fires; criteria and indicators for sustainable forest management; certification; climate change; statistics; illegal logging; and reduced-impact logging. He noted ITTO's active participation in the CPF within the UNFF process and the close cooperation between ITTO and FAO as well as other partners in the CPF.
196. Mr. Kilmann stated that FAO had been cooperating with ITTO on criteria and indicators since 1996. ITTO and FAO jointly co-hosted (with UNEP and CIFOR) an expert consultation in Rome in November 2000. As a follow-up to one of its main recommendations, ITTO, FAO, the Government of Finland, the US State Department and the US Forest Service would co-sponsor an International Conference on Criteria and Indicators in the course of this year. On certification, Mr. Kilmann said that FAO was pleased to have participated in the "ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes" held in Kuala Lumpur. The Conference built on the successful FAO-GTZ-ITTO seminar on "Building Confidence among Forest Certification Schemes and Their Supporters". He looked forward to further collaboration in the future.
197. Mr. Kilmann cited definitions and guidelines as another field of common interest between FAO and ITTO. He said that ITTO strongly supported FAO, IPCC, IUFRO and CIFOR in organizing the Expert Meeting on Harmonizing Forest-related Definitions for Use by Various Stakeholders. He noted that some of ITTO's cross-cutting strategies were contributing to the formulation and implementation of FAO's work on national forestry programmes, including increasing country capacity on policy analysis and implementation and improving governance and institutional performance within the forestry sector.

198. Mr. Kilmann extended an invitation to the ITTO to attend FAO Regional Forestry Commission meetings as well as the Committee on Forestry (COFO) meetings. He said that there was a new spirit emerging amongst leadership and staff of international bodies, institutions and organization dealing with global forestry issues – the spirit of reaching out across the borders of the respective organization, and the spirit of collaboration. He urged all international organizations dealing with global forestry issues to make use of this spirit to intensify collaboration and make better use of synergies to achieve common objectives.

Statement by the Representative of the Trade Advisory Group (TAG)

199. The statement was presented by Mr. Barney Chan, General Manager, Sarawak Timber Association. He hoped that delegates found the 2002 Annual Market Discussion informative and worthwhile and indicated that for lack of time, five papers were not presented.
200. Mr. Chan reiterated the concern of both the producer and consumer trade members of the TAG on the issue of certification. He said the TAG would not support any one certification scheme and stressed the TAG's support for a phased approach to certification.
201. The TAG noted the concern of delegations on the issue of illegal logging and illegal trade in timber and timber products and condemned such trade practices. Mr. Chan noted that these illegal acts had brought disgrace to the tropical timber trade and were having a severe negative impact on the mainstream legal trade. He assured the Council that the TAG was equally concerned and was taking steps to correct the situation and called for more assistance from the ITTO and its Members.
202. Mr. Chan reported that the TAG had made excellent progress in terms of dissemination of trade information to create transparency in the market. The TAG electronic mailing list has 466 subscribers and is very useful in keeping the trade in the three regions informed. He noted that trade participation in the Thirty-second Session had been rather thin because many producers in African and Latin America could not simply afford it.
203. In conclusion, Mr. Chan provided a snapshot of the tropical timber trade. In general all three regions reported lower trading volumes and weak prices. He said that was reflective of current global economic conditions. However, he was optimistic that the global economic situation was improving and that the mills might resume production, re-employ laid off labour and generate much needed income for economic development.

Statement by the Delegation of Cuba

204. Mr. Fidel Ramos Perera, Viceminister of Forests, Ministry of Agriculture addressed the Council.
205. He thanked the Council for admitting Cuba as an observer to the Thirty-second Session of the Council. He expressed his gratitude to the Government of Indonesia, particularly the Governor of Bali Province for the warm reception and hospitality. He provided a brief background information on Cuba's geography and forest resources. At the beginning of the last century (1900), 54% of the land area of Cuba was covered with forests, but this figure had decreased to 13% by 1960. Mr. Perera reported that through a national forestry programme and a new forestry law approved in 1998, the percentage area of forests had increased to 22% and hoped it would increase to 30% by the 2015. Cuba is currently planting 40,000 ha of forests annually and has achieved sustainable management of its forest resources. Cuba now has 2 million ha of natural forests and 450,000 ha of planted forests.
206. Mr. Perera commended the excellent organization and the depth of discussions at the Thirty-second Session. He was also pleased with the decisions adopted by the Council during the Session. He invited delegates to visit Cuba, the pearl of the Caribbean.

Statement by the Delegation of Vietnam

207. Mr. Pham Trong Hien, Senior Expert, Department of International Cooperation, Ministry of Agriculture and Rural Development of Vietnam addressed the Council.
208. He thanked the Council for the opportunity to participate in the Thirty-second Session of the ITTC. He gave the Council a brief background information on the forestry sector of Vietnam. He said that the Government of Vietnam, with the assistance of the international community, had achieved significant progress in economic development and that Vietnam was currently the third largest exporting country of coffee in the world. Vietnam was embarking on a massive

reforestation programme and also protecting the existing 19 million ha of natural forests, through various measures, including reduced-impact logging. The government's reforestation programme is aimed at reforesting 5 million ha of denuded or degraded lands during the period 2001-2010. The government has therefore embarked on a programme to mobilize internal and external resources to support the reforestation programme and has prepared a forestry sector development plan. Mr. Hien mentioned that the government had achieved an increase in Vietnam's forest cover from 20% to 33% during the past decade.

209. Mr. Hien commended the ITTO for assisting Member Countries efforts towards sustainable forest management. He expressed Vietnam's interest in the ITTO Mangrove Work Plan for sustainable management and conservation of mangrove forest ecosystems. Vietnam has over 100,000 ha of mangrove forests.
210. Mr. Hien stated that Vietnam was currently exporting about 500,000 m³ of timber products per annum from plantation forests and importing about 100,000 m³ of timber from Laos, Myanmar and Indonesia.
211. Mr. Hien expressed Vietnam's interest to become an official Member of ITTO. He called on the ITTO to assist in organizing a workshop on ITTO awareness promotion in Vietnam. He thanked the Government of Indonesia for hosting the Session and for the warm hospitality accorded to delegates.

Statement by the Representative of the Common Fund for Commodities (CFC)

212. Mr. Siegfried Hirsch, Associate Project Manager, addressed the Council on behalf of the Common Fund for Commodities.
213. He informed the Council that CFC was providing assistance for the reformulation of an ITTO project proposal on "Utilization of Small Diameter Logs from Sustainable Sources for bio-composite products" and had commissioned a study on the "Potential and Socio-Economic Benefit of Sustainable Management of Non-Timber Forest Products in Cameroon, Congo, Gabon and the Central African Republic". The results of such study are expected to constitute the basis for a wider regional approach to a project proposal that was originally country-focused. Mr. Hirsch said that these two activities were part of the continuous support of the CFC to the ITTO. Besides, the CFC was also contributing two-thirds of the financing of the project on "Genetic Resistance of Iroko to *Phytolyma lata*" approved at the Thirty-second Session of the Council and also financing four ITTO projects currently under implementation and two projects already completed. He was pleased that an independent ex-post evaluation report on one of the completed projects, "Forest Fire Management in Indonesia", indicated that the project was a success. He pledged the CFC's continued support to ITTO's project work.

DECISIONS AND REPORT OF THE SESSION (Agenda item 24)

214. The Chairperson referred to documents ITTC(XXXII)/15 to ITTC(XXXII)/25 comprising eleven (11) Decisions for adoption by the Council at its Thirty-second Session. The Council approved all the eleven Decisions (these are reproduced in Annex III). 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.

CLOSING OF THE SESSION (Agenda Item 25)

Statements by delegations

215. Mr. Joel Sampaio (Brazil) commended the Chairperson, the Vice-Chairperson, the Executive Director and the Secretariat for a very successful ITTC Session. He expressed his gratitude to the Government of Indonesia, especially the Governor and people of Bali Province. He said that the Session accomplished a great deal and attributed it to the spirit of cooperation and partnership that prevailed among delegates, even on potentially controversial issues. He was particularly pleased with the joint Producer/Consumer caucus meeting that led to the adoption of Decision 8(XXXII) on the "Organization of Work under the ITTA, 1994" and Decision 11(XXXII) on "The Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management". He highlighted the importance of Decision 2(XXXII) on "Civil Society Advisory Group" for the future of ITTO.

216. Mr. Sampaio commended the TAG and the Secretariat for organizing the Annual Market Discussion.
217. Ms. Neria Agra Andin (Philippines), on behalf of the ASEAN delegation expressed her deep appreciation to the Chairperson and the Executive Director for the successful conduct of the Thirty-second ITTC Session in Bali, Indonesia. She expressed her sincere thanks to the ITTO Secretariat, translators, interpreters as well as the Indonesian support staff for their great assistance. Ms. Andin thanked the donor community for their timely financial interventions. She assured donors that their show of confidence would be complemented with useful results that would strengthen and sustain the ITTO gains. She congratulated the Government of Indonesia for the cordial atmosphere and the warm reception accorded to delegates. On behalf of ASEAN delegations, Ms. Andin welcomed the participation of Vietnam, as an observer, and looked forward to Vietnam becoming a full Member of the ITTO.
218. H.E. Ms. Cathérine Angèle Boka Agoussi (Côte d'Ivoire) expressed her gratitude to the Government of Indonesia, particularly the Province of Bali for the warm reception accorded to delegates. She commended the Chairperson of the ITTC, the Executive Director and the staff of the Secretariat for the excellent organization of the Thirty-second ITTC Session.
219. She urged Consumer Members of the ITTO to recognize efforts being made by Producer Countries on certification. She welcomed the participation of members of civil society in the relevant activities of the ITTO but indicated that their participation should not be limited to the conservation of biodiversity but rather viewed from the perspective of sustainable forest management in general. She expressed her appreciation to the ITTO and donors for assisting to implement projects in Producer Countries which had resulted in improved forest management in most countries. She noted that the amount of financing of projects was diminishing and thanked consumer members who had been providing most of the support to the ITTO and urged other consumer countries who had been hesitant in the past to commit themselves to support producer countries to achieve sustainable management of their forests. She was particularly grateful to the Government of Japan, USA and the Common Fund for Commodities for financing two of Côte d'Ivoire's projects at the Session.
220. H.E. Mr. Juan Mayr Maldonado (Colombia) said that his interaction with delegates and the various presentations made at the Session had enlightened him on the importance of ITTO. He congratulated the ITTO for its contributions to the sustainable management of the tropical forests. He commended the high level of professionalism and the great support that ITTO had been providing to Producing Member Countries and stressed ITTO's great future in the new millennium. He commended the Chairperson of the ITTC, the Executive Director and staff of the Secretariat for a successful ITTC Session. He noted that ITTO as an organization was making it possible to reconcile the interests among various groups and that had been one of the central advantages for achieving solutions to issues that otherwise seemed controversial. He appealed to donor countries to re-double their efforts in providing assistance to finance projects. He welcomed the initiative by the United States to hold a meeting of "Friends of the ITTO" in order to give the ITTO greater visibility and to obtain additional resources. He extended his gratitude to Japan, Switzerland, United States, the Netherlands and other donor countries who had been increasing their finance to the ITTO. He stressed that it was essential for the Council to move forward on all the Decisions adopted at the Session. He expressed his gratitude to the government of Indonesia, particularly the Province of Bali for hosting the Session and for the warm reception accorded to delegates. He wished the ITTO every success in the future.
221. Mr. Enzo Barattini (European Community) commended the Chairperson for his efficient and effective leadership of the Council. He highlighted the importance of the Decisions adopted at the Session and noted the spirit of cooperation among the various delegations. He urged Members of the Council to continue to work hard in order to achieve the objective of the Organization. On behalf of the European Community, Mr. Barattini expressed his gratitude to the Government of Indonesia for the warm reception. He commended the Executive Director and the Secretariat for the excellent organization of the Thirty-second ITTC Session. He requested that in future documents for the Council Sessions should be sent to Members a little earlier to allow Members enough time to prepare for the Session. Mr. Barattini thanked the interpreters and translators for their hard work.
222. Mr. A.S.K. Boachie-Dapaah (Ghana) commended the Chairperson of the ITTC and the Executive Director for the efficient and effective leadership. He indicated that from the Chairperson's

- opening address to the Council, he had no doubt that the Thirty-second ITTC would be very successful. He expressed his gratitude to the Government and people of Indonesia, particularly the Province of Bali, for their hospitality and friendship. He noted and commended the spirit of cooperation, understanding and friendship between consumer and producer delegations throughout the Thirty-second Session. He urged the Council to continue in such atmosphere in order to strengthen the ITTO and make the world a better place for all.
223. Mr. Shoji Sato (Japan) was pleased to note that the Thirty-second Session of the ITTC was very successful. He recalled that the Council adopted the ITTO Year 2000 Objective in Bali and had re-confirmed the commitment to achieve that Objective by the Decisions adopted at the Thirty-second Session. He noted the Council Decision to support sustainable forest management in the Congo Basin countries and hoped that activities based on this Decision would assist the Congo Basin countries to progress towards Objective 2000. He also noted Decision 5(XXXII) – “ITTO’s Contribution to the World Summit on Sustainable Development (WSSD) 2002” and hoped that ITTO’s activities based on these two Decisions would make valuable contributions to the forthcoming WSSD meeting in Johannesburg. Mr. Sato noted Decision 7(XXXII) on the ITTO Mangrove Work Plan and hoped that the ITTO would further its work in the area of sustainable management and conservation of mangrove forest ecosystems under the approved Mangrove Work Plan.
224. Mr. Sato recalled the opening address of Mr. Kenichi Mizuno, Parliamentary Secretary for Ministry of Foreign Affairs of Japan, and stated that in spite of serious financial difficulties, Japan was determined to make every effort to support the ITTO and at the same time, hoped that ITTO would continue to improve efficiency of its work, including the streamlining of the Council Sessions currently being held twice a year. In this regard, he welcomed the Council’s Decision on the Organization of Work Under the ITTA, 1994, and hoped that it would lead to improvement in the overall efficiency of the Organization and in reducing costs.
225. Mr. Sato expressed his sincere thanks to the Chairperson and Vice-Chairperson of the Council for the able leadership. He commended the leadership of the spokespersons and thanked members of the Chairperson’s Bureau, the Executive Director, staff of the Secretariat, interpreters, translators and other support staff. Mr. Sato expressed his deep appreciation to the Government and people of Indonesia for their hospitality and friendship. He extended a cordial invitation to all delegates to attend the Thirty-third ITTC Session, from 4 to 9 November 2002 in Yokohama, Japan.
226. Dr. Fidel Reyes Lee (Guatemala) expressed his sincere gratitude to the Government and people of Indonesia, particularly the Province of Bali for their hospitality. He was greatly impressed with the depth of discussions and the decisions adopted by the Council to improve sustainable management of tropical forests. He commended the Chairperson, Vice-Chairperson of ITTC, the Executive Director, the staff of the Secretariat, the interpreters and translators for their hard work and professionalism. He thanked the Council for choosing Guatemala City to host the ITTO Meeting on Criteria and Indicators for Sustainable Management of Tropical Forests and extended a warm invitation to participants.
227. Mr. Don Wijewardana (New Zealand) informed delegates of a proposed UNFF inter-sessional experts meeting on the role of planted forests to be held from 24 to 30 March 2003, in New Zealand. The meeting is being sponsored by the Governments of Argentina, Australia, Canada, Chile, Malaysia, New Zealand, South Africa, UK and USA. Sponsorship is also being provided by CIFOR, FAO and ITTO.

Statement by the Consumer Spokesperson

228. Ms. Aulikki Kauppila (Finland), on behalf of the Consumer Group, expressed her appreciation for the spirit of cooperation that characterized the discussions at the Thirty-second Session. She expressed her warm thanks to the host country, Indonesia, for the excellent organization of the Session, and for the generosity and warm reception. She noted that the field excursion provided delegates a very good opportunity to witness the colourful culture of Bali, and also to learn about mangrove forests. She said that these were some of the great benefits of the spring meetings in different Producer Countries. She stated that Consumers felt that the Council had advanced on several issues of mutual interest and learnt from past experiences that enabled negotiations on possible decisions to be based on discussions either in the Council or in the joint caucus. She

urged the Council to stick to this principle in future Sessions of the Council. She stressed that it was important to avoid misunderstandings and the feeling of lack of transparency among delegates. She called on the Council to create a mechanism for a thorough exchange of views on issues of special sensitivity, before trying to enter into negotiations.

229. Ms. Kauppila noted that the Decision on Enhanced Participation of the Civil Society would prove to be a useful tool to improve the credibility of the Organization and its visibility and representation among those who tend to criticize all works in the field of forestry. She indicated that ITTO's credibility would also be improved by the Decisions on ITTO's Participation in the WSSD Meeting as well as the Promotion of Sustainable Forest Management in the African Region. The Mangrove Work Plan as well as the Guidelines for the Management of Secondary Tropical Forests, Tropical Forest Restoration and Rehabilitation of Degraded Forest Lands would also prove to be very useful for the work of the ITTO and its Member Countries. She looked forward to the report of the Expert Panel on the Organization of Work under ITTA, 1994 and the meeting of "Friends of ITTO" in Washington, D.C. to attract additional funding for ITTO. Ms. Kauppila welcomed the Decision on certification.
230. Ms. Kauppila expressed her personal thanks to Dr Untung Iskandar (Indonesia), the Producer Spokesperson, for the spirit of cooperation and friendship that characterized their discussions. She expressed her sincere pleasure working with Dr. Iskandar. She expressed her gratitude to the Chairperson for his excellent leadership under the stressful and easily confusing situation. She commended the efforts of the Executive Director, staff of the Secretariat, interpreters and translators for ensuring a successful ITTC Session.

Statement by the Producer Spokesperson

231. Dr. Untung Iskandar (Indonesia), on behalf of the Producer Group expressed his sincere appreciation and gratitude to the People and Government of Indonesia for their hospitality and efficiency in hosting the Thirty-second ITTC Session. He extended a special appreciation to the Governor and people of Bali Province for their generosity in supporting the Session. He acknowledged the full participation of H.E. Mr. Juan Mayr Maldonado, Minister of Environment of Colombia and H.E. Ms. Cathérine Angèle Boka Agoussi, Minister of Water and Forests of Côte d'Ivoire. He expressed his satisfaction and pleasure for working with Council Members, both Producers and Consumers, under the able leadership of Dr. Jürgen Blaser, Chairperson of the Council. He commended the good leadership of the Chairperson.
232. Dr. Iskandar welcomed the Decision on the Civil Society Advisory Group, and noted the vital role played by civil society, including environmental NGOs, in supporting efforts aimed at achieving sustainable forest management. He said that Producing Member Countries would cooperate with all parties in the field testing of the Guidelines for the Management of Secondary Tropical Forests Tropical Forest Restoration and Rehabilitation of Degraded Forest Lands. He welcomed the ITTO Mangrove Work Plan and said that it would provide guidance to Producer Members in formulating project proposals. He praised the Council Decision and mentioned that it recognized mangrove forest as one of the many tropical forest types that had been heavily degraded. Dr. Iskandar said that Producers were pleased with the Decision on certification as a tool to promote sustainable forest management. He reiterated that Producers would work together to facilitate the implementation of regional workshops in order to implement any of the phased approaches to certification. Dr. Iskandar requested to be placed on record that Producers regard "voluntary certification" with skepticism since it had almost become mandatory for tropical forest management systems to be certified as a condition to sell forest products in most markets. He was pleased with the number of approved fellowships and said that it was proof of ITTO's interest in improving human resources in Producer Countries.
233. Dr. Iskandar commended the Executive Director and staff of the Secretariat, the interpreters and translators for their efficiency and hard work. He extended his personal thanks to Ms. Aulikki Kauppila, the Consumer Spokesperson, for the cordial and friendly working relationship. Dr. Iskandar expressed his sincere thanks to the Association of Indonesian Forest Concession Holders (APHI), Indonesian Wood Panel Association (APKINDO), and the Sawmill and Wood Working Association for their generosity and hospitality during the Thirty-second Session of the ITTC.
234. Dr. Iskandar paid tribute to the untiring efforts and hard work of Ms. Kayoko Fukushima (Japan) who would be taking up a new assignment in the Ministry of Foreign Affairs of Japan. He said that the Producer Group would have a lasting memory of her contributions to the ITTO. He also paid

tribute to Dr. Efransjah (ITTO Secretariat) who would be taking up a new assignment with the UNDP, after nine years of service with the ITTO. He wished them every success in their new assignments.

Closing Statement by the Chairperson

235. Dr. Jürgen Blaser (Switzerland), Chairperson of the Council, in his closing address reiterated the call by H.E. Madam Megawati Soekarnoputri, President of the Republic of Indonesia, for increased international cooperation to help bring about sustainable forest management, forest rehabilitation and forest conservation. He paid tribute to all the dignitaries who honoured the Council with their presence. He was pleased that the civil society had responded positively to the Council's invitation to form an advisory group similar to the Trade Advisory Group. Dr. Blaser was pleased with the Decision on the Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests and noted that ITTO would spearhead the promotion of forest restoration and secondary tropical forest management. He was particularly delighted that the Council adopted two Decisions on the Congo Basin – one relating to forest conservation and sustainable development and the other relating to forest law enforcement. He welcomed the adoption of the ITTO Mangrove Work Plan and noted that through the work plan, ITTO would intensify its collaboration with other organizations and Member Countries in the sustainable management and conservation of mangrove forests.
236. Dr. Blaser noted that certification still remained a controversial issue within the Council, in spite of the adoption of Decision 11(XXXII). He proposed that the role of ITTO in certification be placed on the agenda of the Thirty-third Session of the Council. On the forthcoming Thirty-third Session, Dr. Blaser said that, apart from certification, the following issues might emerge as relevant for the Session:
- The role of ITTO in international forest related initiatives, particularly CPF and in relation to the forest work programme of the CBD;
 - The outcome of the first consultation on the ITTA and the preparation of a plan for the renegotiation of the successor agreement;
 - The Organization of Work of the ITTC and ITTO;
 - Clarification on ITTO's work on rattan and bamboo and the relationship with INBAR; and
 - Trade related issues for tropical timber, in particular in relation to legally produced timber, as well as declaration of origin and related market incentives and disincentives.
237. The Chairperson expressed his sincere thanks to the Governor and people of Bali for their hospitality and friendliness. He also expressed his gratitude to the Indonesian Ministry of Forestry, Indonesia Forest Concession Holders Association (APHI), Indonesian Wood Panel Association (APKINDO), Indonesian Sawmillers Association and the Swiss Embassy in Jakarta for their generous contributions and warm hospitality during the ITTC Session. The Chairperson commended the efficiency and hard work of the Executive Director and staff of the Secretariat, the interpreters and translators. He also thanked all the delegations, observers and special invitees for their positive contributions to the work of the Council.
238. The Chairperson officially closed the Thirty-second Session of the ITTC.

ANNEX I

LIST OF PARTICIPANTS

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

Distr.
General

ITTC(XXXII)/Info.2 Rev.1
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THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

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- ** Ms. Khong Lye Fong
- ** Dr. Weng-Chuen Woon
- ** Mr. Frederick Kugan
- ** Dr. Penguang Manggil
- ** Dato' Dr. Freezailah bin Che Yeom

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 Principal Assistant Secretary, Ministry of
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 Assistant Secretary, Timber Industry Division,
 Ministry of Primary Industries, Kuala Lumpur
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 Headquarters, Kuala Lumpur
 Deputy Director, Malaysian Timber Industry
 Board, Kuala Lumpur
 Director, Techno-Economics Division, Forest
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- * Mr. Livo Mele
Director of Forestry, Forestry Department, Port
Vila

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Potential Members

CUBA

Mr. Fidel Ramos Perera	Viceministro Forestal, Ministerio de Agricultura
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VIET NAM

Mr. Pham Trong Hien	Senior Expert, Department of International Cooperation, Ministry of Agriculture and Rural Development
Mr. Nguyen Ton Quyen	Deputy Chairman, Timber Association of Vietnam

Specialized Agencies

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)

Mr. Wulf Killmann	Director, Forest Products Division, Forestry Department
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INTERNATIONAL TRADE CENTRE, UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT/ WORLD TRADE ORGANIZATION (UNCTAD/WTO)

Mr. Jukka Tissari	Market Development Officer
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Inter-Governmental Organizations

COMMON FUND FOR COMMODITIES

Mr. Siegfried Hirsch	Asóciate Project Manager
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INTERNATIONAL NETWORK FOR BAMBOO AND RATTAN (INBAR)

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Dr. Xuhe Chen	Deputy Director General
Dr. Maxim Lobovikov	Program Manager

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Mr. Steward Maginnis	Head, Forest Conservation Programme
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INDONESIAN SAWNMILLERS' ASSOCIATION (ISA)

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Mr. Eka Deswanto
Mr. Soekardi
Mr. Jimmy Chandra
Dr. Hiras Sidabutar

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Mr. A.A. Malik
Mr. A. Irwan Aten
Mr. Jimmy Suharta
Ms. Warniati
Mr. Kelly Pradinata
Mr. Budi Kristiar
Mr. Paulus Dermawan

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INTERNATIONAL INSTITUTE OF ENVIRONMENT AND DEVELOPMENT (IIED)

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PT. PERHUTANI

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TRAFFIC INTERNATIONAL

Mr. Hin Keong Chen Senior Forest Trade Advisor

TROPICAL FOREST FOUNDATION

Mr. Keister Evans Executive Director

UDAYANA UNIVERSITY

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Dr. A.A. Sri Mas Agung
Dr. IGP Ardhana

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Director, WWF for Kalimantan Region

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Mr. James Dunlop	Consultant
Mr. Jean Prosper Koyo	Consultant
Dr. James Dawos Mamit	Consultant
Dr. Jeff Sayer	Consultant
Dr. Berthold Seibert	Consultant
Dr. Markku Simula	Consultant
Mr. James C. Sorenson	Consultant
Mr. Philip Wardle	Consultant
Mr. Patrick D. Hardcastle	Consultant
Dr. Jim Bourke	Market Discussion Speaker
Dr. Patrick Moore	Market Discussion Speaker

Earth Negotiations Bulletin - Reporting Staff

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Ms. Julia Buckner
Ms. Leila Mead
Ms. Tamilla Gaynutdinova
Mr. Jacob Andersen
Ms. Kira Schmidt
Ms. Anne Beck Beverly

Special Invitees to the Meeting on ITTO's Role in Forest Fire Management

Ms. Adelina Kamal	Senior Officer, Asean Secretariat
Dr. Joao A. R. Pereira	Fire Monitoring Coordinator, IBAMA
Mr. M. Kuswanda	Resident Advisor to PD89/90 (F)
Mr. Sudibyo	Executing Officer of PD89/90 (F)
Mr. P. Bambang Darmadja	Executing Officer of PD89/90 (F)
Dr. Daddy Ruhiyat	Executing Officer of PD89/90 (F)
Mr. Brett Shields	Director, Metis Associates
Dr. Dicky Simorangkir	Deputy Coordinator, Project Fire Fight South East Asia
Ms. Nina Haase	Project Officer, Project Fire Fight South East Asia
Mr. Duncan Sutherland	Director, Business Development, NSW Rural Fire Services
Mr. Ross Smith	Assistant Commissioner, NSW Rural Fire Services
Mr. Soedarmo	Head of Subdirector, Acting Director of Forest Fire Control, Ministry of Forestry

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Mr. Leo Scherman
Mrs. Odile Bertin-Faull
Mrs. Catherine Pouget-Alderton
Mrs. Hélène Hesske
Mr. Manuel Pastor
Mrs. Susana Hovell
Ms. Beatrice Fisher
Ms. Socorro Botero-Browning
Ms. Janet de Hasson
Mr. Luigi Luccarelli
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Ms. Claudia Adán
Ms. Beatriz Dorronsoró
Ms. Maria Eugenia Sanint
Mr. Francis Marche
Ms. Guyonne Proudlock
Ms. Claudine Fleury

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Chairperson	Dr. Jürgen Blaser
Vice-Chairperson	Dr. B.C.Y. Freezailah

Economic Information and Market Intelligence

Chairperson	Ms. Astrid Bergquist
Vice-Chairperson	Dr. Gilbert Kaya

Reforestation and Forest Management

Chairperson	Dra. Angela Andrade Pérez
Vice-Chairperson	Mr. Henri-Félix Maître

Forestry Industry

Chairperson	Ms. Candy Green
Vice-Chairperson	Dr. Fidel Reyes Lee

Finance and Administration

Chairperson	Ms. Kayoko Fukushima
Vice-Chairperson	Mr. Pravit Chittachumnonk

Spokespersons

Producers	Dr. Untung Iskandar
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Mr. Emmanuel Ze Meka
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Assistant Director, Reforestation and Forest Management

Dr. Steven E. Johnson
Statistician

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Market Information Service Coordinator

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Mr. Alastair D. Sarre
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Dr. Douglas C. Pattie
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Mr. Polycarpe Masupa-Kambale
Projects Manager, Reforestation and Forest Management

Dr. Jairo Castaño Galvez
Systems Analyst

Mr. Edmond Collins Ahadome
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Ms. Manami Oshima
Research Assistant

Ms. Patricia Hanashiro
Administrative Assistant

Ms. Kanako Sakaguchi
Secretary

Mr. Michiaki Fujimoto
Secretary

Ms. Naho Tamura
Secretary

Ms. Manako Hanawa
Secretary

Ms. Kayo Takahashi
Document Clerk

Ms. Akiko Yoshida
Secretary

Ms. Maiko Miura
Secretary

* * *

ANNEX II

AGENDA

DOCUMENT: ITTC(XXXII)/1

Distr.
GENERAL

ITTC(XXXII)/1
15 February 2002

Original: ENGLISH

THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

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. Proposed Distribution of Votes for 2002
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. Mangrove Conservation Programme – Decisions 9(XXIX) & 7(XXXI)
12. Guidelines for the Management of Secondary Tropical Forests, Tropical Forest Restoration and Rehabilitation of Degraded Forest Lands – Decision 6(XXX)
13. Strengthening Sustainable Forest Management in Central African Countries (Congo Basin) – Decision 11(XXX)
14. ITTO Objective 2000 – Decision 2(XXIX)
15. Certification – Decision 10(XXX)
16. ITTO Long-Term Strategic Plan
17. Progress Report on the Implementation of the ITTO Work Programme for the Year 2002 – Decision 10(XXIX)
18. ITTO Fellowship Programme – Decision 4(XXVII)
 - (a) Progress Report on the ITTO Fellowship Programme
 - (b) Report by the Chairperson of the Fellowship Selection Panel
19. Draft Annual Report for 2001

20. 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)
21. Reports of the Associated Sessions of the Committees
22. Dates and Venues of the Thirty-third, Thirty-fourth and Thirty-fifth Sessions of the Council and the Associated Sessions of the Committees
23. Other Business
24. Decisions and Report of the Session
25. Closing of the Session

ANNOTATIONS TO THE AGENDA

Item 1 - Opening of the Session

The Thirty-second Session of the Council will be opened by the Chairperson of the Council, Dr. Jürgen Blaser (Switzerland).

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(XXXII)/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), 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. Registration shall be during 14:30-18:00 Hours on Sunday, 12 May 2002 in front of Nusantara Room, First Floor, Bali International Convention Center (BICC), and 08:30-12:30 Hours and 15:30-17:00 Hours for 13 – 14 May 2002 at the same venue. The first Council meeting of the Session will convene at 10:00 hours on Monday, 13 May 2002. Please refer to the General Information Notes [Document ITTC(XXXII)/Info.1] for details.

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(XXXII)/3]

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

Item 6 - Proposed Distribution of Votes for 2002

[Document ITTC(XXXII)/1 Annex]

The proposed distribution of votes for the year 2002, in accordance with Article 10(6) of the ITTA, 1994, is shown in the Annex to this Agenda. In accordance with Article 19(4) of the ITTA, 1994, this distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for 2003.

Item 7 - Admission of Observers

[Document ITTC(XXXII)/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 who are applying for admission on 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 - Informal Advisory Group (IAG) – Decision 5(XXVI)
[Document ITTC(XXXII)/2]

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the Tenth Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 12 May 2002.

The report of the Tenth Meeting of the IAG will be presented by the Chairperson (Dr. Jürgen Blaser).

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 - Mangrove Conservation Programme – Decisions 9(XXIX) & 7(XXXI)
[Document ITTC(XXXII)/5]

Pursuant to its Decision 7(XXXI), the Council may receive the report of the Expert Panel established under this Decision to modify the draft ITTO Mangrove Work plan, taking into account the comments made by Members at the Thirty-first Session of the Council and the report of the workshop convened to assess current efforts on mangroves and relevant actors involved, gaps and opportunities, and the relationship of mangrove forest ecosystems to internationally traded products.

Item 12 - Guidelines for the Management of Secondary Tropical Forests, Tropical Forest Restoration and Degraded Forest Lands – Decision 6(XXX)
[Document ITTC(XXXII)/6]

Pursuant to its Decision 6(XXX), the Council may receive the report of the Expert Panel established under this Decision to consider the draft "ITTO Guidelines for the Management of Secondary Tropical Forests, Tropical Forest Restoration and Degraded Forest Lands".

Item 13 - Strengthening Sustainable Forest Management in Central African Countries (Congo Basin) – Decision 11(XXX)
[Document ITTC(XXXII)/7]

The Council may consider the report of the Technical Mission established under Decision 11(XXX) to assist strengthening sustainable forest management in five ITTO Central African Countries (Congo Basin).

Item 14 - ITTO Objective 2000 – Decision 2(XXIX)
[Documents ITTC(XXXII)/8 & 9]

Pursuant to its Decision 2(XXIX), which requested the Executive Director to render assistance to producer countries, on request, to identify, in each country, those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management and to formulate an action plan to overcome these, the Council may receive the report on the assistance provided to the Republic of Congo.

The Council may also receive Members' reports on progress towards achievement of ITTO Objective 2000. Pursuant to Decision 9(XXX) Members' reports are to be based on the reporting format adopted at the Thirtieth Session of the Council.

Item 15 - Certification – Decision 10(XXX)
[Document ITTC(XXXII)/10]

Under this agenda item, the Council may receive the report on the ITTO International Workshop on Comparability and Equivalence of Certification Schemes to be convened from 3 to 4 April 2002, in Kuala Lumpur, Malaysia.

Item 16- ITTO Long-Term Strategic Plan

The Council may consider the desirability of and work on a long-term strategic plan for ITTO as recommended by the Ninth Meeting of the IAG.

Item 17 - Progress Report on the Implementation of the ITTO Work Programme for the Year 2002

[Document ITTC(XXXII)/11]

The Council may consider the report on the implementation of the Work Programme for 2002.

Item 18 - ITTO Fellowship Programme – Decision 4(XXVII)

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(XXXII)/12]; and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(XXXII)/13]. The Council will announce the final selection of awards based on the Chairperson's report.

Item 19 - Draft Annual Report for 2001

[Document ITTC(XXXII)/4]

The Executive Director will present to the Council the Draft Annual Report for 2001.

Item 20- Special Account and Bali Partnership Fund

- (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(XI)/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.

Item 21 - 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 22 - Dates and Venues of the Thirty-third, Thirty-fourth and Thirty-fifth Sessions of the Council and the Associated Sessions of the Committees

The Council may wish to confirm the dates of the Thirty-third Session to be held from 4 to 9 November 2002, in Yokohama, and the Thirty-fourth Session to be held from 26 to 31 May 2003, in Panama City, Panama.

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 of the Thirty-fifth Session to be held in Yokohama in the fall of 2003.

Item 23 - Other Business

The Council may consider any matters raised under this item.

Item 24 - Decisions and Report of the Session

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

Item 25 - Closing of the Session

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

Annex

PROPOSED DISTRIBUTION OF VOTES FOR 2002

	<u>No. of Votes</u>	
	2001	2002 (Proposed)
<u>PRODUCERS</u>		
Africa		
Cameroon	26	26
Central African Republic	26	26
Congo	26	26
Côte d'Ivoire	26	26
Democratic Republic of the Congo	26	26
Gabon	26	26
Ghana	26	26
Liberia	26	26
Togo	26	26
Asia & Pacific		
Cambodia	18	17
Fiji	14	14
India	25	22
Indonesia	144	147
Malaysia	118	109
Myanmar	27	28
Papua New Guinea	30	29
Philippines	15	15
Thailand	16	16
Vanuatu	14	14
Latin America/Caribbean		
Bolivia	25	24
Brazil	156	163
Colombia	24	23
Ecuador	16	15
Guatemala	12	12
Guyana	18	17
Honduras	13	12
Panama	13	12
Peru	30	28
Suriname	16	15
Trinidad and Tobago	12	11
Venezuela	22	23
Total:	<u>1,000</u>	<u>1,000</u>

	2001	<u>No. of Votes</u> 2002 (Proposed)
<u>CONSUMERS</u>		
Australia	15	14
Canada	14	14
China	176	200
Egypt	15	16
European Community		
Austria	11	11
Belgium/Luxembourg	23	20
Denmark	14	13
Finland	10	10
France	31	33
Germany	28	25
Greece	11	11
Ireland	13	14
Italy	35	32
Netherlands	28	30
Portugal	19	20
Spain	27	32
Sweden	11	11
United Kingdom	39	43
Japan	287	262
Nepal	10	10
New Zealand	10	10
Norway	11	10
Republic of Korea	69	64
Switzerland	10	11
United States of America	83	84
Total:	<u>1,000</u>	<u>1,000</u>

* * *

ANNEX III

TEXT OF THE MAIN DECISIONS

ADOPTED BY THE COUNCIL AT ITS THIRTIY-SECOND SESSION

Documents:	DECISION 1(XXXII)	ITTC(XXXII)/15
	DECISION 2(XXXII)	ITTC(XXXII)/16
	DECISION 3(XXXII)	ITTC(XXXII)/17
	DECISION 4(XXXII)	ITTC(XXXII)/18
	DECISION 5(XXXII)	ITTC(XXXII)/19
	DECISION 6(XXXII)	ITTC(XXXII)/20
	DECISION 7(XXXII)	ITTC(XXXII)/21
	DECISION 8(XXXII)	ITTC(XXXII)/22
	DECISION 9(XXXII)	ITTC(XXXII)/23
	DECISION 10(XXXII)	ITTC(XXXII)/24
	DECISION 11(XXXII)	ITTC(XXXII)/25

THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

DECISION 1(XXXII)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Thirty-second Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM(XXX)/5, CRF(XXX)/19 and CFI(XXX)/7; and the report of the Second Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XXXII)/14 ;

1. Decides:

(i) to approve the following Projects:

PD 124/01 Rev.2 (M)	Promotion of Sustainable Management of African Forests Phase I Stage 1 \$634,983.00 Phase I Stage 2 \$634,982.00 Phase II \$864,070.00 Phase III \$1,444,144.00
PD 132/02 Rev.1 (M)	Application of an Experimental Model for the Economic Appraisal of the Utilization and Management of Colombian Flora - Case Study: <i>Meliaceae</i> and <i>Anacardiaceae</i> (Colombia) \$45,898.00
PD 140/02 Rev.2 (M)	Development of Criteria and Indicators for Sustainable Management Appropriated to Brazilian Tropical Forests \$396,313.00
PD 13/00 Rev.4 (F)	Support to the Akposso and Akebou Populations for the Participatory Management of Residual Forests in the Uncultivated Valleys of Akpe and Akama for the Production of Industrial Timber (Togo) \$389,262.00
PD 39/00 Rev.3 (F)	Sustainable Collaborative Forest Management: Meeting the Challenges of Decentralization in the Bulungan Model Forest (Indonesia) \$892,559.00
PD 53/00 Rev.3 (F)	Implementation of a Permanent Network of Stands Dynamics Monitoring Plots for the Gazetted Forests of Côte d'Ivoire (Côte d'Ivoire) \$342,795.00

PD 54/00 Rev.4 (F)	Genetic Resistance of Iroko to <i>Phytolyra lata</i> – Phase II (Côte d'Ivoire) \$378,584.00
PD 63/01 Rev.2 (F)	Assessment and Management of Mangroves Forests in Egypt for Sustainable Utilization and Development (Egypt) \$301,570.00
PD 84/01 Rev.3 (F)	Promoting the Sustainable Use and Conservation of Valuable Timber Trees in the Peruvian Amazon through Institutional Capacity Building (Peru) \$430,302.00
PD 125/02 Rev.1 (F)	II Latin American Forestry Congress (Guatemala) \$87,683.00
PD 128/02 Rev.2 (F)	Improvement of National Capabilities to Implement National Forest Inventories in the Amazonian Sub-region (Bolivia, Colombia, Ecuador and Peru) \$1,854,894.00
PD 130/02 Rev.1 (F)	Project for a 2,500 Hectare Timber Production Plantation in the Reserved Forest of Haho-Baloe (Plateaux Region – Togo): Phase II (Togo) \$644,731.00
PD 137/02 Rev.2 (F)	Demonstration Plantation of <i>Xantoxylum rhetsa</i> , <i>Manikara kauki</i> , <i>Alstonia scholaris</i> , and <i>Whrigtia pubescent</i> to Promote Sustainable Bali Natural Forest (Indonesia) \$261,438.00
PD 142/02 Rev.2 (F)	Sustainable Production of National Forests under the “Regime of Forest Concessions” (Brazil) \$878,157.00
PD 150/02 Rev.1 (F)	Plantation Promotion Seminar (Brazil) \$146,520.00
PD 96/01 Rev.2 (I,F)	Strengthening Capacity Building of Forest and Forest Products Research Base for Sustainable Forest Management in Cambodia (Cambodia) \$494,374.00
PD 108/01 Rev.3 (I)	Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia (Indonesia) \$434,839.00
PD 146/02 Rev.1 (I)	Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar) \$453,256.00
PD 151/02 (I)	International Conference on Quality Timber Products of Teak from Sustainable Forest Management (India) \$108,544.00

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

PD 132/02 Rev.1 (M)	\$45,898.00
PD 140/02 Rev.2 (M)	\$396,313.00
PD 39/00 Rev.3 (F)	\$892,559.00
PD 53/00 Rev.3 (F)	\$342,795.00
PD 54/00 Rev.4 (F)	\$378,584.00
PD 63/01 Rev.2 (F)	\$301,570.00
PD 125/02 Rev.1 (F)	\$87,683.00
PD 137/02 Rev.2 (F)	\$261,438.00
PD 142/02 Rev.2 (F)	\$878,157.00
PD 108/01 Rev.3 (I)	\$434,839.00
PD 146/02 Rev.1 (I)	\$453,256.00
PD 151/02 (I)	\$108,544.00

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

PD 54/99 Rev.2 (F)	\$83,704.00
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- (iv) to authorize the release of additional funds for the continued implementation of the following Project as soon as earmarked funds are available in the Special Account:

PD 94/90 Rev.3 (I)	\$15,900.00
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- (v) to authorize the release of additional funds in the amount of \$210,000.00 for the continued implementation of the Freezailah Fellowship Fund;

- (vi) 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 124/01 Rev.2 (M)	\$634,982.00	Phase I Stage 2
	\$864,070.00	Phase II
	\$1,444,144.00	Phase III
PD 13/00 Rev.4 (F)	\$389,262.00	
PD 84/01 Rev.3 (F)	\$430,302.00	
PD 128/02 Rev.2 (F)	\$1,854,894.00	
PD 130/02 Rev.1 (F)	\$644,731.00	
PD 150/02 Rev.1 (F)	\$146,520.00	
PD 96/01 Rev.2 (I,F)	\$494,374.00	

2. Decides:

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

PPD 48/02 (M)	Review of Information on Life Cycle Analysis of Tropical Timber Products \$37,740.00
PPD 49/02 (M)	Review of the Indian Timber Market \$103,785.00
PPD 37/02 Rev.1 (F)	Study for the Conservation, Rehabilitation and Sustainable Management of Mangroves in Togo (Togo) \$64,914.00

PPD 38/02 Rev.1 (F)	Assistance to the Kamina and Neighbouring Populations for the Realization of a Participatory and Integrated Project of Forest Management and Reforestation in the Akebou Area (Wawa Prefecture) – Togo (Togo) \$44,456.00
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) \$71,232.00
PPD 44/02 Rev.1 (F)	Firefight Initiative: Prevention rather than Cure \$91,245.00
PPD 47/02 (F)	Promotion of Clean Development Mechanism in the Framework of Sustainable Forest Management with Local Communities Involvement (Indonesia) \$53,000.00
PPD 4/00 Rev.3 (I)	Feasibility of Introducing and Developing Non-Destructive Testing Technologies and Methods for Assessment and Monitoring of Timber/Wood Structures in Various Structural and End-Use Applications in West Africa (Ghana) \$28,090.00
PPD 39/02 Rev.2 (I)	Processing and Utilization of Logging Residues through Collaboration with Local Communities and Forest Industries (Ghana) \$55,650.00
PPD 46/02 Rev.1 (I)	Support for the Formulation of a Project on the Industrial and Commercial Development of Lesser-Known Broadleaved Timber Species on a Sustainable Basis in Guatemala (Guatemala) \$50,000.00

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

PPD 40/02 Rev.1 (F)	\$71,232.00
PPD 44/02 Rev.1 (F)	\$91,245.00
PPD 47/02 (F)	\$53,000.00
PPD 39/02 Rev.2 (I)	\$55,650.00

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

PP-A/23-63	\$43,000.00
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(iv) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account, of the following Pre-Projects approved at this Session:

PPD 37/02 Rev.1 (F)	\$64,914.00
PPD 38/02 Rev.1 (F)	\$44,456.00
PPD 4/00 Rev.3 (I)	\$28,090.00
PPD 46/02 Rev.1 (I)	\$50,000.00

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

PD 41/99 Rev.4 (M)	\$261,081.00
PD 14/00 Rev.5 (F)	\$698,662.00

4. Decides to authorize financing for immediate implementation of the following Activities from resources obtained through voluntary contributions:

- Civil Society Advisory Group
[Decision 2(XXXII)] – \$50,000.00
- Preparation for Renegotiation of the ITTA, 1994
[Decision 4(XXXII)] – \$50,000.00
- ITTO's Contribution in the World Summit on Sustainable Development (WSSD) 2002
[Decision 5(XXXII)] – \$50,000.00
- Organization of Work under the ITTA, 1994
[Decision 8(XXXII)] – \$60,000.00
- Forest Law Enforcement in Africa
[Decision 9(XXXII)] – \$50,000.00
- Promotion of Sustainable Forest Management in the Congo Basin
[Decision 10(XXXII)] – \$252,000.00
- The Potential Role of Phased Approaches to Certification in Tropical Timber Producer Countries as a Tool to Promote Sustainable Forest Management
[Decision 11(XXXII)] – \$297,980.00

5. Decides to authorize financing for immediate implementation of the following Activities, Pre-Projects and Project from resources of the Sub-Account B of the Bali Partnership Fund and/or from resources obtained through voluntary contributions:

Expert Panel for Technical Appraisal of Project Proposals, Twenty-fourth Meeting (29 July – 2 August 2002)	\$93,500.00
ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests Decision 3(XXXII)	\$350,000.00
Review of Information on Life Cycles Analysis of Tropical Timber Products (ITTO) PPD 48/02 (M)	\$37,740.00
Review of the Indian Timber Market (ITTO) PPD 49/02 (M)	\$103,785.00
Promotion of Sustainable Management of African Forest PD 124/01 Rev.2 (M) Phase I, Stage 1	\$634,983.00

6. Urges Members to consider financing those approved Projects, Pre-Projects and Activities for which funds are not immediately available,
7. 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,

8. 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,
9. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects, Pre-Projects and Activities for which funds are not immediately available.

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18 May 2002

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THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

DECISION 2(XXXII)
CIVIL SOCIETY ADVISORY GROUP

The International Tropical Timber Council,

Recalling Decision 9(XXVIII) on Enhancing Participation of Members of Civil Society in the Relevant Activities of the ITTO, which invited the establishment of open-ended Advisory Groups to contribute to the work of the Council;

Noting its concern that the views of Civil Society Organizations are still not well represented at Council sessions;

Appreciating the continuing contribution of Civil Society Organizations in the formulation of ITTO Guidelines, Expert Panels, Missions and other initiatives;

Wishing to increase the participation and inputs of Civil Society Organizations;

Recognizing the valuable contributions to the ITTO made by the Trade Advisory Group (TAG);

Recognizing the contributions that Civil Society Organizations could make to the ITTO through their own advisory group;

Welcoming the agreement of Civil Society Organization representatives during this Session of the Council to form a Civil Society Advisory Group (CSAG);

Decides to:

1. Invite the CSAG to initiate its activities at the earliest date;
2. Authorize the Executive Director to publicize the launching of the CSAG, through the ITTO's website, the Tropical Forest Update, and other methods, as a means of attracting broader Civil Society participation in both the CSAG and the ITTO;
3. Authorize the Executive Director to explore with the CSAG opportunities for input and participation during Council Sessions in a manner similar to those of the Trade Advisory Group (TAG);
4. Encourage the CSAG and the TAG to collaborate on activities, programmes and projects in support of the ITTO Yokohama Action Plan 2002-2006;
5. Invite the CSAG and the TAG to showcase examples of collaboration between Civil Society Organizations and forest concessionaires and industry, and further to consider how the ITTO could facilitate such cooperation in the field;
6. Invite the CSAG to organize a panel discussion, relevant to the ITTO Yokohama Action Plan 2002-2006, to be held during the Thirty-third Session of the Council; and

7. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this Decision, not exceeding US\$50,000.00, to facilitate the participation of Civil Society Organizations in the CSAG panel discussion at the Thirty-third Session of the Council.

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THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

DECISION 3(XXXII)

ITTO GUIDELINES FOR THE RESTORATION, MANAGEMENT AND REHABILITATION OF DEGRADED AND SECONDARY TROPICAL FORESTS

The International Tropical Timber Council,

Recalling Decision 6(XXX) regarding the need to develop guidelines for the management of secondary tropical forests, tropical forest restoration and rehabilitation of degraded forest lands in close collaboration with FAO, IUCN and other organizations;

Further recalling the ITTO Yokohama Action Plan 2002-2006, which makes specific reference to the restoration of degraded forests, secondary forest management and rehabilitation of degraded lands;

Welcoming the report of the Expert Panel on Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests [Document ITTC(XXXII)/6];

Also welcoming the additional comments on the report made during the Thirty-second Session of the Council;

Noting the large areas of degraded and secondary forests that already exist in the tropics and the increasing threat to tropical forest resources through further degradation or subsequent conversion into non-sustainable land uses;

Recognizing the current and potential contribution of degraded and secondary forests to the livelihoods of forest-dependant people, the sustainable management of tropical forest resources and the sustainable supply of timber and non-timber forest products;

Also recognizing the need for ITTO to assist Member Countries to develop operational guidelines to build capacity and help accelerate progress towards Objective 2000;

Further recognizing that the collaboration between ITTO and IUCN, WWF, CIFOR, FAO and others, initiated through Decision 6(XXX), contributes to raising the awareness of restoration, management and rehabilitation of degraded and secondary tropical forests both nationally and internationally;

Decides to:

1. Adopt the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests contained in the document ITTC(XXXII)/6;
2. Request Members and other interested parties to provide detailed comments and observations by 30 June 2002;
3. Request the Executive Director to prepare and publish the *"ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical*

- Forests*” taking into account observations received and to distribute the publication widely to Members and other interested parties;
4. Request the Executive Director to undertake the following actions to promote and test the Guidelines and their application by Members:
 - a. Hold six sub-regional workshops to promote the understanding of the Guidelines, provide feedback and encourage further regional or country level initiatives in this area;
 - b. Publish an information brochure summarizing the Guidelines (“Guidelines at a Glance”) in the three official languages of ITTO to be widely distributed;
 - c. Encourage Member Countries to apply the Guidelines on a pilot scale and to submit project proposals to ITTO where appropriate;
 5. Commend the Guidelines as an international reference standard to Members and the international community in general as a major contribution towards the sustainable utilization and conservation of tropical forests and their genetic resources;
 6. Request the Executive Director to strengthen the cooperation between ITTO and IUCN, WWF, FAO, CIFOR and other Organizations to implement the above activities on restoration, management and rehabilitation of degraded and secondary tropical forests;
 7. Review progress of implementation of this Decision at the Thirty-fifth Session of the Council and to decide on further actions in collaboration with IUCN, WWF, FAO, CIFOR and other Organizations; and
 8. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US\$350,000.00. If sufficient contributions are not received by 31 July 2002, the Executive Director is requested to use funds from the Sub-Account B of the Bali Partnership Fund.

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18 May 2002

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THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

DECISION 4(XXXII)
PREPARATION FOR RENEGOTIATION OF THE ITTA, 1994

The International Tropical Timber Council,

Recalling Article 46 of the ITTA, 1994;

Noting that the ITTA, 1994, entered into force on 1 January 1997;

Also noting Decision 4(XXVIII) by which the ITTA, 1994, was extended for a period of three years until 31 December 2003;

Recognizing the need to improve efficiency, effectiveness and relevance of the Organization in meeting its objectives;

Decides to:

1. Request the Executive Director to appoint two consultants, one from a producer country and one from a consumer country, to identify new and evolving issues of relevance to the ITTC and with an impact on trade in tropical timber from sustainable sources with a view to informing the Council as it prepares for its consideration of the future of the Agreement, prior to the Thirty-third Session of the Council; this includes *inter alia*:
 - Look at the work and mechanisms of other relevant Organizations and treaties, e.g. WTO, UNFF, CBD, UNCCD, UNFCCC, WSSD, and relevant Commodity Organizations.
 - Identify emerging issues and developments in international trade, including *inter alia* current market trends on tropical timber; the potential role of certification in promoting and creating incentives for sustainable tropical forest management; the increased attention to forest law enforcement; and developments in recognizing the environmental services provided by forests.
 - Produce a report by 30 September 2002 and present it at the Thirty-third Session of the Council.

2. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US\$50,000.00.

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THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

DECISION 5(XXXII)

ITTO'S CONTRIBUTION TO THE WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT (WSSD) 2002

The International Tropical Timber Council,

Recognizing the linkages between trade and sustainable development as contained in the ITTA, 1994;

Reaffirming the importance of international cooperation and ITTO's role in the Collaborative Partnership on Forests (CPF);

Also reaffirming ITTO's commitment to strive toward trade in tropical timber from sustainably managed forests for the purposes of promoting sustainable development, as expressed in the ITTO Yokohama Action Plan 2002-2006;

Further recognizing the relevance of this commitment to the World Summit on Sustainable Development (WSSD), which will be held in Johannesburg, South Africa on 26 August – 7 September 2002;

Decides to:

1. Request the Executive Director to convey the following message from the ITTC to the WSSD to take into consideration in its discussions related to forests:

"We, the International Tropical Timber Organization Council, with its 56 Member Countries and the European Community, having met in Bali, Indonesia on 13-18 May 2002 on the occasion of the Thirty-second Session of the International Tropical Timber Council:

Draw the attention of the World Summit on Sustainable Development to the valuable work of the International Tropical Timber Organization (ITTO) and its Members towards achieving the objective that all tropical timber traded is sourced from sustainably managed forests, which includes providing policy guidelines, supporting capacity building, and financing and implementation of more than 400 field based projects in more than 25 tropical countries;

Underscore ITTO's commitment to continue to work together in partnerships with governments, other international Organizations, the private sector and Civil Society Organizations and to bring to these partnerships its experience in promoting policy dialogue on sustainable forest management and its ability to take action to implement the outcomes of this policy discussion with action at the local, national and regional levels as a real demonstration of what the WSSD is advocating for action on the ground."

2. Request the Executive Director to represent ITTO at the WSSD and, *inter alia*, to hold a side-event at the Summit in order to showcase the actions taken by ITTO and their contribution towards sustainable forest management; and
3. Authorize the Executive Director to seek voluntary contributions not exceeding US\$50,000.00 from Members to finance the side-event indicated above.

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THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

DECISION 6(XXXII)

MANAGEMENT OF THE ADMINISTRATIVE BUDGET FOR 2002

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Executive Director and his staff in exercising cost savings in the expenditures from the Administrative Budget for the year 2002;

Noting with concern the total receipts of contributions from members to the Administrative Budget for 2002;

Recognizing that the possible receipts of contributions from members to the Administrative Budget for the remainder of 2002 might fall short of the estimated total expenditures;

Noting further that the balance of the Working Capital Account at present stands at US\$4,155,506.59;

Decides to:

1. Authorize the Executive Director to transfer, if necessary, an amount not exceeding US\$100,000.00 from the Working Capital Account to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization for the year 2002, until the Thirty-third Session of the Council in November 2002;
2. Request members to pay as early as possible and in full their contributions to the Administrative Budget for 2002, as well as all arrears in contributions from previous years, to prevent further erosion of the Organization's savings through the utilization of the Working Capital Account to meet shortfalls in contributions;
3. Urge the Secretariat to continue to look for cost saving measures to reduce further the expenditures to the Administrative Budget; and
4. Review the status of the Administrative Budget for 2002 at the Thirty-third Session with a view to determine the net estimated shortfall for the current year at that time.

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THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

DECISION 7(XXXII)

SUSTAINABLE MANAGEMENT AND CONSERVATION OF MANGROVE FOREST ECOSYSTEMS: ITTO MANGROVE WORKPLAN

The International Tropical Timber Council,

Recognizing the important role of mangrove forests in the conservation of ecosystems, as well as in the economy of developing countries with sea coasts;

Noting the significant contribution of ITTO to the sustainable management of mangrove forest ecosystems, including its collaborative activities with the International Society for Mangrove Ecosystems;

Recalling the ITTO Yokohama Action Plan 2002-2006, which, *inter alia*, promotes the conservation, rehabilitation and sustainable management of threatened forest ecosystems, *inter alia*, mangrove forests, in collaboration with relevant organizations;

Reiterating the benefits to be derived from the sustainable management of mangrove forests;

Recalling Decision 9(XXIX) that requested the Executive Director to, *inter alia*, develop a workplan to assist Members in the conservation, rehabilitation, and management of mangrove forests;

Further recalling Decision 7(XXXI) that requested the Executive Director to convene an International Mangrove workshop and Expert Panel to revise the draft ITTO Mangrove Workplan;

Noting the Report of the Expert Panel on the ITTO Mangrove Workplan and the revised ITTO Mangrove Workplan, which is annexed to this Decision;

Recognizing that ITTO is one of several organizations involved in mangrove work as displayed by the International Mangrove Workshop;

Recognizing ITTO's limited resources and the need to maintain a balance between the numerous goals of the organization;

Understanding that ITTO mangrove activities should be consistent with ITTO's mandate and be undertaken through the regular project cycle;

Decides to:

1. Recommend the revised ITTO Mangrove Workplan to Member Countries for guidance in formulating projects for the conservation, rehabilitation and management of mangrove forests;
2. Further recommend that the Expert Panel for Technical Appraisal of Projects consider the ITTO Mangrove Workplan in its evaluation of project proposals; and
3. Authorize the Executive Director to arrange for the publication and distribution of the ITTO Mangrove Workplan to Members and other interested parties as expeditiously as possible.

ANNEX

ITTO Mangrove Workplan 2002-2006

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Acronyms

ITTO Mangrove Mission Statement

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1.3.2 Other organizations

1.4 Other Considerations

2. Workplan Objective

3. Activities

Acronyms

ADB	Asian Development Bank
CIDA	Canadian International Development Agency
DANCED	Danish Corporation for Environment and Development
DNA	Deoxyribonucleic Acid
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GLOMIS	Global Mangrove Database and Information System
ISME	International Society for Mangrove Ecosystems
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
IUCN	International Union Conservation of Nature
IUFRO	International Union of Forest Research Organizations
JICA	Japan International Co-operation Agency
NATMANCOM	National Mangrove Committee
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Education, Scientific and Cultural Organization
USAID	US Agency of International Development

ITTO Mangrove Mission Statement

ITTO aims to promote the conservation, rehabilitation, and sustainable management of mangroves to benefit the global community, particularly communities living in the mangroves and their surrounding areas, by engaging in activities within the scope of the ITTA.

ITTO's work on mangroves will be carried out in collaboration with relevant organizations and be based upon scientific research of the highest standards, as well as traditional knowledge and value systems.

1. Introduction

ITTO is one of the main international organizations concerned with sustainable management of mangrove forests and their conservation. Over the past decade ITTO has undertaken substantial project work to improve the sustainable management of mangroves, their conservation and rehabilitation in several countries around the world.

In November 2000, the International Tropical Timber Council through its Decision 9(XXIX) reiterated and strengthened its support for mangrove forests. ITTO further recognizes the importance of mangroves as explicitly stated in the overall ITTO Action Plan for 2002-2006, which calls on the Organization to, inter alia, "promote the conservation, rehabilitation and sustainable utilization of mangroves in collaboration with relevant organizations". The Council's Decision 7 (XXXI) led to an International Mangrove Workshop in early 2002; and following review by an Expert Panel, to the development of this Workplan. The ITTO Mangrove Workplan will provide guidance for the Organization's future work in this area, for the years 2002-2006.

ITTO's work on mangroves is consistent with the Organization's objectives, as laid out in Article 1 of the International Tropical Timber Agreement (ITTA). These objectives fall under three broad categories:

- Effective consultation and cooperation between members on issues related to the international trade and utilization of tropical timber and sustainable management of its resources;
- Promotion, expansion, diversification and strengthening of tropical timber trade and greater market transparency;
- Encouragement of reforestation and forest management, sustainable utilization and conservation of the tropical forest and its genetic resources.

Mangrove ecosystem goods and services have links with ITTO objectives. When effective consultation and cooperation is promoted between mangrove timber producing and consuming countries, and there is more diversification and transparency in the international trade of mangrove products, there will be fair sharing of income and the tendency for resource over-exploitation will be reduced. Moreover when producers are encouraged and supported to practice reforestation, rehabilitation, conservation and proper management of the mangrove ecosystem, the result is healthy or restored mangrove forests that mimic natural conditions. Rehabilitated mangrove ecosystems bring back all the benefits of the ecosystem to the local people who depend on it for livelihood, including the provision of products for international trade.

1.1 Importance and Uniqueness of Mangroves

Mangroves constitute a unique tropical ecosystem, occurring most extensively along the protected coastal shores with muddy to sandy bottoms, which is alternately covered and uncovered by tidal fluxes. It often extends also into the sub-tropical zone of some eastern coasts of continents and major landmasses due to warm marine coastal currents. The development, structure and dynamics of mangrove ecosystems are otherwise regulated by the interplay of marine coastal waters with fresh or brackish waters from land drainage.

In general, geography, coastal topography (including geomorphology), and tidal regime determine the presence or absence and extent of the mangroves. Structure, physical properties, and chemical composition, salinity, acidity of the soil and sediments, the nature of the substratum as well as the climate, determine the development, growth and productivity of the mangrove ecosystem.

Mangroves differ from other forest ecosystems in that they receive large inputs of matter and energy from both land and sea. They also store large quantities of organic carbon. They display a high degree of structural and functional diversity, placing mangroves amongst the most complex ecosystems.

Ecologically, mangroves represent a rather sharp transitional gradient between the marine and the fresh water environments. Thus, only flora and fauna that have broad physiological tolerance can survive in such environment. No other association of woody plants and grasses takes root or develops into a forest in the intertidal zone anywhere in the world. In spite of the demanding habitat, mangrove ecosystems are home to a wide range of plant and animal biological diversity. In terms of animal biodiversity mangrove ecosystems serve as habitats for many species of birds, mammals, reptiles, fishes, molluscs, and crustaceans, as well as a wide range of hitherto unknown species of micro-organisms. Although the existence of endemic mangrove fauna is rare, some species are highly dependent on mangrove ecosystems.

Mangroves provide many other functions, such as coastal stabilization, erosion prevention, biological filtering and serving as a sink for several pollutants. Mangroves are also unique ecosystems where scientists can discover new or poorly known ecological or physiological processes, relationships between morpho-types and DNA sequences of the flora and fauna, responses to elevated atmospheric CO₂, etc.

In addition, mangroves provide many economic benefits. Firewood, charcoal, logs and raw materials for paper and chipboard are useful timber products derived from the mangrove forest. Mangroves provide medicines and fodder, as well as habitats and nursery grounds for many commercially important aquatic species. Mangroves are also increasingly viewed as ecotourism destinations. While products from mangrove ecosystems do not generally play a large part in international trade, they are very important for local communities. Integrated management plans are necessary to take account of the complexity of goods and services provided by mangroves.

1.2 Problems and Impacts

In recent times, over-exploitation and destruction of mangroves due to the activities of man have caused heavy damage to these ecosystems worldwide. Mangrove soil is generally marginal for agriculture, yet conversion of mangrove land for agriculture is widespread. In several parts of the world mangroves have been destroyed to create shrimp ponds which cannot sustain their production over time due to acid sulphate soils, viral diseases, etc. Mangrove destruction is also due to a variety of other reasons: need for fuel wood, oil prospecting and production, conversion to cattle ranching, for the salt industry and coastal development everywhere (harbor, urban and industrial development, airports, nuclear power plants and others). International and national demand for mangrove forest resources and land is at present one of the main causes of the destruction of mangroves. Poor policies and legislation (and lack of enforcement) also contribute to mangrove destruction and degradation. This is partly due to the fact that information on mangroves and their importance is often lacking or inaccessible. During the last decade approximately 1 000 km² of mangrove have been destroyed annually. Mangroves are not wastelands and their destruction, for whatever purpose, invariably results in ecological degradation and social impoverishment of local people. The restoration of degraded mangroves can be extremely costly and time consuming.

All abiotic and biotic factors acting on mangrove ecosystems vary between and within countries. Over and above this, anthropogenic factors have induced changes in almost all the mangroves of the world, predominantly in a negative manner. Significant changes of all sorts have become increasingly damaging during the second half of the 20th century. The changes have affected the distribution, extent and health of single species and of the ecosystem as a whole. The coastal zone everywhere in the world is extremely dynamic. It may be described as a chaotic system where an infinitely large number of variables are in constant and relentless interaction. The chaotic nature of coastal zone systems makes the impact of changes hard to anticipate and often dramatic.

Mangroves are home to and provide the livelihood for millions in the crowded coastal zone, but the opinion of local residents regarding their management has seldom been sought. Public awareness regarding mangroves and their conservation is often lacking. There is an urgent need to bring people and nations together to apply the knowledge and wisdom of experience to use judiciously the mangrove forest. By and large, the contemporary attitude is that mangroves are an expendable commodity. It is widely believed that after total felling the forest will regenerate spontaneously. On the contrary, this only happens under very special conditions and usually with human assistance. Many see in mangroves not much more than timber and good quality charcoal and wood chips for industry, despite the many benefits and functions listed in section 1.1. Indirect benefits offered by mangroves are easily forgotten and set aside when quick profits can be generated by converting mangroves to other uses.

The experience of ITTO and others has shown that unregulated mangrove use leads to abuse, waste of natural capital wealth and hampers natural regeneration. It is therefore imperative to find ways and

means for rational management appropriate to ecological and socio-economic needs and constraints everywhere. Such management, however, can only be fully developed and implemented at the local level with the collaboration of local people, of legislators and experienced mangrove professionals, and must incorporate the development of viable alternative livelihoods.

1.3 Current activities undertaken in mangroves

1.3.1 ITTO

ITTO has contributed immensely to the conservation, rehabilitation and management of tropical forests including mangroves through governments, individuals and organizations. The organization has sponsored several projects worldwide to meet its major objective of sustainably managing the world's tropical forest. ITTO's extensive experience in conservation, rehabilitation and management of mangrove ecosystems is summarised in the report of the ITTO International Mangrove Workshop held in Cartagena, Colombia, in February 2002.

Between 1990 and 2001, ITTO financially supported mangrove projects totaling about US\$ 9 million in member countries. The projects include research activities, workshops on conservation and sustainable utilization of mangrove forests, establishment of an international network for the conservation and sustainable utilization of mangrove forest genetic resources, establishment of a mangrove information database and publication of the world mangrove atlas and the manual for mangrove ecosystem restoration.

1.3.2 Other organizations

Interest in mangrove ecosystem research and management has risen in recent times among many stakeholders. Thus apart from ITTO, many other organizations carry out research, conservation, rehabilitation and management activities in mangrove ecosystems. Organizations such as ADB, CIDA, DANCED, EU, FAO, ISME, IUCN, IUFRO, Ramsar Convention, UNDP, UNEP, UNESCO, USAID, Wetlands International as well as numerous national governmental, non-governmental and educational organizations have sponsored several programs on mangrove ecosystem conservation and management. The experiences of many of these organizations in conservation, rehabilitation and management of mangrove ecosystems are summarized in the report of the ITTO International Mangrove Workshop held in Cartagena, Colombia in February 2002.

The project areas covered by other organizations include, inter alia:

- tourism and environment case studies;
- raising of nurseries and plantation projects in mangrove areas;
- railway and ports restructuring;
- bee-keeping in mangrove forests;
- production of handbooks on mangroves;
- creation of mangrove walkways; and
- establishment of protected areas

ITTO has undertaken collaborative work with several of these organizations on mangroves, especially with ISME with which it collaborated to produce the World Mangrove Atlas and other important outputs.

1.4 Other Considerations

The complexity of the mangrove forest, the adaptability and vulnerability of the mangrove species and of the entire ecosystem are the basic realities to be considered for the construction of an overall mangrove workplan. To acquire knowledge of mangrove bio-ecology and rational utilization and management of the system, a large number of variables should be taken into account.

On the basis of past experience it is clear that knowledge acquired for the utilization of mangroves in one area cannot be directly transferred to other areas without prior adaptation to local environmental conditions. Detailed local workplans that consider and include the interests and knowledge of local populations should always be developed on this basis. The value of mangrove forests varies widely from place to place as a function of species composition, local productivity of the system and of single species and of the needs of the local population for their livelihood, trade and export.

The interaction between international agencies, universities and specialized laboratories must be strengthened as appropriate to facilitate mangrove research and funding. In this context collaboration and assistance from all stakeholders is essential to ensure the successful implementation of this ITTO Mangrove Workplan.

2. Workplan Objective

The objective of this Workplan is to guide the work of ITTO on mangroves during the 2002-2006 period, and to provide guidance to member countries seeking support from the Organization for mangrove management, conservation, and rehabilitation through project activities. The Workplan can also serve to guide further collaborative activities between ITTO and others on mangroves.

3. Activities

The following list of activities, which can be divided into six areas is provided as recommendations based on advice from a panel of mangrove experts. In the formulation of these activities, the panel took account of comments of Council members, the International Mangrove Workshop recommendations and the draft Mangrove Workplan considered at the Thirty-first ITTC session. The criteria used to select activities for this Workplan are as follows:

1. ITTO's past history of conducting successful work in the area
2. Relevance to ITTO's mandate (ITTA Article 1- Objectives)
3. Relevance to program areas specified in Decision 9(XXIX) as follows:
 - increase awareness among members to promote conservation of mangroves
 - encourage cooperation among members to intensify ITTO's activities to conserve existing mangroves and rehabilitate degraded mangroves
 - promote the sustainable management and utilization of mangroves
4. Geographic scope (limited to ITTO membership)
5. Duration of activity
6. ITTO's comparative advantage
7. Financial implication for ITTO

Activities will be carried out by member countries, by ITTO or by both, and whenever possible in collaboration with other relevant organizations. These activities should be submitted and implemented through the ITTO project cycle, taking into account appropriate levels of financial and human resources to be allocated, and the overall balance between all activities of the Organization.

Area 1: Conservation and sustainable management

- Assess existing, and if applicable develop new, methodologies and guidelines for assessing qualitative and quantitative aspects of mangroves
- Assess existing, and if applicable develop new, criteria and indicators for sustainable management of mangrove ecosystems
- Encourage members and assist them where appropriate to:
 - implement sustainable mangrove management and establish protected mangrove areas, including buffer zones surrounding and influencing such areas
 - prepare and implement mangrove management plans
 - establish bilateral and multilateral arrangements for transboundary conservation and management areas
 - rehabilitate degraded mangroves

Area 2: Mangrove information and awareness

- Maintain, expand, and improve access to existing mangrove information databases in collaboration with other organizations [e.g. the Global Mangrove Database and Information System (GLOMIS)]
- Update/revise the World Mangrove Atlas
- Support and participate in an International Year of Mangroves under the United Nations system
- Encourage members and assist them where appropriate to:

- publish and disseminate mangrove information in local languages
- conduct assessments, monitoring, mapping, boundary demarcation, etc., where reliable information on mangrove resources is lacking

Area 3: Socio-economic aspects

- Encourage members and assist them where appropriate to:
 - carry out work to assess the contribution of mangroves to, and impacts of mangrove degradation on, local communities and to generate sustainable socio-economic benefits from mangroves for local communities
 - document and promote use of traditional systems of knowledge and management for mangroves
 - conduct valuation studies of wood and non-wood goods and services from mangrove areas

Area 4: Mangrove ecosystem functions and health

- Encourage members and assist them where appropriate to:
 - undertake studies and projects to improve understanding of mangrove forest ecosystem structure, growth and function
 - undertake systematic research and monitoring activities to be used to assess the health of mangrove species and their habitat including, inter alia, the effects of climate change/sea level rise
 - undertake studies of ecological impacts of wood harvesting and other human actions (e.g., hydrological alterations, creating shrimp ponds) on different types of mangrove ecosystems and innovative technologies for reducing adverse impact of human uses

Area 5: Cooperation and capacity building

- Provide training and fellowships, through the ITTO Fellowship Program, with the intention of sharing and increasing awareness, understanding, and skills relating to mangrove ecosystems
- Encourage members and assist them where appropriate to:
 - establish National Mangrove Committees (NATMANCOMs) to coordinate all activities relevant to mangrove ecosystems
 - increase mangrove management capacity for extension workers, government officials and local community leaders
 - Encourage and support cooperative relations between all stakeholders (e.g. national and international bodies, local communities, private sector, environmental NGOs) with responsibility for the conservation and sustainable utilization of mangrove ecosystems through networking, workshops, etc.

Area 6: Policies and legislation

- Encourage members and assist them where appropriate to:
 - formulate appropriate laws and policies on mangroves with participation of all stakeholders and ensure their enforcement
 - conduct analyses of existing laws/policies and their impacts on mangrove management/conservation

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THIRTY-SECOND SESSION
13 – 18 may 2002
Bali, Indonesia

**DECISION 8(XXXII)
ORGANIZATION OF WORK UNDER THE ITTA, 1994**

The International Tropical Timber Council,

Noting the Report to the Council of the Tenth Meeting of the Informal Advisory Group [Document ITTC(XXXII)/2] with respect to organization of Council and Committee Sessions;

Recalling Decisions 4(XXVI), 11(XXVII) and 5(XXIX) on the frequency and duration of the Council and Committee Sessions and the related Secretariat papers on cost estimates and options [Documents ITTC(XXVI)/11 and ITTC(XXVIII)/14] and on information and methodology for the review and reassessment [Document ITTC(XVII)/5];

Also recalling Decisions 4(XXI), 4(XXII), 5(XXII), 2(XXIV) and 2(XXV) on organization of work under ITTA, 1994, and Decisions 4(XXII), 4(XXIII), 5(XXIV) and 4(XXV) on strengthening and streamlining the work of the Committees;

Further recalling the ITTO Yokohama Action Plan 2002-2006 and in particular the Actions for Effective Implementation (1.6);

Reaffirming the need to improve the overall efficiency of the Organization and reduce costs;

Decides to:

1. Request the Executive Director to convene a Working Group comprised of three producer, three consumer Members, the Chairperson and the Vice-chairperson of the Council, to identify and discuss measures to improve the efficiency of the organization of work according to the attached Terms of Reference, and prepare a report with recommendations for further deliberations by the Council at its Thirty-third Session;
2. Request the Executive Director to provide relevant Council documents as well as reports of the Executive Director on improving the efficiency of the organization of work including the frequency and duration of the Council and Committee Sessions, which will serve further discussions on this issue for the Working Group members indicated in item 1 above, taking into account the provisions of the ITTA, 1994, and the workload of the Organization; and
3. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US\$60,000.00.

ANNEX

**Terms of Reference for the Working Group
on the Organization of Work of ITTO**

- a) To review relevant Council Decisions and documents as well as reports of the Executive Director pertaining to cost considerations, improving efficiency and effectiveness of the organization of work, including frequency and duration of the Council and Committee Sessions; and
- b) To prepare a report and make recommendations on measures to further improve efficiency and effectiveness of the work of the entire Organization for consideration by the Council at its Thirty-third Session in Yokohama, November 2002.

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THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

DECISION 9(XXXII)

FOREST LAW ENFORCEMENT IN AFRICA

The International Tropical Timber Council,

Recognizing the importance of Africa's forests and the economic, environmental and social significance of the timber trade in many countries on the African Continent;

Recalling ITTO's extensive work already implemented through many projects in Africa;

Aware of the upcoming preparatory meeting and Ministerial Conference on Forest Law Enforcement to be held in Africa in 2002/2003;

Considering the need for improving the collection and management of data on tropical forest;

Decides to:

1. Authorize the Executive Director to participate in the preparatory meeting and Ministerial Conference in Africa on Forest Law Enforcement in 2002/2003;
2. Request the Executive Director to report to the Council on the agreements reached in the Ministerial Conference on Forest Law Enforcement and propose actions which ITTO could take within its mandate;
3. Undertake a data collection initiative on the forests of the Republic of Congo, the Central African Republic and the Democratic Republic of Congo, *aimed at* improving forest concession management and ensuring the conservation of protected areas. In partnership with the respective governments of the countries concerned and Global Forest Watch, this initiative will identify the relevant information data required and develop data capturing and processing programs. This mutually beneficial program will require the involvement of various stakeholders within the forest sector. To implement this initiative, the Executive Director is requested to work with Global Forest Watch and all three participant countries to develop a work program which will be submitted to the thirty-third session of the Council. The budget to undertake this program will not exceed US\$50,000.00; and
4. Authorize the Executive Director to seek voluntary contributions not exceeding US\$50,000.00 from Members countries to meet the financial requirements of these activities.

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THIRTY-SECOND SESSION
13 – 18 May 2002
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DECISION 10(XXXII)

PROMOTION OF SUSTAINABLE FOREST MANAGEMENT IN THE CONGO BASIN

The International Tropical Timber Council,

Recognizing the value of Africa's forests and the economic, environmental and social significance of the timber trade in many countries on the African continent;

Recalling ITTO's extensive work already implemented through many projects in Africa;

Further recalling Decision 7(XXIV) concerning the cooperation between the ITTO and the African Timber Organization (ATO) and resulting actions;

Recalling the ITTO Yokohama Action Plan 2002-2006 relating to the promotion and sustainable management of tropical forest resources;

Recalling the Yaoundé Declaration in which Heads of State of six African countries committed to work toward the concerted management of Congo Basin forests as supported by the Convergence Plan and the Priority Action Plan;

Noting the contributions and recommendations of recent ITTO Missions in the region, including the Mission in Support of the Government of Congo and Decision 11(XXX) establishing the technical mission for "Strengthening Sustainable Forest Management in Central African Countries (Congo Basin)";

Acknowledging the importance of the World Summit on Sustainable Development (WSSD) and ITTO's commitment to reconcile the trade in tropical timber, the promotion of sustainable development and the conservation of tropical forest environments;

Decides to:

1. Authorize the Executive Director to facilitate ITTO's participation in the "Type II Partnership/Initiative" for the Congo Basin toward the World Summit on Sustainable Development (WSSD), the Congo Basin Initiative (CBI) and engage alongside other partners in concrete field-level actions. ITTO's involvement in this initiative will include, inter alia, offering inputs to relevant actions referred to in paragraphs 3 and 4. ITTO's contribution to the preparatory meeting for the Congo Basin Initiative will not exceed US\$50,000.00;
2. Request the Executive Director to report to the sessions of the Council on any agreements reached under the "Congo Basin Initiative" and recommend actions which ITTO could take within its mandate;
3. Request the Executive Director to organize a workshop to develop a regional applied research program and identify appropriate implementation approaches for this program through existing entities, initiatives and networks. This program will be especially designed to ensure that existing gaps between research and field application are bridged.

The workshop will identify research activities focusing on social, economic and environmental aspects of tropical forest management and trade. The working language of the workshop will be French and the workshop will be open to participants from other African countries. The Workshop will also draw on and extend existing initiatives and work by organizations such as CIFOR, CIRAD, TROPENBOS, FAO, IUFRO and UNDP. The outputs of the workshop, including options for future actions, will be submitted to the Thirty-fourth Session of the Council for consideration and review. To assist in the preparation of the workshop, the Executive Director is requested to prepare a detailed agenda for the workshop with an associated budget not exceeding US\$150,000.00;

4. Contribute to the development of a regional strategy aimed at improving the management of forest concessions based on ITTO guidelines. Particular attention will be paid to the impact of industrial timber logging on local communities and transboundary sites identified as high priorities for biological diversity conservation. For this purpose, the following actions will be undertaken;
 - a. A review and assessment of experiences in forest management partnerships among the various relevant stakeholders taking into consideration demonstration activities already funded by ITTO in the region and other activities undertaken by the WCS, the French Development Agency (*Agence Française du Développement*) and WWF. The Executive Director will submit terms of reference and a budget for this action;
 - b. Providing support to the Regional Network of Forestry Training Institutions (*Réseau Régional des Instituts de Formation Forestière*) by convening a training workshop for trainers in Forest Management, focusing on the environmental and social components of forest concession management. The budget for this workshop will not exceed US\$52,000.00;
5. Authorize the Executive Director to seek from Member countries voluntary contributions not exceeding US\$252,000.00 to finance these activities.

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THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

DECISION 11(XXXII)

THE POTENTIAL ROLE OF PHASED APPROACHES TO CERTIFICATION IN TROPICAL TIMBER PRODUCER COUNTRIES AS A TOOL TO PROMOTE SUSTAINABLE FOREST MANAGEMENT

The International Tropical Timber Council,

Reaffirming the commitment of Members to the process of advancing ITTO Objective 2000;

Recalling Decision 10(XXX) on Certification;

Recognizing that ITTO as an international organization should not endorse, create or adopt, or be perceived to endorse, any particular certification approach or scheme, including any accompanying standards developed for the purpose of certification;

Noting the Report on the ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes as contained in Document ITTC(XXXII)/10;

Recognizing forest certification as an important voluntary market-based tool to encourage and create incentives for sustainable forest management and improving market transparency;

Underscoring that certification schemes should be voluntary, non-discriminatory, transparent and market-oriented;

Recognizing that while the ITTO Criteria and Indicators were developed to assess progress towards sustainable forest management, performance standards would be required for the purposes of certification;

Recognizing the role of ITTO in promoting market access as provided for in the objectives of the ITTA, 1994, and the ITTO Yokohama Action Plan 2002-2006;

Recognizing the role of ITTO in improving transparency of the international timber market and promoting tropical timber from sustainably-managed sources as stipulated in the ITTO Yokohama Action Plan 2002-2006;

Recognizing the potential contribution of certification to sustainable forest management, including forest law enforcement and related trade;

Recognizing that many tropical timber producing countries have made considerable progress towards sustainable forest management, and that at the same time those countries account for a very small percentage of the coverage of certified forests around the world;

Recognizing that in many tropical timber countries there is a wide gap between the existing level of management and what is required by certification;

Recognizing that tropical timber countries face many institutional, social, human resource and financial constraints to achieve sustainable forest management;

Recognizing the potential role of regional consultations in advancing discussions on comparability and equivalence among certification schemes, and in assisting tropical timber producing countries to meet sustainable forest management standards and to achieve certification;

Decides to:

1. Authorize the Executive Director to engage two consultants, one from producer and the other from consumer country to undertake a study on the potential of phased approaches to certification as a tool to promote sustainable forest management, as per the attached Terms of Reference;
2. Authorize the Executive Director to convene three regional workshops to disseminate and discuss the results and implications of the study, with recommendations to the Thirty-fourth Session of the Council based on the attached Terms of Reference;
3. Request the Executive Director to facilitate improved understanding, information-sharing and dialogue between interested parties from both consumer and producer countries on these phased approaches;
4. Encourage Member Countries to support project proposals for national capacity building to engage in forest certification in producer Member Countries, including institutional strengthening, stakeholder participation, auditing systems, training and better public understanding of the role of certification as regards to sustainable forest management; and
5. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US\$297,980.00.

ANNEX

Terms of Reference for Consultants

The consultants, one from a producer and the other from a consumer country, will undertake a study on the potential role of phased approaches to certification as a tool to promote sustainable forest management.

The study will include the following items:

- a) Consult with relevant parties, including buyers groups, consumer groups, industry, retailers, certifiers, certification schemes, forest owners and managers, governments, environmental and social NGOs, local communities, and indigenous peoples
- b) Elaborate the concept and reflect the full range of views as regards to phased approaches to certification
- c) Identify existing models and initiatives on phased approaches to certification
- d) Analyse the elements and operations of the existing models and initiatives
- e) Collect and analyse information on market acceptance of the existing models and initiatives
- f) Identify key issues, potentials, risks, and constraints on possible designs and implementation of phased approaches
- g) Identify and elaborate on common elements and stages of phased approaches
- h) Prepare a preliminary report to present at the Thirty-third Session of the Council
- i) Taking into consideration comments and views of Member Countries and the Workshop participants, finalize the report and present to the Thirty-fourth Session of the Council

Terms of Reference for the Workshops

The three Regional Workshops will be three days duration each and convened in Africa, Asia-Pacific and Latin America between the Thirty-third and Thirty-fourth Sessions of the Council.

The purpose of the Workshop will be to disseminate and discuss results and implications of the study and comments from Member countries, and make recommendations to the Thirty-fourth Session of the Council.

The Secretariat, in extending invitations to participants, should seek to provide a balance of the following views at the Workshop:

- producer and consumer Member Countries
- forest owners and managers
- certification schemes
- environmental and social NGOs
- local communities and indigenous peoples
- buyers groups and consumer groups
- industry, traders and retailers

Priority for sponsorship should be given to participants from producer Member Countries.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

Documents: CEM(XXX)/5
CRF(XXX)/19
CFI(XXX)/7
CFA(XI)/7 Rev.1

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THIRTIETH SESSION
13 – 18 May 2002
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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

THIRTIETH SESSION OF THE COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

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- Appendix D:** PPD 48/02 (M) "Review of Information on Life Cycle Analysis of Tropical Timber Products"
- Appendix E:** PPD 49/02 (M) "Review of the Indian Timber Market"

REPORT

1. Opening of the Session

The Thirtieth Session of the Committee was opened on 13 May 2002 at a Joint Session of the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management, the Committee on Forest Industry, and the Committee on Finance and Administration, chaired by Ms. Astrid Bergquist (Sweden). The subsequent meetings of the Committee during its current Session were conducted by its Chairperson, Ms. Astrid Bergquist. The list of participants is presented in document ITTC(XXXII)/Info. 2 Rev.1.

2. Adoption of Agenda and Organization of Work

The Committee adopted the Agenda of its Thirtieth Session as contained in document CEM(XXX)/1.

3. Admission of Observers

The list of observers admitted by the Committee is presented in document ITTC(XXXII)/Info.3 Rev.1.

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

The Committees noted and discussed the Report of the Twenty-third Expert Panel as contained in document CEM, CRF, CFI(XXX)/1, particularly with regard to the general points made in respect of support for conferences and meetings; pre-projects and projects; relevance to ITTO; logical framework; budget; presentation; project approach; ITTO context; sustainability; and dissemination.

The delegation of China sought clarification from the Panel on the assertion that, in isolation, proposals relating to NTFPs might fall outside the mandate of ITTO. The delegation indicated that NTFPs were covered in the ITTO Yokohama Action Plan and, as such, were not marginal to the ITTO mandate as suggested by the Expert Panel in its Report. The delegation of Switzerland recalled the previous report of the Panel presented at the Twenty-ninth Session of the Committees regarding its intention to address the 'gender issue' and said the Panel should reflect the issue in its project appraisals. The delegation further suggested that the ITTO Manual for Project Formulation be revised to make it more compatible with the GEF project requirements and, thereby, provide another option for project funding. The delegation of USA complimented the Secretariat for making available on the ITTO website information on pre-project and project proposals to be considered by the Committees at their current sessions and noted that made it much easier to review project proposals.

The Committees noted the Report of the Twenty-third Expert Panel as presented and agreed that the comments made, particularly with regard to the need for submitting countries to pay due attention to the gender issue in project formulation, be conveyed to the Panel for its consideration.

5. ITTO Annual Market Discussion - 2002

The Committee noted the report of the ITTO Annual Market Discussion – 2002 held in a Joint Session of the Committees on 14 May 2002 as contained in Appendix A. The themes of the Market Discussion were "Tropical Timber Trade: Review and Prospects" and "Creating Opportunities for the Trade from ITTO's Work". Mr. Barney Chan (Sarawak Timber Association) served as the moderator of the Market Discussion. The following feature presentations were made during the Market Discussion:

Mr. Dani Pitoyo, APHI, APKINDO, ISA, Indonesia	"Trends and Current Issues in the Indonesian Timber Sector"
Mr. Totok Lestiyo, APKINDO, Indonesia	"The Financial Implications of Certification, Indonesian Industry Experiences"
Dr. Patrick Moore, Greenspirit, Canada	"Environmentalism into the 21 st Century"
Dr. Ivan Tomaselli, STCP, Brazil	"Trends and Current Issues in the Brazilian Timber Sector"
Dr. Jim Bourke	"Creating Greater Opportunities for Tropical Timber Trade from ITTO's Work"

In addition to the feature presentations, the following country reports were prepared for the Market Discussion but were only distributed to members due to the constraint of time:

Mr. Alhassan Attah, GTEB, Ghana	"Trends and Current Issues in the Ghanaian Timber Sector"
Ms. Siti Syaliza Mustapha, MTC, Malaysia	"Trends and Current Issues in the Malaysian Timber Sector"
Mr. Dick McCarthy, PNGFIA, PNG	"Trends and Current Issues in the PNG Timber Sector"
Ms. Wendy Baer, IWPA, USA	"Trends and Current Issues in the US Tropical Timber Sector"
Mr. Paul Martin, TTF, UK	"Trends and Current Issues in the UK Tropical Timber Sector"

6. Report of Completed Projects and Pre-projects

The Committee considered the Report of Completed Projects and Pre-Projects as contained in document CEM(XXX)/2 as follows:

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

The Committee noted the highlights of the project covering its outputs, contributions and impact, which had been included in Volume 11 Number 4, 2001 of the *Tropical Forest Update*. It further noted that the completion and final audited financial statements had been submitted in accordance with the project agreement. The Committee duly declared the project complete.

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

The Committee noted the outputs and outcome of Stage 1 of Phase II of the project as well as the submission of its final and financial audit reports, which were found to be in order. Noting further that the final Stage 2 of Phase II of the project was underway, the Committee declared Stage 1 of Phase II of this project complete.

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

The Committee noted the main outputs of the project which had benefited the relevant agencies involved in the development and sustainability of the Bolivian Forest Statistics Information System as well as the Bolivian forest sector. The activities of SIFOR/BOL would continue through the implementation of PD 34/00 Rev.2 (M) "Extension and Consolidation of the National Forest Statistical Information System" which was under implementation. The final and financial audited reports of the project had been submitted in accordance with the project agreement. The Committee duly declared the project complete.

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

The Committee noted the main outputs of the project which were being utilized in an on-going World Bank project to develop an information system for water and forest management (SIGEF). It further noted PD 56/00 Rev. 3 (M), a follow-up project which would focus on improving the STATFOR system developed under this and earlier projects. The final report as well as the financial audited report of the project had been submitted in accordance with the project agreement. The Committee duly declared the project complete.

PPD 13/99 Rev.1 (M,F,I) Model Communication and Public Awareness Program for Sustainable Forest Development in Ecuador

The Committee noted the main outputs of the pre-project including the development of a project proposal which was awaiting endorsement by the Ministry of Environment, Ecuador, for the implementation of a model communication, information and education program to promote public awareness and active community participation in the conservation and sustainable management of

forest resources. The final report as well as the final audited financial statements had been submitted in accordance with the pre-project agreement. The Committee duly declared the pre-project complete.

PPD 27/99 (M)**The Medium and Long-Term Outlook for the Tropical Timber Market**

The Committee noted the main outputs of the pre-project which pointed out that the market prospects for tropical timber products were likely to be more dependent on the ability of producer countries to sustain or increase production and remain competitive, than on lack of demand. The final report and forecasting model had been submitted in hardcopy and electronic forms in accordance with the pre-project agreement. To the question of how the results of this study had been disseminated, the Secretariat informed that the results of this study were presented in the 2001 Market Discussion as well as in previous Committee sessions. The Committee duly declared the pre-project complete.

7. Ex-post Evaluation**(A) Ex-post Evaluation**

An oral report by the Secretariat on the progress in the implementation of the themed ex-post evaluation of five statistical development projects in Latin America covering PD 1/97 Rev.1 (M) (Bolivia), PD 34/94 Rev.1 (M) (Colombia), PD 44/96 Rev.2 (M) (Panama), PPD 5/94 (M) (Peru) and PD 27/95 Rev.3 (M) Phase I and Phase II Stage 1 (Peru) was noted by the Committee. In light of the developments reported, the Committee further noted that the implementation of this ex-post evaluation was expected to be completed in time for its report to be presented at its next Session. The Committee also agreed to recommend to the Council that the budget for this ex-post evaluation be increased by US\$15,000.00 to US\$50,000.00 as requested by the Secretariat, with the additional funds to be drawn from the pooled ex-post evaluation fund available to the Committee (current balance: approximately \$133,000).

(B) Selection of Projects for Ex-post Evaluation

The Committee recalled its decision made at its previous Session to defer consideration of projects for ex-post evaluation until its current Session. Having examined the list of completed projects from previous sessions as well as projects declared complete at its current Session, and noting the limited funds available in the pooled ex-post evaluation fund, the Committee agreed to consider a proposal for a structured approach to selecting completed projects for ex-post evaluation to be presented by the Secretariat at its next Session.

8. Report of Projects, Pre-Projects and Activity in Progress

The Committee considered the Report of Projects, Pre-Projects and Activity in Progress as contained in document CEM(XXX)/3. Progress reports of the following projects, pre-projects and activity were duly noted:

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

- | | | |
|----|--|---|
| 1. | PD 16/93 Rev.4 (M)
Phase IV, 2002 | Market Information Service for Tropical Timber and Timber Products (MIS) – Phase IV, 2002 (ITTO) |
|----|--|---|

The Committee noted the satisfactory progress in the implementation of this project.

- | | | |
|----|---------------------------|---|
| 2. | PD 25/95 Rev.1 (M) | Training Workshops on Tropical Forestry and Timber Trade Statistics (ITTO) |
|----|---------------------------|---|

The Committee noted the satisfactory progress in the implementation of the project and the arrangements being made for a final workshop in Spanish to be conducted in Peru during the second half of 2002.

- | | | |
|----|---|--|
| 3. | 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 Committee noted the information provided by the Secretariat regarding developments in the initial stages of implementation of the final stage of this project. The Secretariat informed that the yearly

plan of operation was expected soon, after which the first tranche of funds would be disbursed. The project was operating using national funds in the interim.

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

The Committee noted the satisfactory progress in the implementation of the project.

5. PD 52/97 Rev.3 (M) Phase I Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from All ITTO Member Countries, Phase I (Ghana)

The Committee noted the progress in the implementation of this project and approved a further extension of six months to its duration without additional funds as requested by the implementing agency.

6. 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 Committee noted the request from the delegation of China for an extension of the project by 12 months with no additional funds. The Committee agreed to this extension on the understanding that the implementing agency would provide a workplan for the extension period to the Secretariat. The Committee further agreed that the implementing agency be requested to provide details of the budget remaining in the project at the beginning of the extension period.

The Committee welcomed the suggestion by the implementing agency for a final workshop involving ITTO member countries where the results of the project would be presented. The Committee noted the draft budget for the final workshop and agreed that the budget proposal should be developed further with the Secretariat and presented at the next Session of the Committee.

The delegate of Switzerland proposed and the Committee agreed that the project would benefit from the input from an international consultant in the field of forest value accounting. The Committee requested the Secretariat to prepare the Terms of Reference and budget for the proposed consultancy for consideration at its next Session.

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

The Committee noted the information provided by the Secretariat regarding the delay in recruiting the international consultant on information systems. The Committee urged the government of Cameroon to recruit the international consultant as soon as possible.

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

The Committee noted the satisfactory progress in the implementation of this project.

9. PD 55/99 Rev.1 (M) Establishment of a Sustainable Tropical Forest Products Information System in China

The Committee noted the progress in the implementation of this project and approved an extension of 6 months to its duration without additional funds in order to broaden the coverage of its information system.

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

The Committee noted the satisfactory progress in the implementation of this project.

11. **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 Committee noted that the project agreement was signed by the government of Gabon at the current Session.

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

The Committee noted that the detailed workplan for the implementation of the project had yet to be submitted by the executing agency.

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

The Committee noted with concern the problems and delays affecting the implementation of this pre-project. The Committee strongly urged the Ministry of Environment of Ecuador to release the remaining funds already provided by ITTO for the implementation of the outstanding pre-project activities.

14. **PPD 21/99 Rev.1 (M)** **Development of a Strategy of the Improvement of the National System for the Processing of Forestry Statistics and Information on the Timber Market (Togo)**

The Committee noted the satisfactory progress in the implementation of this pre-project.

15. **PPD 26/99 (M)** **The Competitiveness of Tropical Timber and Tropical Timber Products vis-à-vis Timber and Non-Timber Substitutes (ITTO)**

The Committee noted the satisfactory progress in the implementation of this pre-project.

16. **PPD 14/00 (M)** **Strengthening the Market Discussion (ITTO)**

The Committee noted the satisfactory progress in the implementation of this pre-project. Some resources of the pre-project had been utilized to commission feature addresses for the ITTO Annual Market Discussion - 2002.

17. **PPD 13/00 Rev.1 (M)** **Development of a Project Proposal for the Economic Valuation of Production Forests and Agroforestry System in the Peruvian Amazon**

The Committee noted that the agreement for the pre-project was signed recently and the workplan and notification for the commencement of its implementation had yet to be submitted.

18. **PPD 26/01 (M)** **Assessing the Feasibility of and Support for a Tropical Timber Promotional Campaign (ITTO)**

The Committee noted the report by the Secretariat on this pre-project which was progressing satisfactorily.

19. **PPD 34/01 (M)** **Study to Identify Measures to Bring Increased Transparency to Tropical Hardwood Plywood Trade and Analyse the Causes of Market Fluctuations and Price Instability (ITTO)**

The Committee noted that the implementation of this pre-project was scheduled to commence during the second half of 2002.

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

The Committee noted the report by the Secretariat on the satisfactory progress in the implementation of this activity. Considering the importance and relevance of maintaining this activity, the Committee agreed to recommend to the Council the provision of additional funds amounting to US\$40,000.00 for the continuation of ITTO participation in the work of the Inter-Secretariat Working Group on Forest Statistics and for the further development of ITTO's statistical databases, for immediate financing.

(B) Projects Pending Financing

1. **PD 52/97 Rev.3 (M)** **Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from all ITTO Member Countries, Phase II (Ghana)**
Phase II

The Committee agreed to recommend the project to the Council for financing as soon as the implementation of Phase I of the project had been completed.

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

The Committee noted the intervention made by the delegation of Philippines emphasizing the high priority her government placed on this project. The Committee agreed to recommend the project to the Council for immediate financing.

3. **PD 87/01 Rev.1 (M)** **Development of the *Integrated Forestry Compendium: a Knowledge Base for Forest Management and the Forest Products Industry* (Ghana)**

The Committee noted the statements by the delegations of Ghana and Canada highlighting the desirability of an integrated forestry compendium for ITTO members and urged donors to finance the project at the current Session of the Council.

4. **PPD 23/01 (M)** **Analysis of Tropical Timber Production and Trade Patterns in French-Speaking African Countries During the 90s – Challenges for the 21st Century (Togo)**

The Committee agreed to recommend the pre-project to the Council for immediate financing.

5. **PPD 27/01 (M)** **Review of PNG's Timber Treatment Processes**

The Committee noted the information provided by the Secretariat regarding a written request from the government of PNG and the statement by its delegation urging donors to finance the pre-project at the current Session of the Council.

6. **PPD 32/02 Rev.1 (M)** **Development of the Forest Information and Statistics Center (Honduras)**

The Committee agreed to recommend the pre-project to the Council for immediate financing.

9. Consideration of Project and Pre-Project Proposals

The Committee had before it three project and one pre-project proposals that had been evaluated by the Expert Panel for the Technical Appraisal of Project Proposals as contained in document CEM(XXX)/4. The technical appraisals of all project and pre-project proposals considered by the Committee are contained in Appendix C. In addition, the Committee considered two pre-project proposals emanating from its consideration of policy issues under item 10 of its agenda. The two pre-project proposals are contained in Appendix D and E.

(i) PD 124/01 Rev.2 (M) Promotion of Sustainable Management of African Forests (ITTO)

The Committee noted the revision of the proposal which took into account its comments and decision made at the previous Session. The Committee approved the project as revised and agreed to recommend it to the Council for immediate financing.

(ii) PD 132/02 Rev.1 (M) Application of an Experimental Model for the Economic Appraisal of the Utilization and Management of Colombian Flora Case Study: *Meliaceae* and *Anacardiaceae*

The Committee noted that the comments and recommendations of the Twenty-third Expert Panel had been incorporated into the revised project proposal. The Committee approved the project and agreed to recommend it to the Council for immediate financing.

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

The Committee noted that most of the comments and recommendations of the Twenty-third Expert Panel had been incorporated into the revised project proposal. The Committee also noted the revisions to the proposal made at this Session strengthening the proposal and decreasing the emphasis on Cerflor. The Committee approved the project as revised at this Session (Revision 2) and agreed to recommend it to the Council for immediate financing.

(iv) PPD 45/02 (M) Technical Assistance for the Establishment of National Certification Procedures Aimed at the Sustainable Management of Natural and Planted Forests in Panama

The Committee noted that several of the Expert Panel's comments and recommendations had not been incorporated in the proposal. The specific objective (to develop a certification project) was simplistic and should be revised to reflect the need to assess capability for assessing SFM in Panama using ITTO's Criteria and Indicators. The delegate of Panama agreed to take these suggestions into account and to re-submit it to the next Session of the Committee. The Committee agreed to consider the revised pre-project proposal at its next Session.

(v) PPD 48/02 (M) Review of Information on Life Cycle Analysis of Tropical Timber Products

The Committee approved the pre-project proposal as attached in Appendix D, which emanated from its consideration of policy issues. The Committee agreed to recommend it to the Council for immediate financing.

(vi) PPD 49/02 (M) Review of the Indian Timber Market

The Committee approved the pre-project proposal as attached in Appendix E, which emanated from its consideration of policy issues. The Committee agreed to recommend it to the Council for immediate financing.

8. Policy Work

(i) Market Access

The Committee noted that the bill requiring compulsory labeling of all timbers based on certification was being considered by the Dutch Senate while the proposed 'Good Wood' legislation to set a purchasing preference for certified wood had been reintroduced for consideration by the New York City Council. It further noted that similar bills to restrict the use of tropical wood by public institutions had been introduced in the states of New York, New Jersey and Massachusetts.

The Committee was further informed that under the work programme adopted at Doha WTO Ministerial Conference 2001, the WTO has agreed, inter alia, to negotiations on market access for non-agricultural products aimed at reducing or, as appropriate, eliminating tariffs including the

reduction or elimination of tariffs peaks, high tariffs and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries.

(ii) Timber Certification

The Committee noted the outcomes of the ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes held in Kuala Lumpur, Malaysia on 3-4 April 2002 and the results of the Council's consideration of the issue under item 15 of its agenda.

(iii) Life Cycle Analysis (LCA) of Timber Products

This matter was taken up in the Joint Session with the Committee on Forest Industry (CFI).

Pursuant to the inclusion of the work on LCA in the ITTO Yokohama Action Plan (2002-2006) and the ITTO Work Programme for 2002, the Committee agreed to recommend pre-project PPD 48/02 (M) "Review of Information on Life Cycle Analysis of Tropical Timber Products" (Appendix D) to the Council for immediate financing.

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

The Committee noted that the ITTO Secretariat had not been informed of any new proposals by members to include species in the appendices of CITES and that the CITES Plants Committee was considering the status of the genus *Taxus*.

(v) Trade in Secondary Processed Wood Products (SPWP)

The Committee noted the highlights of SPWP from the ITTO Annual Review 2001 presented by the Secretariat. Developing countries had been able to expand their global market share in the last decade at the expense of industrialized countries and this trend was expected to continue. This growth of SPWP trade by producer countries, however, was considered to be still below its potential due to tariff differentials, lack of product design and declining availability of tropical timber.

(vi) United Nations Forum on Forests (UNFF) – Matters on Trade and Sustainable Forest Management

The Committee noted the information provided by the Secretariat on the outcomes of the Second Session of the UNFF held at the United Nations Headquarters, New York on 4-15 March 2002. As the focal agency for trade and sustainable forest management, ITTO prepared a background paper on the subject which was considered by the UNFF in conjunction with the substantive items taken up by the Forum at the Session. The Committee further noted that as one of the regular items, UNFF elements and means of implementation, trade would continue to be addressed by the UNFF at each of its future sessions.

(vii) Inter-Secretariat Working Group on Forest Statistics (IWGFS)

The Secretariat informed the Committee of the recent meeting of the IWGFS in Geneva and of developments in the Joint Forestry Sector Questionnaire (JQ). Major developments in the IWGFS included the decision to defer any major changes in the JQ until 2004, efforts to harmonize data validation procedures and input to the World Customs Organization regarding proposed changes in customs classification codes. The Committee noted that the next meeting of the IWGFS would be in Luxemburg in November 2002.

(viii) Issues and Highlights of the ITTO Annual Market Discussion - 2002

The Committee noted the successful conclusion of the ITTO Annual Market Discussion – 2002 but noted that, because of a time limitation, it was not possible for all speakers to make their presentations. The Committee recommended that more time be allotted for future market discussions.

(ix) Creating Greater Opportunities for Tropical Timber Trade from ITTO's Work

This item was considered by the Committee at a joint session with the Committee on Forest Industry. The Committee took note of the recommendations made by the consultant and agreed to give further consideration to developing a process for reviewing the output of studies and recommending follow-up action to the Council. The Committee agreed to give further consideration to this issue at its next Session.

(x) Consider activities to fill gaps in data and include collecting and analysing data on plantation resources and enhancing analysis of data on undocumented trade [ITTO Action Plan, Section 3.1, Goal 1]

The Committee noted the various activities been undertaken to fill data gaps by the Secretariat including on-going work on the JQ, statistical workshops by ITTO/FAO and the proposed review of the Indian timber market. It further noted that data on plantation resources was being sought through the 2002 JQ and urged members to provide timely responses. Finally, the Committee noted that in addition to the comparison of trade flows carried out in the Annual Review of the World Timber Situation to identify potential instances of undocumented trade, the Secretariat was collaborating on research with the World Resources Institute and others on this issue.

In view of India's importance as a market for tropical timber, the Committee further agreed to recommend PPD 49/02 (M) "Review of the Indian Timber Market" to the Council for immediate financing.

(xii) ITTO Work Programme 2002

The Committee noted the progress made in the implementation of its project and strategic policy activities as contained in document ITTC(XXXII)/11.

(xiii) Statement of the Trade Advisory Group (T-A-G)

The Committee noted the Statement of the T-A-G presented to the Council as contained in Appendix B.

11. Dates and Venues of the Thirty-first, Thirty-second and Thirty-third Sessions of the Committee

The Thirty-first Session of the Committee would be held in conjunction with the Thirty-third Session of the International Tropical Timber Council in Yokohama, Japan, in October and/or November 2002.

The Thirty-second Session of the Committee would be held in conjunction with the Thirty-fourth Session of the International Tropical Timber Council in Panama City, Panama, in May and/or June 2003.

The Thirty-third Session of the Committee would be held in conjunction with the Thirty-fifth Session of the International Tropical Timber Council in Yokohama, Japan, in October and/or November 2003.

12. Other Business

No other business was considered by the Committee.

13. Recommendations to the International Tropical Timber Council

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

**PD 124/01 Rev.2 (M)
Phase I, II and III**

Promotion of Sustainable Management of African Forests (ITTO) [Phase I Stage 1, US\$634,983; Phase I Stage 2, US\$634,982; Phase 2 US\$864,070; Phase III US\$1,444,144]

PD 132/02 Rev.1 (M) **Application of an Experimental Model for the Economic Appraisal of the Utilization and Management of Colombian Flora Case Study: *Meliaceae* and *Anacardiaceae* [US\$45,898]**

PD 140/02 Rev.2 (M) **Development of Criteria and Indicators for Sustainable Management Appropriated to Brazilian Tropical Forests [US\$396,313]**

PPD 48/02 (M) **Review of Information on Life Cycle Analysis of Tropical Timber Products (ITTO) [US\$37,740]**

PPD 49/02 (M) **Review of the Indian Timber Market (ITTO) [US\$103,785]**

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

PD 52/97 Rev.3 (M) **Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from ITTO Member Countries - Phase II [US\$180,994]**

PD 41/99 Rev.4 (M) **Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) (Philippines) [US\$261,081]**

PD 87/01 Rev.1 (M) **Development of the *Integrated Forestry Compendium: a Knowledge Base for Forest Management and the Forest Products Industry* (Ghana) [US\$442,777]**

PPD 23/01 (M) **Analysis of Tropical Timber Production and Trade Patterns in French-Speaking African Countries During the 90s - Challenges for the 21st Century (Togo) [US\$29,910]**

PPD 27/01 (M) **Review of PNG's Timber Treatment Processes [US\$29,680]**

PPD 32/01 Rev.1 (M) **Development of the Forest Information and Statistics Center (Honduras) [US\$29,786]**

(iii) The Committee recommended that the budget for the on-going ex-post evaluation of Latin American statistical development projects be increased from US\$35,000 to US\$50,000 using the pooled ex-post evaluation funds.

(iv) The Committee recommended that additional funding of US\$40,000 be provided to PP-A/23-63.

14. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX A

REPORT ON THE ITTO ANNUAL MARKET DISCUSSION - 2002 14 May 2002, Bali, Indonesia

The ITTO Annual Market Discussion 2002 featured a Key Note Speaker, Dr. Patrick Moore and a Guest presentation by Dr. Jim Bourke.

The question of what direction environmentalism would take in the 21st century was addressed by the outspoken environmental advocate Dr. Patrick Moore. The speaker contended that policy of "use less wood" was anti-environmental because it would result in increased carbon dioxide emissions and a reduction in forested land. His stated view was that the correct policy should be a positive rather a negative one. From an environmental perspective, the correct policy should be "grow more trees, and use more wood". This interesting presentation challenged much of the conventional wisdom on forest management.

Dr. Jim Bourke addressed the issue of "Creating Greater Opportunities for the Trade from ITTO's Work". Dr. Bourke provided a comprehensive review of the conclusions and recommendations of recent ITTO studies, providing a view of what was lacking in the design and organization of these studies and offered suggestions for improvements in follow-up work once studies had been completed.

In addition to the feature addresses, the Trade Advisory Group (TAG) Members prepared Country Reports. The country reports were prepared by trade representatives from Ghana, Brazil, UK, Papua New Guinea, USA, Malaysia and by the host country, Indonesia.

These reports, which had been compiled into a single document along with the feature addresses, covered the current situation of tropical timber supply by source (natural forests and plantations); the current situation regarding log, sawn timber and plywood production; the evolution of value added wood products; and the current market situation (demand and prices). The country reports also focused on the impact of forest certification and general trends in the industry and market.

The papers concluded with by highlighting the main issues and problems confronting the trade and industry and suggestions for immediate action.

All papers and presentations were compiled into a single document and were distributed to members.

APPENDIX B

STATEMENT OF THE TRADE ADVISORY GROUP (T-A-G)

Thirty-second Session of the International Tropical Timber Council Barney Chan, T-A-G Coordinator

Chairman
Ladies and Gentlemen

Thank you for the opportunity to make our Annual Trade Statement.

We hope you found this year's Market Discussion informative and worthwhile, and that you were able to gain another perspective on the environmental aspects of forestry. The Trade Advisory Group (or TAG) will continue to be open to dialogue on the environment as we prefer cooperation to confrontation.

Unfortunately, because of the limited time available for the Market Discussion, five papers were not presented. These papers are available from the Secretariat for those who are interested to read about the trends and current issues in Ghana, Malaysia, Papua New Guinea, United States of America and the United Kingdom. The importance of these country reports cannot be underestimated, as they are useful to help government representatives understand the trade. We hope that in future Market Discussion more time can be allocated to us so that Country Reports can be delivered.

TAG would like the Council to take note of the presentation made by Dr Jim Bourke as part of the Market Discussion. He surveyed ITTO's past completed studies, and documented lost opportunities for ITTO to move forward because some of the recommendations did not catch the attention of the Committees. Dr Bourke's survey showed that there are many trade subjects which are already well studied by ITTO but we have not taken the next step of moving forward in some form of action. The TAG welcomes the decision of the CEM to continue the discussion on this issue at its next session.

Both the Producer and Consumer Trade are very concerned with timber certification. On Tuesday, we heard an example of an attempt at certification by one Indonesian company; we cannot help but be discouraged that the company concerned has yet to be certified despite putting in huge efforts and financial resources. The TAG, like the Council, does not support any one certification scheme as we realize that each producer has its own challenges and problems. This is why we are supportive of a phased approach towards certification whereby recognition is given to those who made steps towards certification.

Members of the TAG in Bali noted the continued concern from delegations on illegal logging and illegal trade in timber and timber products. We would like to state clearly here that as a responsible trade, we distance ourselves from such illegal activities. It is these illegal acts which have brought disgrace to the tropical timber trade, and this is having a severe negative impact on the mainstream legal trade. Rest assured, all of us in the trade are equally concerned and are taking steps to correct the situation; but we need more help from ITTO and its Members.

I would like to report that the TAG has made excellent progress in terms of dissemination of trade information in order to create transparency. Our TAG electronic mailing list has 466 subscribers and is very useful to keep the trade in the three regions informed. This is especially vital for some producer countries who do not have the budget to attend Council Sessions. It is sad to note that even here in Bali, trade participation is rather thin: many producers in the African and Latin American regions are not here simply because they cannot afford to be here. Also significant is the fact that only the USA and UK are here from the Consumer trade.

Finally, I would like to give you a snapshot of the tropical timber trade today. In general, all three regions reported lower trading volumes and weak prices. This is of course reflective of current global economic conditions. However, we are optimistic that the global economic situation is improving so that mills may resume production, re-employ laid off workers and generate much needed income for economic development.

Thank you for your attention.

APPENDIX C

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

(i) PD 124/01 Rev.2 (M) Promotion of Sustainable Management of African Forests (ITTO)

This project proposal was considered by the Committee at its Twenty-ninth Session in November 2001. The Committee noted that most of the amendments proposed by the Panel had been incorporated into this revised project proposal. Given the size and scope of the project, the Committee recommended that a revised proposal be prepared incorporating elements of Activities 1.1-1.5.7 (i.e. all activities up to and including field testing of the harmonized PC&I). The revised proposal with a maximum budget of US\$600,000.00 could be submitted directly to the Committee at its next Session.

The ITTO Secretariat in collaboration with the Secretariat of the ATO will be submitting a revised proposal [PD 124/01 Rev.2 (M)] for the consideration of the Committee at its Thirtieth Session.

Comments of the Twenty-second Expert Panel

The Panel noted the importance of this proposal, which had arisen from Council Decision 4(XXIX). It felt, however, that due to the importance and scale of the work, it would be preferable to have an independent evaluation of Phase I prior to implementation of subsequent phases. The proposals for Phases II and III could be reformulated in light of the results of Phase I and the findings of the evaluation. The Panel also noted the risk of ATO being divided into two tiers due to the financing to be provided to its ITTO members through this proposal and suggested that co-financing of parallel activities in non-ITTO member countries of ATO could overcome this risk. This potential problem should be explicitly identified in the "Risks" section of the proposal, as well as the risk of limitations in ATO itself having adverse impacts on the project. The Panel noted that the overall project budget was heavily weighted in terms of personnel (especially national staff) with few details on the number of staff to be hired. While recognizing that 9 countries were covered by the proposal, it suggested that the cost of project inputs be revised/reviewed with a view to reducing the overall cost. The Panel also felt that the justification for the project should include a quantitative analysis of the market position of African timber over the past 5-10 years.

The Panel felt that the specific objectives should be re-worded to make them simple and clearer. Table 4 should be amended to reflect the actual role of ITTO in project implementation more clearly. Output 1 of specific objective 1 should not preclude helping countries where consultative fora exist to improve these. Terms of reference should be included for international consultants/experts, and the "Executing Agency Management Cost" of 3% should be justified or deleted from the budget. There were some discrepancies between the overall budget and the sum of the country level budgets (e.g. for national consultants) that should be corrected.

The Panel had further reservations about the technical aspects of the proposal. These included: the relationship(s) between national Criteria and Indicators (C&I), certification and regional frameworks were unclear; the difficulty of harmonizing different sets of C&I between countries with differing conditions; the lack of a certification orientation in the ITTO C&I; the lack of focus on the FMU level; the difficulties other African C&I initiatives had faced in reporting on forests and forest management; the lack of any reference to the relevance of mutual recognition frameworks for potential certification schemes developed; and the need for ITTO to focus on testing and applying its C&I using the approved manuals/reporting formats.

Recommendations of the Twenty-second Expert Panel

The Panel recommends that the proposal be revised to:

1. allow for an independent evaluation of Phase I and incorporation of findings into a revised proposal for subsequent phases to be considered by future Panels/sessions of the Committee;
2. suggest mechanisms for co-financing parallel activities in non-ITTO member ATO countries;
3. identify all risks associated with project implementation;
4. reduce the overall budget for Phase I, with particular attention to national staff;
5. provide a quantitative justification by analysing the market situation of African timber;

6. incorporate the specific revisions enumerated in the second paragraph above; and
7. recalculate ITTO's Programme Support Costs specified in the budget so as to conform to the new standard of 6% of the total project costs [ITTC Decision 2(XXX)].

Conclusion of the Twenty-second Expert Panel

The Panel concluded that the project proposal requires essential modifications which are necessary for the project to succeed and the Panel will need to assess the modified project proposal before it can commend it to the Committee for final appraisal. **However, recognizing the genesis of the proposal the Panel invites the Committee to review it in the light of the above comments.**

Recommendations of the Twenty-ninth Session of the Committee

The Committee noted that most of the amendments proposed by the Panel had been incorporated into this revised project proposal. Given the size and scope of the project, the Committee recommended that a revised proposal be prepared incorporating elements of Activities 1.1-1.5.7 (i.e. all activities up to and including field testing of the harmonized PC&I). The revised proposal with a maximum budget of US\$600,000.00 could be submitted directly to the Committee at its next Session.

Assessment of the Committee at its Twenty-ninth Session

The Committee recommended to the Council that the proposal be revised and resubmitted directly to the Committee.

Assessment of the Committee at its Thirtieth Session

The Committee approved the revised proposal and agreed to recommend it to Council for immediate financing.

**(ii) PD 132/02 Rev.1 (M) Application of an Experimental Model for the Economic Appraisal of the Utilization and Management of Colombian Flora
Case Study: *Meliaceae* and *Anacardiaceae***

This project proposal is submitted by the Government of Colombia after taking into account the comments, recommendations and conclusion of the Twenty-third Expert Panel.

This project intends to study and apply an experimental model envisioning a series of biological and socio-economic variables that will give an "economic value" to some *Meliaceae* and *Anacardiaceae* species, because of the commercial timber (already recognized), medicinal and food potential of the former; and the timber and food (not yet recognized commercially) potential of the latter.

For this work, available information will be used and concepts and methodologies will be employed on economic botany (involving biological and socio-economic issues), data processing (to manage and analyze information) and statistics (to analyze the information and evaluate the results).

The implementation of this project will provide a tool to improve tropical forest management (with a view to maintain the ecological balance), increase conservation capabilities, and promote other forest values which have not received proper and due attention.

Comments of the Twenty-third Expert Panel

The Panel recognized the scientific importance of the proposal and its potential contribution to other ITTO members. The Panel felt that although the proposal mentioned several economic appraisal methods, it did not adequately describe the method to be used in the study and the way it would be applied. In particular, the method to be used should be clearly explained in relation to activities in outputs 2.1 and 2.2. The similarities in the phrasing of outputs 2.1 and 2.2 caused some confusion, which require rectification and further elaboration. The Panel was unclear about the value of information that would be derived from the application of the methodology at the level of families and felt that if this approach is maintained, a justification must be provided. The Panel noted that, apart from the scientific and economic benefits, the proposal should take into account the social benefits.

The Panel noted that the discussion on the future operation and maintenance (Part III, section 3) needs further elaboration as to be able to visualise the sustainability and future impact of the project. It should mention the applications of the methodology and measures as well as the intended and potential use of the results and their beneficiaries. The Panel further noted that the budget lacks the columns for units and unit costs.

Recommendations of the Twenty-third Expert Panel

The Panel recommended that a revised proposal should:

1. Provide a technical description of the selected economic appraisal method in the activities of the proposal
2. Make clear distinction between outputs 2.1 and 2.2
3. Justify the use and value of the methodology at the family level
4. Strengthen the social component to be addressed by the research
5. Describe the intended situation after project completion in a realistic fashion and consider the benefits for sustainable forest management and forest-based communities
6. Elaborate on the sustainability of the project
7. Elaborate further the project budget by including units and unit costs

Conclusion of the Twenty-third Expert Panel

The Panel concluded that with the inclusion of the important amendments noted, the project proposal could be commended to the Committee for final appraisal.

Assessment of the Committee at its Thirtieth Session

The Committee approved the revised proposal and agreed to recommend it to Council for immediate financing.

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

This project proposal is submitted by the Government of Brazil after taking into account the comments, recommendations and conclusion of the Twenty-third Expert Panel.

This project will develop a set of Criteria and Indicators for the sustainable management of Brazilian tropical forests, taking into consideration ITTO C&I and also the TARAPOTO regional initiative. It will also help to consolidate CERFLOR, the Brazilian forest certification program. The project will be implemented by ABIMCI- Brazilian Association of Mechanically Processed Timber, in co-operation with several other national organizations including the National Forum of Forest Organizations, Brazilian Society for Silviculture-SBS, The Brazilian Institute for Metrology, Standardization and Industrial Quality-INMETRO (a member of the International Accreditation Forum – IAF) and the Brazilian Ministry for the Environment-MMA. All these organizations are already engaged in the development of a set of C&I for plantation forests, rules for the chain of custody certification and auditing guidelines. The project will promote a broad consultation process in order to ensure that all stakeholders' positions and existing technical expertise are taken into consideration. The project will also develop a manual for the application of the C&I for sustainable management of natural forests. The manual will be field-tested in three locations, and the results will be discussed in a workshop. Lessons learned in the field tests and inputs of the workshop participants will be used to produce a final version of the Manual. The manual will be printed and widely disseminated. Four training courses on the application of the manual will be implemented in the Amazon region. At least 100 persons will be trained on the application of manual for assessing the sustainability of Brazilian forests, and at least 90 persons will be trained on auditing management and chain of custody related to CERFLOR. The training program will provide the timber industry with the necessary expertise to self assess its forest management sustainability, having in mind the growing interest on self-regulation. It will be important for government officials and will serve as an initial basis for the preparation of auditors for the Brazilian Certification System - SBC.

Comments of the Twenty-third Expert Panel

The Panel noted the relevance of this well-formulated proposal to the objectives of ITTO and its importance to the Government of Brazil. It welcomed the intention to allow the participation of small and medium sized forest owners/industries in voluntary moves to take up criteria and indicators (C&I) as a step towards a mutually recognizable certification system. It also positively noted the intention to harmonize and focus the work on C&I already undertaken by ITTO and the Tarapoto process with a Brazilian perspective. It felt that the proposal had the potential to serve as a model for other countries in the region.

The Panel felt that the Development Objective was clear, but that the specific objectives should be elaborated more clearly. The project strategy should specify the methodology to be employed to implement the proposed chain of custody timber tracking system. The project background should also include more information on the qualification of ABIMCI to undertake this type of project, the relationship (and lack of overlap) with the existing CERFLOR scheme, the current legal framework governing forestry in Brazil and current levels of production and trade of natural forest products in Brazil. The Panel requested that a revised proposal include a list of abbreviations used in the document to aid understanding for those unfamiliar with the many Brazilian agencies listed only by their acronyms.

The Panel recommended that other stakeholders (forest owners, NGOs, government officials, etc.) be included in the project management structure to ensure there was widespread support for the set of C&I developed and any subsequent certification scheme. The risk of such support not materializing should be explicitly recognized in the proposal, as well as other risks associated with the assumptions laid out in the logical framework. An activity to monitor the uptake and success of the proposed training should be included. The Panel also requested that a revised proposal clarify the scope (national or forest management unit level) of the C&I to be developed.

The Panel requested further information on the other certification schemes that are to be considered in the analysis of the potential for international mutual recognition. It also requested that ITTO's work on an SFM auditing framework be referenced and utilized as appropriate in the development of the proposed certification scheme.

The Panel's main concern with the proposal was the size of the ITTO budget. It was noted Brazil already supported two internationally agreed C&I frameworks (ITTO and Tarapoto) and that the funds requested for developing the Brazilian C&I (which would presumably be largely based on these frameworks) seemed excessive. The funds for investigating the potential for international recognition of the proposed certification scheme also seemed excessive. It was also noted that the salary of the project leader amounted to almost one-quarter of the requested ITTO budget. The Panel noted the desirability of having the Brazilian forest industry shoulder more of these costs since they would be the direct beneficiaries of the system developed through the project and would have a direct interest in its on-going sustainability.

Recommendations of the Twenty-third Expert Panel

The revised proposal should:

1. take account of the editorial comments listed above;
2. specify the methodology to be employed to implement the proposed chain of custody timber tracking system;
3. explicitly recognize all risks as noted above;
4. clarify the scope (national or forest management unit level) of the C&I to be developed; and
5. substantially reduce the ITTO budget with a larger contribution to be sought from industry to ensure project sustainability.

Conclusion of the Twenty-third Expert Panel

The Panel concluded that with the inclusion of the important amendments noted, the project proposal could be commended to the Committee for final appraisal.

Assessment of the Committee at its Thirtieth Session

The Committee approved the proposal as revised during this Session (Revision 2) and agreed to recommend it to Council for immediate financing.

(iv) PPD 45/02 (M) Technical Assistance for the Establishment of National Certification Procedures Aimed at the Sustainable Management of Natural and Planted Forests in Panama

This pre-project is submitted directly to the Committee following the recommendation of the Twentieth Expert Panel after its review of the original project proposal [PD 26/00 (M)] submitted by Panama. The comments of the Expert Panel relates to the original project proposal.

The pre-project is aimed at formulating a project proposal of forest certification with a view to promoting the sustainable management of the forests of Panama, in such way that it can contribute to satisfy the medium and long term supply of Panamanian forest products that fulfill the requirements of the international tropical timber market, increasing therefore the country's export potential and the generation of foreign revenues. The national certification procedures for the sustainable management of natural and planted forests will be established in accordance with national and international standards, and adapting and implementing the main ITTO criteria and indicators for the sustainable management of natural and planted forests in Panama.

Comments of the Twentieth Expert Panel

The Panel noted the relevance of this proposal to ITTO and the Government of Panama. However, it noted that, although the development objective was "to increase Panama's share in the international tropical timber market", the activities were not in accordance with this objective. The Panel noted that the project strategy towards the achievement of this objective required greater elaboration and should focus on ways of addressing the problems at hand. It also noted that important background information, such as current production and export levels (from natural, planted, certified and concession forests), were not provided. The differentiation among natural, planted and certified forests and the companies involved in their management and harvesting must be taken into account when defining the target beneficiaries. The Panel noted that the project should clearly underline the ITTO Guidelines for Sustainable Forest Management and ITTO Criteria and Indicators, and place more emphasis on the specific goals of the Libreville Action Plan.

The Panel noted that the impact of the project should be discussed in the light of the current legal framework for forest management in Panama. It finally noted that the establishment of a national certification procedure in Panama could benefit from assigning a leading role to the private sector, with the government providing the training component.

In view of the foregoing comments, the Panel felt that the project proposal should be resubmitted for the consideration of the Panel in a form of a pre-project proposal. The pre-project should be formulated by consultants familiar with ITTO Criteria and Indicators and ITTO Guidelines.

Recommendations of the Twentieth Expert Panel

The Panel recommends that:

1. the project be resubmitted for its consideration as a pre-project proposal;
2. the private sector and civil society be involved in the development and maintenance of the national certification procedure;
3. background information on production and export of natural, planted, certified and concession forests as well of the legal framework in force be included;
4. the relevance of the proposal to the ITTO Libreville Action Plan be more clearly defined.

Conclusion of the Twentieth Expert Panel

The Panel concluded that a pre-project (not exceeding US\$50,000) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal. Such a pre-project proposal could be commended to the Committee for final appraisal.

Assessment of the Committee at its Thirtieth Session

The Committee recommended to the Council that the proposal be revised and resubmitted directly to the Committee.

(v) PPD 48/02 (M) Review of Information on Life Cycle Analysis of Tropical Timber Products (ITTO)

This pre-project is submitted following the discussion under Policy Work item 10 of the Committee's agenda.

This pre-project is developed on the basis of the ITTO Yokohama Action Plan (2002-2006), in the field of Economic Information and Market Intelligence, Action 4 of Goal 2, which provides for the Organization to "examine the role of LCA as a potential tool for assisting the competitiveness of tropical timber in the marketplace". The pre-project is aimed at conducting a review to compile the work being done on Life Cycle Analysis (LCA) for timber products and for tropical timber products in particular. It is proposed that international consultant(s) be engaged to carry out a review of research studies undertaken to date by various agencies as well as all other sources.

Assessment of the Committee at its Thirtieth Session

The Committee approved the proposal and agreed to recommend it to Council for immediate financing.

(vi) PPD 49/02 (M) Review of the Indian Timber Market (ITTO)

This pre-project is submitted following the discussion under Policy Work item 10 of the Committee's agenda.

The pre-project is aimed at conducting a study to gain an insight of the current supply and demand status of the Indian timber market and the opportunities in India for other ITTO members. India is one of ITTO's major timber producers as well as a significant consumer of tropical timber. Due to a growing wood shortage and increased timber demand in the country, Indian timber production is totally absorbed by its large domestic market. In fact, in the last five years, India almost doubled its imports of industrial roundwood from 1.1 million m³ in 1997 to 2.1 million m³ in 2001, of which 87% was tropical timber. Although import tariffs for timber products other than logs are comparatively high, demand even for these products is also increasing.

Adequate and reliable information on the Indian timber market is, however, not available. With a GDP growing in the last decade at an average annual rate of 6%, an expanding demand for forest products and a population of one billion growing at an annual rate of nearly 2%, India has the potential of becoming an even bigger and more important market for tropical forest products.

It is proposed that international and national consultants be engaged to carry out the study in close association with Indian agencies, which have undertaken some analysis of the timber production and trade statistics in India. The study should also consider the results of all other appropriate studies including the workshop on the forest sector statistics of India and other countries, that will be undertaken by FAO in Bangkok in mid-May 2002.

Assessment of the Committee at its Thirtieth Session

The Committee approved the proposal and agreed to recommend it to Council for immediate financing.

APPENDIX D

PPD 48/02 (M) "Review of Information on Life Cycle Analysis of Tropical Timber Products"

1. Background

Consideration of LCA is included in the ITTO Work Programme for 2002 as well as in the ITTO Yokohama Action Plan (2002-2006). Under the ITTO Yokohama Action Plan, in the field of Economic Information and Market Intelligence, Action 4 of Goal 2 provides for the Organization to "examine the role of LCA as a potential tool for assisting the competitiveness of tropical timber in the marketplace".

LCA is an assessment of the environmental impact (emissions to air, water or land) derived from the product lifecycle: activities that go into extracting, processing, transporting, using and disposing of a material/product. LCA differs from other methods of evaluating environmental impacts in its wide-ranging approach and because it is based on quantifiable data. On the basis of this, it is seen as an objective way to identify environmental impacts and make useful comparisons among products; assist policy formulation aimed at minimising the impact on the environment and giving consumers the opportunity to compare the environmental and ecological credentials of a range of products; direct a marketing strategy and improve the environmental image of a product, material or company; and inform business decisions to review and improve the environmental performance of the product or material themselves.

There is growing evidence of the environmental friendliness of timber products. LCA studies carried out in US and Canada have shown timber to have favourable ratings for energy use and air emissions in comparison with other building materials. In a Canadian study, timber has been shown to have a lower use of energy than either steel or concrete, both at the manufacturing and extraction phases. Consequently, it also does better in the greenhouse gas index and the air pollution index. An LCA study undertaken by The Timber Federation in the UK, which results are due in the summer of 2002, shows the clear advantages for timber, particularly in the field of climate change, where timber's carbon storage properties actually give it a positive impact. A report by the UK Department of the Environment and Transport has found that windows made of timber are more environmentally friendly than those made of polyvinyl chloride (PVC). The PVC window system tested was found to consume over three times more energy in the production phase. In addition, wood windows were found to generate significantly less waste than PVC throughout the life cycle. More specific LCA studies have also been undertaken for Malaysian meranti, Brazilian Parana pine and various species from West Africa.

2. The proposal

It seems opportune and timely that a review be conducted to compile the work being done on LCA for timber products and for tropical timber products in particular. It is proposed that international consultant(s) be engaged to carry out a review of research and studies undertaken by, among others, The Timber Trade Federation of UK, the Swedish Institute for Wood Technology Research, the Forest and Wood Products Research and Development Corporation of Australia, the Canadian Wood Council, Forintek of Canada, the Malaysian Timber Council as well as all other sources. The following terms of reference are proposed for the consultancy work.

3. Terms of Reference

1. Collect, analyse and report on research results and case studies on LCA for timber products and for tropical timber products in particular, this should include details of the agencies with expertise in the execution of LCA studies.
2. Present evidence on the advantages and disadvantages of tropical timber over other materials, such as plastic, steel, concrete and temperate timber as documented in LCA studies.
3. Prepare a preliminary report for the consideration of the Committee and ITTO Secretariat.
4. Prepare an edited print-ready final report incorporating the comments from the ITTO member countries and Secretariat.
5. Prepare an article for inclusion in the Tropical Forest Update.

4. Duration

The expected duration of the pre-project is two months.

5. Budget

Budget component	Unit cost	Total
10. Personnel		
16. International consultant(s) (2 man-months)	10,000	20,000
19. Component total		20,000
60. Miscellaneous		
63. Contingencies		2,000
63. Publication		10,000
Design of layout & cover		5,000
Print 200 copies (black & white)	150	3,000
Internet posting		2,000
64. Communications		2,000
69. Component total		14,000
Sub-total		34,000
80. ITTO Administration		
84. Programme support costs (11%)		3,740
89. Component total		3,740
100. GRAND TOTAL		37,740

APPENDIX E

PPD 49/02 (M) "Review of the Indian Timber Market"

1. Background

India is one of ITTO's major timber producers as well as a significant consumer of tropical timber. In 2000, India was ITTO's second largest producer of tropical sawnwood (6.8 million m³) and fourth largest producer of tropical industrial roundwood (logs; 14 million m³). However, due to a growing wood shortage and increased timber demand in the country (ITTO Annual Review 2001), domestic production was totally absorbed by the local market. In fact, India was ITTO's third largest importer of tropical logs (1.8 million m³) in 2000. Tropical timber (mostly from Malaysia and Myanmar) holds an 87% share of the Indian log market, while softwood (mainly radiata pine from New Zealand for packaging and construction applications) has a dominant share of Indian's other primary timber product markets. Nevertheless, these statistics are mere estimates, as India's timber trade data have not been provided to ITTO or FAO. ITTO's figures are derived from trade flows reported to UN COMTRADE by India's trade partners and from estimates of domestic consumption.

India is the world's seventh largest country but hosts only 1.8% of the world's forests. Around one quarter of its population of one billion live in or around forest areas, exerting tremendous pressure on the limited resource. This pressure is accentuated by a population that is growing at an annual rate of nearly 2%. As a reflection of this, India's forest area per capita at 0.06 ha is significantly low in comparison with the averages of the world (0.6 ha), Asia (0.2 ha), Africa (0.8 ha), South America (2.6 ha) or Europe (1.4 ha). Although some effort on forest plantation establishment has been made through the Joint Forest Management (JFM) Programme in the last decade, its impact has been limited. The declining availability of domestic timber raw materials is making India increasingly dependent of timber imports to meet the needs of its fuelwood, construction, furniture and paper industries. In the last five years, India almost doubled the imports of logs of all type from 1.1 million m³ in 1997 to 2.1 million m³ in 2001. Although import tariffs for timber products other than logs are comparatively high, demand even for these products is also increasing. Reliable information about imports of these products is, however, not available.

2. The proposal

Given the growing demand for forest products and the potential of the market for tropical forest products and the lack of reliable timber trade, production and consumption statistics, it seems pertinent that a study be conducted to gain an insight into the current supply and demand status of the Indian timber market and the opportunities in India for ITTO exporters. It is proposed that international/national consultants be engaged to carry out a study in close association with Indian agencies such as the National Commission of Agriculture, The Development Panel for Wood Panels Industries, Ministry of Environment and Forests and Forestry Survey of India as well as trade associations such as Timber Importers Association India Ltd. and the Federation of India Plywood & Panel Industry, which have undertaken some analysis of the timber production and trade statistics in India. The study should also consider the results of a workshop on the forest sector statistics of India, among other countries, that will be undertaken by FAO in Bangkok in mid-May 2002.

The international consultant(s) shall travel to India in order to obtain secondary information on Indian production, trade and consumption of timber from relevant forest-related Indian agencies. The consultant(s) shall also coordinate the collection of primary data in main urban consumption centres through the engagement of national consultants. The following terms of reference describe the consultancy work.

3. Terms of Reference

I. Statistical Data Review

1. Collect, analyse and present data on Indian imports, exports, production and consumption of timber identifying trends for tropical hardwoods, softwoods and temperate hardwood. This analysis should cover industrial roundwood, sawnwood, veneer, plywood and builders joinery.
2. Identify the sources of statistical data used in (1) above and provide an assessment of the reliability and timeliness of this data.
3. Consider possible actions that India and ITTO could undertake to enhance the transparency of the Indian timber market and the forest sector including through the development of forest sector statistical data systems.

II. Tropical Timber Consumption Analysis

4. For the main urban consumption centres of Mumbai, Kolkata, Delhi, Chennai, Bangalore, Hyderabad, Ahmadabad, Pune, Surat and Kanpur, report on trends in the last 3-5 years in consumption of the products noted in (1) above and identify the consumption trends for tropical hardwood products relative to other timbers.
5. For each of the urban consumption centres above, identify and report on the end-use distribution (construction, builders' woodworking, furniture, furniture components, flooring, etc.) for each tropical timber product referred to above.
6. Report on distribution channels in the Indian tropical timber market. This report, where possible, should include the end-uses for each tropical timber product.
7. Assess the current trends of the Indian market for tropical timber products, providing a view of end-use sectors where tropical timbers are likely to be competitive vis-à-vis temperate hardwoods, softwoods and other substitutes.
8. Analyse and report on import tariffs, product specifications and quality requirements in the Indian timber market and their implications and opportunities for ITTO exporters.
9. Assess the perceived non-tariff barriers to tropical timber imports, especially those related to import/export financial payments, rules and traditions.

III. Final Reporting

10. Prepare a preliminary report for the consideration of the Secretariat and present a final report to the Committee on Economic Information and Market Intelligence.
11. Present the results of the study at the ITTO Annual Market Discussion and prepare an article for possible publication in ITTO's Tropical Forest Update.

4. Duration

The expected duration of the pre-project is twelve months.

5. Budget

Budget component	Unit cost	Total
10. Personnel		
13. National consultants (6 man-months)	1,500	9,000
16. International consultant(s) (3 man-months)	10,000	30,000
19. Component total		39,000
30. Duty travel		
31. DSA (10 days x 10 cities)	120	12,000
32. International Travel [ITTTC (1), India (2)*] DSA international consultant(s)	10,000 8,000	10,000 8,000
33. Domestic travel (in India)	7,500	7,500
39. Component total		37,500
60. Miscellaneous		
63. Contingencies		5,000
63. Publication Design of layout & cover		10,000 5,000
Print 200 copies (black & white)	150	3,000
Internet posting		2,000
64. Communications		2,000
69. Component total		17,000
Sub-total		93,500
80. ITTO Administration		
84. Programme support costs (11%)		10,285
89. Component total		10,285
100. GRAND TOTAL		103,785

*The first trip to India via Yokohama for briefing from the Secretariat

* * *

SUMMARY TABLE

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

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		ITTO BUDGET US\$	DURATION (MONTHS)	GEOGRAPHIC COVERAGE	RECOMMENDATION(*)
		Art.27 Para.1	Art.27 Para.4				
PD 124/01 Rev.2 (M) Phase I, II and III	a-h	a-c, f	b, g	3,578,179	72	ATO	1
PD 132/02 Rev.1 (M)	a-h, n	a-c, f	b, g	45,898	12	Colombia	1
PD 140/02 Rev.2 (M)	c,d, e, f, i	a-c, f	b, g	396,313	24	Brazil	1
PPD 45/02 (M)	a-h	a-c, f	b, g	29,786	2	Panama	2a
PPD 48/02 (M)	a-h	a-c, f	b, g	37,740	2	Global	1
PPD 49/02 (M)	a-h, n	a-c, f	b, g	103,785	12	India	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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THIRTIETH SESSION
13 – 18 May 2002
Bali, Indonesia

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM
THE THIRTIETH SESSION OF THE COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
13 – 18 May 2002**

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Project PD 26/93 Rev.1 (F) –Development of
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Forest Fire Management**
- Appendix IV** **Technical Assessment of Project Proposals**

REPORT

Item 1 - Opening of the Session

The Thirtieth Session of the Committee was opened, on 13 May 2002, by the Chairperson of the Committee on Reforestation and Forest Management, Ms. Angela Andrade (Colombia). The list of participants is reproduced in document ITTC(XXXII)/Info.2 Rev.1.

Item 2 - Adoption of Agenda and Organization of Work

At its first meeting in a joint session on 13 May 2002, the Committee formally adopted the Agenda of its Thirtieth Session as contained in document CRF(XXX)/1.

Item 3 - Admission of Observers

A list of observers admitted by the Committee in a joint session to attend its Thirtieth Session is contained in document ITTC(XXX)/Info.3 Rev.1.

Item 4 - Report of the Expert Panel for Technical Appraisal of Project Proposals (Joint Session of the Committees)

The Committees noted and discussed the Report of the Twenty-third Expert Panel as contained in document CEM, CRF, CFI(XXX)/1, particularly with regard to the general points made in respect of support for conferences and meetings; pre-projects and projects; relevance to ITTO; logical framework; budget; presentation; project approach; ITTO context; sustainability; and dissemination.

The delegation of China sought clarification from the Panel on the assertion that, in isolation, proposals relating to NTFPs might fall outside the mandate of ITTO. The delegation indicated that NTFPs were covered in the ITTO Yokohama Action Plan and, as such, were not marginal to the ITTO mandate as suggested by the Expert Panel in its Report. The delegation of Switzerland recalled the previous report of the Panel presented at the Twenty-ninth Session of the Committees regarding its intention to address the 'gender issue' and said the Panel should reflect the issue in its project appraisals. The delegation further suggested that the ITTO Manual for Project Formulation be revised to make it more compatible with the GEF project requirements and, thereby, provide another option for project funding. The delegation of USA complimented the Secretariat for making available on the ITTO website information on pre-project and project proposals to be considered by the Committees at their current Sessions and noted that made it much easier to review project proposals.

The Committees noted the Report of the Twenty-third Expert Panel as presented and agreed that the comments made, particularly with regard to the need for submitting countries to pay due attention to the gender issue in project formulation, be conveyed to the Panel for its consideration.

Item 5 – ITTO Annual Market Discussion 2002 (Joint Session of the Committees)

The Committee noted the report of the ITTO Annual Market Discussion – 2002 held in a Joint Session of the Committees on 14 May 2002 as contained in Appendix A. The themes of the Market Discussion were "Tropical Timber Trade: Review and Prospects" and "Creating Opportunities for the Trade from ITTO's Work". Mr. Barney Chan (Sarawak Timber Association) served as the moderator of the Market Discussion. The following feature presentations were made during the Market Discussion:

Mr. Dani Pitoyo, APHI, APKINDO, ISA, Indonesia	"Trends and Current Issues in the Indonesian Timber Sector"
Mr. Totok Lestiyo, APKINDO, Indonesia	"The Financial Implications of Certification, Indonesian Industry Experiences"
Dr. Patrick Moore, Greenspirit, Canada	"Environmentalism into the 21 st Century"

Dr. Ivan Tomaselli, STCP, Brazil	"Trends and Current Issues in the Brazilian Timber Sector"
Dr. Jim Bourke	"Creating Greater Opportunities for Tropical Timber Trade from ITTO's Work"

In addition to the feature presentations, the following country reports were prepared for the Market Discussion but were only distributed to members due to the constraint of time:

Mr. Alhassan Attah, GTEB, Ghana	"Trends and Current Issues in the Ghanaian Timber Sector"
Ms. Siti Syaliza Mustapha, MTC, Malaysia	"Trends and Current Issues in the Malaysian Timber Sector"
Mr. Dick McCarthy, PNGFIA, PNG	"Trends and Current Issues in the PNG Timber Sector"
Ms. Wendy Baer, IWPA, USA	"Trends and Current Issues in the US Tropical Timber Sector"
Mr. Paul Martin, TTF, UK	"Trends and Current Issues in the UK Tropical Timber Sector"

Item 6 - Report on Completed Projects and Pre-Projects

6.1 Completed Projects

The Secretariat informed the Committee that the completed projects are listed in document CRF(XXX)/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 where the field activities have been completed, and the final report and other technical documentation have been submitted to the Secretariat as well as the audited financial report of the project's accounts.

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

The Committee then proceeded to review the following completed projects:

(A) Completed Projects, Including Financial Audit

1) PD 8/94 Rev.2 (F) Evergreen Club of Ghana/ITTO Youth in Forestry Project (Ghana)

The Committee took note that the Completion Report as well as the Final Technical report had been submitted by the Executing Agency. Furthermore, the Final Financial Audit Report had been received by the Secretariat. The Committee decided to consider the project as completed.

(B) Completed Projects, Pending Financial Audit

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

The Committee noted that this project was reported as completed, pending the Final Financial Audit Report, at the XXV CRF Session. The Brazilian Delegation informed that its government has been pursuing the Executing Agency IBAMA to be forthcoming with the Final Financial Audit Report and it is the delegation's understanding that the audit is currently being carried out. Upon their return to Brazil the delegation will contact IBAMA to seek the status of the audit and will report back to the Secretariat. The Committee once again advised the Executing Agency to submit the project's Final Financial Audit Report to the Secretariat prior to the next Council Session.

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

The Secretariat noted that the Final Financial Audit Report has not been submitted to ITTO. The Committee urged the Executing Agency to immediately submit the Audit Report.

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

The project was reported as completed in CRF(XXVIII)/3, pending the Final Financial Audit Report. The Delegation from Cote d'Ivoire informed the Committee that the Executing Agency will submit the Final Financial Audit Report to the Secretariat in June 2002. The Committee took note of this information and urged the Executing Agency to settle this outstanding matter.

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

The Committee took note that the Completion Report and the Final Technical Report had been submitted by the Executing Agency. While the Final Financial Audit Report has recently been received by the Secretariat, it has not yet been approved. The Committee decided that the project will be considered as completed, upon approval of the Final Financial Audit Report.

5) PD 11/93 Rev.1 (F) **A Strategy for the Sustainable Management and Harvesting of Forest Resources and Strengthening of Indigenous Territories in the Colombian Amazon (Colombia)**

The Committee took note that the Completion Report, as well as a series of technical reports had been submitted by the Executing Agency. These documents are available from the Secretariat upon request. It further noted that the Final Financial Audit Report has not yet been submitted to the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the Final Financial Audit Report of the project.

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

The Secretariat informed the Committee once again that the audit had flagged an amount of approximately US\$ 95,000 in unsubstantiated expenses and that it had given written notice to both the Executing Agency "Bosques y Desarrollo" and the Peruvian official contact point (INRENA) requesting a clarification in this respect. The Secretariat further informed the Committee that INRENA had taken legal action against the Executing Agency "Bosques y Desarrollo" and that the case was currently being aired in a Peruvian court of law. The Committee took note of this information.

7) PD 15/95 Rev.3 (F) **Development of the Lanjak Entimau Wildlife Sanctuary (LEWS) as a Totally Protected Area (TPA) Phase II (Malaysia)**

The Committee noted that the Completion Report and Final Financial Audit Report have been submitted to the Secretariat and, therefore, the project can be considered as completed.

8) PD 31/95 Rev.3 (F) **A Model Project for Cost Analysis to Achieve Sustainable Forest Management (Malaysia)**

The Committee noted that the Completion Report and the technical publications have been submitted to the Secretariat. The Japanese Delegation commended the important outputs of the project which have been presented in XXI IUFRO World Congress, and the International Conference on Reduced Impact Logging held in March 2001, in Sarawak. In view of this he suggested that the project report should be presented to the forthcoming Committee Session. The Committee took note of the information and requested the Malaysian Delegates to present the results of the project during the next Committee Session. In addition, the Committee requested the Executing Agency to submit the Final Financial Audit Report.

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

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

- 10) **PD 9/98 Rev.1 (F) Publication, Testing and Clarification of ITTO's Criteria and Indicators for the Sustainable Management of Gabon's Forests (Gabon)**

The project was reported as completed in CRF(XXX)/3, pending the Final Financial Audit Report. The Committee noted that the Secretariat had received photocopies of this document and requested the Executing Agency to submit the original of the Final Financial Audit Report to the Secretariat without further delay.

- 11) *** PD 31/98 Rev.2 (F) First Conference of Andean Forestry Chambers for the Sustainable Management of Natural Tropical Forests in the Region (Ecuador)**

The Committee took note that the project was reported as completed in CRF(XXIXI)/3, however the Final Financial Audit Report has not yet been submitted to the Secretariat. The Committee urged the Executing Agency to submit the Final Financial Audit Report without further delay.

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

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

* The project was reported as 'Completed Projects, Pending Financial Audit' during a previous Council Session.

6.2 Completed Pre-Projects

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

The Committee noted that all reports have been submitted to ITTO, therefore the Committee considered the project as completed.

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

The Committee took note that the Completion Report and the Final Financial Audit Report of the pre-project had been submitted by the Executing Agency. The Committee decided to consider the pre-project as completed.

Item 7 - Ex-post Evaluation

(A) Completed Ex-post Evaluations

The Committee was informed that the ex-post evaluations of the following projects, selected by the Committee its Twenty-eighth Session, have been completed:

Group 1: Forest Management/Inventory

- PD 95/90 (F)* Forest Management in the Alexander von Humboldt National Forest, Phases I, II, and III (Peru)
- PD 176/91 Rev.1 (F)* Sustained Management for Production, Conservation, Demonstration, Diffusion and Promotion Activities in Moist Tropical Forests in Ecuador's Northwest (Ecuador)
- PD 18/94 Rev.1 (F)* Participatory Forest Development in the Alto Mayo Region for the Sustainable Management of Moist Tropical Forests, Phase I and II (Peru)

Group 2: Community Forestry, Community Participation (Latin America)

- PD 34/88 Rev.1 (F) Conservation, Management, Utilization and Integrated and Sustained Use of the Forests in the Chimanes Region, Beni Department, Bolivia (Bolivia)
- PD 33/93 Rev.1 (F) Conservation, Management, Harvesting and Integrated and Sustained Use of Forests in the Chimanes Region, Beni, Bolivia - Phase I (Bolivia)
- PD 13/96 Rev.1 (F) Multiple-Use Management in the Macauã National Forest Based on Rubber Estates - Phase I: Development of a Master Plan to Support Community Organization (Brazil)

Group 3: Community Forestry, Community Participation (Africa)

- PD 22/93 Rev.4 (F) Forest Management, Community Participation and Sustainable Utilization in Si-Kop Forest Area, Coastal Province, Cameroon (Cameroon)
- PD 27/94 Rev.2 (F) Women and Tropical Forest Development Program (Ghana)

Group 4: Forest Fire

- PD 17/87 (F) Investigation of the Steps Needed to Rehabilitate the Areas of East Kalimantan Seriously Affected by Fire (Indonesia)
- PD 84/90 (F) The Establishment of a Demonstration Plot for Rehabilitation of Forest Affected by Fire in East Kalimantan (Phase II of PD 17/87 (F))
- PD 12/93 Rev.3 (F) Integrated Forest Fire Management in Indonesia - Phase I: National Guidelines on the Protection of Tropical Forests Against Fire (Indonesia)

Group 5: Biodiversity Conservation/Conservation Areas

- PD 106/90 Rev.1 (F) Development of the Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area-Phase I (Malaysia)
- PD 26/93 Rev.1 (F) Development of Bentuang Karimun Nature Reserve as National Park (Phase I) (Indonesia)

* These projects have been selected for ex-post evaluation at previous Committee Sessions but are now grouped together under one single theme.

The Consultants assigned to conduct the ex-post evaluations of Group 1 and 2, Group 3, Group 4 and Group 5 presented the reports contained in the respective documents CRF(XXX)/11, CRF(XXX)/12, CRF(XXX)/13, and CRF(XXX)/14.

Regarding the ex-post evaluation of PD 106/90 Rev.1 (F), the Malaysian Delegation highlighted the handling of biological data, and noted the need for a long-term management plan for transboundary conservation, while the Indonesian Delegation emphasized the involvement of local communities and strengthening of local capacities. The Delegation of Switzerland called for recommendations on how

governments should implement transboundary conservation, including the development of a transboundary management plan. The complete Statement of the Malaysian Delegation is presented in Appendix I.

Regarding the ex-post evaluation of PD 26/93 Rev.1 (F), the Indonesian Delegation provided the Committee with a statement indicating that the Government has taken follow up actions based on the results of ITTO's completed projects which include: raising stakeholders awareness, a joint program with local communities for fire prevention and the development of a comprehensive action plan taking into account the project findings and recommendations [The complete Statement of the Indonesian Delegation is presented in Appendix II]. The Japanese Delegate stated the importance of fire control and rehabilitation of burnt over forests and emphasized linkages between restoration after forest fire and management of degraded lands. He suggested that the national forest fire guidelines should be implemented and cooperation with neighboring countries and international community should also be enhanced. In connection with this ex-post evaluation, an informal session on ITTO's Role on Forest Fire Management was organized as an ITTC side event on 14 May 2002. The Report of this informal session appears as Appendix III in this report.

The Committee then decided to form a small working group composed of delegates of Cote d'Ivoire, Togo, Cameroon, Philippines, Japan, USA, Netherlands, Ghana, Panama and Colombia, to discuss the outcomes of the ex-post evaluations of the twelve completed projects, particularly with regard to their implications for future projects in the area of reforestation and forest management and the work of the Committee. The Working Group presented the following conclusions and recommendations to the Committee:

1. General Observations

Ex-post evaluations are relatively new to the CRF. The ex-post evaluations presented to the Committee provided extremely valuable insights and lessons learned that have the potential to significantly improve ITTO's project work. The results of the ex-post evaluations can be used to improve project formulation and development, project monitoring, and dissemination of results. It is critically important to seek to improve project success. A bad project can be worse than no project at all if, for example, it results in situations that cannot be sustained after the project terminates.

2. Common problems identified in projects

2.1 Project design

- The lack of meaningful collaboration and links with local stakeholders and communities, government entities, and policy processes in the formulation and design of projects
- The lack of baseline surveys and feasibility studies as a foundation for project development and evaluation
- Weak formulation of project hypothesis or objectives
- Missing logical project frameworks with understood and measurable indicators for evaluating success
- Weak approach for process development planning

2.2 Project Implementation:

- Unrealistically short time frames for project implementation given the nature of the project
- A focus on inputs and activities, rather than outputs and achieving identified project objectives
- Lack of adequate monitoring systems for evaluating performance and validating project results
- Lack of early and continued stakeholder involvement in project implementation and mid-course corrections
- Lack of mid-term evaluation and systematic opportunity for corrective action, especially that involves the management team, relevant stakeholders, and a steering committee.

2.3 Sustainability

- Lack of monitoring of the long-term impacts of the project and its sustainability in achieving its stated objectives
- Failure to develop a strategic plan to institutionalize project gains
- Failure to integrate the project with the interests/needs of local communities and/or relevant government bodies

- 2.4 Dissemination of results:
- Lack of adequate technology transfer and dissemination of the lessons learned outside of directly affected stakeholders.
3. Recommendations
- a. The Secretariat should take a proactive role in identifying and addressing problems identified during project implementation. If the ITTO budget is inadequate to provide the proper level of monitoring, that situation should be brought to the attention of the CRF and ITTC.
 - b. Issues related to sound project design and effective involvement of stakeholders can often be addressed as a pre-project proposal. Pre-projects are appropriate for addressing such concept and formulation issues. They may also be brought in as project outputs/activities (in process development).
 - c. The Secretariat should take a more proactive role in dissemination of the results and lessons learned in the projects. This might be done in a variety of ways, e.g., Tropical Forest Update, publishing summaries of lessons learned and making them available on the ITTO website, poster sessions at conferences, and the like.
 - d. Special attention should be given to evaluating the long-term sustainability of the effects of the projects, including developing a strategic plan for institutionalization of project benefits that includes roles and responsibilities for relevant stakeholders and other actors.
 - e. The ITTO Manual for Project Formulation as well as the Guidelines for Project Monitoring should be reviewed and, if appropriate, revised to take into account the results of the ex-post evaluations and these Working Group findings and recommendations. Workshops may be appropriate to disseminating the results of revised guidelines for project design, implementation and sustainability.
 - f. The Expert Panel for Technical Appraisal of Project Proposals should be more proactive in weeding out poorly designed projects. If necessary, give the Expert Panel authority and direction not to clear projects that do not meet minimum standards. Too many such substandard projects seem to be getting through and being sent to the CRF.
 - g. Include requirements for technical and performance measures of project implementation in the terms of reference for the financial audit that is required annually.
 - h. Encourage workshops for the internal evaluation of projects that include ITTO representatives, representatives of implementing bodies, NGOs, and other relevant stakeholders.

Further comments by other delegates supported the recommendations of the Working Group. In addition, the Secretariat stressed the need to strengthen the dissemination of project results by the Executing Agencies within the countries. The Committee decided to adopt the conclusions and recommendations of the Working Group.

(B) Selection of Projects for Ex-Post Evaluation

According to Decision 3(XXVIII), "Ex-post Evaluation of Projects", the committees are requested to consider as candidates for ex-post evaluation all completed individual projects or group of projects. The Committee, at its Twenty-ninth Session, requested the Secretariat to prepare a "Shortlist of Completed Projects Relevant for Ex-post Evaluation in the Field of Reforestation and Forest Management" for the Thirtieth Session. Accordingly, a shortlist of completed projects is provided in document CRF(XXX)/5 Rev.1 for the Committee's action at this Session.

The Committee established a small informal open-ended working group to consider ex-post evaluation of projects. The group consisted of delegates representing Indonesia, Switzerland, United States of America and the Secretariat. The group had before them documents CRF(XXVII)/5 "List of Completed Projects in the Field of Reforestation and Forest Management Grouped according to Main Objective" and CRF(XXX)/5 Rev.1 "Shortlist of Completed Projects Relevant for Ex-post Evaluation in the Field of Reforestation and Forest Management" as a basis for their work.

The working group presented to the Committee a list of 13 projects pre-selected for ex-post evaluation grouped into 3 major themes. The working group's report was considered by the Committee, which approved the following projects for ex-post evaluation:

Group 1: Demonstration Areas/Model Forests for SFM

PD 105/90 Rev.1 (F)	Model Forest Management Area – Phase I (Malaysia)
PD 14/92 Rev.2 (F)	A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China – Phases I, II, III (China)
PD 14/95 Rev.2 (F)	Model Forest Management Area – Phase II (Malaysia)
PD 16/95 Rev.2 (F)	Forest Health Monitoring to Monitor the Sustainability of Indonesian Tropical Rain Forests (Indonesia)
PD 12/97 Rev.1 (F)	Forest, Science and Sustainability: The Bulungan Model Forest (Indonesia)

Group 2: Reduced Impact Logging

PD 74/90 Rev.1 (F)	Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts (Global-Germany)
PD 104/90 Rev.2 (F)	Studies of the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point-of-View (Malaysia)
PD 45/97 Rev.1 (F)	On-site Training for Tropical Foresters and Forestry Trainers (Brazil)

Group 3: Mangroves

PD 128/91 Rev.2 (F)	Management, Conservation and Development of Mangrove Forests in Panama (Panama)
PD 157/91 Rev.2 (F)	Establishment of an International Network for the Conservation and Sustainable Utilization of Mangrove Forest Genetic Resources (Global-India)
PD 171/91 Rev.2 (F)	Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps – Phase I and Phase II Stages 1 and 2 (Colombia)
PD 11/92 Rev.1(F)	Development and Dissemination of Re-Afforestation Techniques of Mangrove Forests (Thailand)
PD 6/93 Rev.2 (F)	Manual and World Natural Mangrove Atlas for Mangrove Ecosystem Restoration (Global-Japan)

The Committee further requested the Secretariat to initiate the necessary arrangements for the conduct of the ex-post evaluation before the next Council Session.

Item 8 - Review of Project and Pre-Project Work in Progress

8.1 Project Work in Progress

The Committee took note of a status report (document CRF(XXX)/4) by the Secretariat on the 85 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 (74), B) awaiting the signing of an Agreement (7), C) pending finance (4), 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 68/89 Rev.1 (F) Management of the Tapajòs National Forest for Sustainable Production of Industrial Timber (Brazil)

The Brazilian Delegation assured the Committee that IBAMA had initiated the annual financial audits that are still pending. It also informed the Committee that it is finalizing the modified workplan and budget for the remaining project timeframe, as per the recommendations made by the Project's Steering Committee at its most recent meeting, and will submit it to the Secretariat shortly. The Secretariat further informed the Committee it had received a request from the Donor Country (United Kingdom) to solicit the Executing Agency return to the United Kingdom Government the interest accrued on the donated funds held by the Executing Agency in Brazil, in abidance of the UK Government's Accounting Instructions. The UK further requested that the Executing Agency not keep the funds in an interest bearing account. The Brazilian Delegation assured the Committee of an immediate follow-up in this regard as soon as it returned home. The Committee took note of the information and urged the Executing Agency to proceed with the aforementioned requests without further delay.

2) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia Phase I (Operational), Phase II (Operational), Phase III (Operational) (Indonesia)

The Secretariat informed the Committee that the implementation of Phase I and Phase II has been completed and the final financial audit has been finalized. The Audit Report certified that the expenditures have been made in accordance with the prescribed activities, however the Report noted unrecoverable expenditures amounting to US\$7,123.27 due to posting errors and mistaken withdrawals from the project's accounts which are controlled by the Indonesian Ministry of Finance. It further noted that the two Phases have a balance of unspent funds amounting to US\$164,771 to be carried over to Phase III subject to a justified Workplan to be prepared by the Executing Agency. The Japanese Delegate stated that he has no objection to the above and therefore, the Committee took note of the project's financial situation as stated above.

3) PD 115/90 Rev.1 (F) Rehabilitation of Natural Forests (Malaysia)

The Malaysian Delegation informed the Committee that all project activities have been completed and the final financial audit is currently being undertaken. Therefore, an extension for a few months was requested. The Committee agreed to grant the project an extension until September 2002 without additional funds.

4) PD 02/93 Rev.1 (F) Integrated Pilot Management of the Ngoua II Forest-North – Phase I: preparation of the Management Plan (Congo)

The Congolese Delegation informed the Committee on the plans for holding the final workshop in order to validate the Management Plan. Furthermore, the Committee was informed that a project proposal for the phase II has already been formulated. The Committee took note of the information.

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

The Malaysian Delegation informed the Committee that due to the delay in the recruitment of the consultant, the project requires a further extension. The Committee agreed to grant the project an extension until December 2002 without additional funds.

- 6) **PD 03/95 Rev.2 (F) Conservation and Provenance Plantings and Integrated Pest Management to Sustain Iroko Production in West Africa (Ghana, Cote d'Ivoire, Cameroon)**

The Delegation of Cote d'Ivoire informed the Committee that the Executing Agency had submitted the Final Financial Audit Report. However, the Delegation of Cameroon could not provide information related to the submission of the Financial Audit Report. The Delegation of Ghana informed the Committee that the Executing Agency is working on the elaboration of a consolidated Completion Report that shall include the results of the Collaborating Agencies, which have submitted their reports in French. The Committee took note of the information and urged the Cameroonian Executing Agency to submit the Final Financial Audit Report without further delay, in order to facilitate the elaboration of one consolidated report.

- 7) **PD 1/96 Rev.3 (F) Sustainable Forest Management in the Nargana District, Kuna Yala Indigenous Territory, Panama (Panama)**

The Committee took note that the previously endorsed mid-term evaluation is currently being carried out and that the report will be available shortly.

- 8) **PD 12/96 Rev.2 (F) Development of a Sustainable Mangement Plan for the Souanke-Sembe-Kelle Area (Phase II)**

The Congolese Delegation informed the Committee that the delay in the submission of the Completion Report is due to the problems encountered with the subcontractors: ONADEF (in forwarding the final maps) and GENERAL WOOD (in finalizing the Mangement Plan). The Committee decided to grant the project an extension until September 2002 without additional funds, in order to finalize the remaining activities.

- 9) **PD 26/96 Rev.4 (F) Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View – Phase II (Malaysia)**

The Malaysian Delegation reported to the Committee that the consultant firm engaged to construct a logging demonstration road has encountered some technical difficulties on the ground and therefore an extension is required. The Committee agreed to grant the project an extension until December 2002 without additional funds.

- 10) **PD 04/97 Rev.3 (F) Development and Promotion of Afforestation Activities in Egypt – Phase I (Operational), Phase II (Operational) (Egypt)**

The Committee noted that the Executing Agency had not submitted the final version of the Completion Report and the Final Financial Audit Report. The Committee requested the Executing Agency to submit the outstanding reports without further delay.

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

The Committee took note of the report by the Secretariat that the project progress report was received on 30 April 2002 and that project implementation seems to be delayed due to the change of Government, which took place in 2001.

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

The Committee took note of the Executing Agency's request for an extension in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project until the end of March 2003, without additional funds, as per the written request and justification, including budgetary modifications, submitted by the Executing Agency.

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

The Committee took note of the Executing Agency's request for an extension in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project until the

end of December 2002, without additional funds, as per the written request and justification, including budgetary modifications, submitted by the Executing Agency.

14) PD 24/97 Rev.1 (F) Project for Sustainable Forest Management in Pando, Bolivia (Bolivia)

The Committee took note of the Executing Agency's request for an extension in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project until the end of June 2002, without additional funds, as per the written request submitted by the Executing Agency.

15) PD 53/97 Rev.2 (F) Regionalization of the Volume Tables for Trees of Natural Forests and Plantations (Cote d'Ivoire)

In response to a question by the Delegation of Japan, the Delegation of Cote d'Ivoire informed the Committee that, as soon as the first installment is released, the Executing Agency shall initiate the implementation of the project. The Committee took note of the information

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

The Committee took note that the Executing Agency has been in a position to commence the project since March 2002 and therefore requests the CFC to be forthcoming with the funding pledged to implement this project without further delay.

17) PD 24/98 Rev.2 (F) Intensification of Teak Forestry (Cote d'Ivoire)

In response to a question by the Delegation of Japan, the Delegation of Cote d'Ivoire informed the Committee on the technical reasons for the requested extension until 31 December 2003, without additional funds. The Committee took note of the information and agreed to grant an extension until 31 December 2003, provided that a detailed Plan of Operation is submitted to the Secretariat.

18) PD 36/98 Rev.1 (F) Establishment of Forestry Sector Draft Development Plan for Sustainable Forest Management in Cambodia (Cambodia)

The Cambodian Delegation explained to the Committee that the project is nearly completed and that the final report is being finalized. The Committee took note of this information.

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

The Ghanaian Delegation informed the Committee that the Progress Report and the Annual Financial Audit Report will be submitted shortly to the Secretariat. The Committee took note of the information.

20) PD 54/98 Rev.1 (F) Institutional Strengthening of the Geographic Information System (GIS) of the National Environmental Authority (ANAM) for the Monitoring and Evaluation of Panama's Forest Resources with a View to their Sustainable Management (Panama)

The Committee noted the Executing Agency's request for a modification to the project's budget in order to acquire state-of-the-art computerized GIS equipment. In this light, the Committee considered the amendments to be justified and approved the budgetary changes, as per the written request submitted by the Executing Agency.

21) PD 7/99 Rev.2 (F) East New Britain Balsa Industry Strengthening Project – Phase II (PNG)

The Delegation from Papua New Guinea explained that the Annual Financial Audit Report has just been finalized and it will be submitted to ITTO soon. The Committee took note of this information.

- 22) 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 of Government of Colombia's request to assign a new Executing Agency to continue implementing the project in lieu of ACOFORE, taking into account the recent events. As it will not entail any major changes and, on the contrary, will support the continuous implementation of the project, the Committee approved SINERGIA COLOMBIA to act as the Project's Executing Agency from now onwards.

- 23) PD 22/99 Rev.2 (F) **Study on The Behaviour of Native Timber Species of Commercial Value in the Tropical Moist Forests of Honduras - Phases I, II and III (Honduras)**

The Committee took note that the Completion Report, as well as a series of technical reports and the Final Financial Audit Report for the project's first Phase had been submitted by the Executing Agency and that its second phase is in the process of starting up. The Secretariat will report on the completion of the project's first phase at the Committee's next session.

- 24) PD 51/99 Rev.2 (F) **Support to Grassroot Forestry Promotion Initiatives in the Yoto Area (Togo)**

The Committee took note that the Secretariat had not received the Progress Report before the deadline.

- 25) PD 54/99 Rev.1 (F) **Alternative Financing Model for Sustainable Forest Management in San Nicolas, Colombia (Colombia)**

The Executing Agency requested a project extension until June 2003 with additional funds amounting to US\$ 83,704.00 as presented in document CRF(XXX)17. The Committee decided to approve the request by the Executing Agency.

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

The Swiss Delegation requested clarification as regards the delay in project implementation. The Brazilian Delegation informed that legal changes in the management of external funds by public institutions in Brazil had created a temporary impediment for the Executing Agency to administer the funds, and further mentioned that a solution to this was currently being sought. The Committee took note of the information and urged the Executing Agency to proceed with the implementation of the project without further delay.

(B) Projects awaiting implementation agreement

- 1) PD 66/01 Rev.1 (F) **Establishment of the Mengamé-Minkébé Transboundary Gorilla Sanctuary (MMGS) at the Cameroon-Gabon Border (Cameroon)**

The Committee noted that the agreement had been finalized in April 2002.

- 2) 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 noted that the agreement had been finalized in April 2002.

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

None

8.2 Pre-Project Work in Progress

Twenty-one pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XXX)/4.

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

(A) Pre-Projects under implementation

- 1) **PPD 8/93 (F) Demonstration Areas for Sustainable Management of Production Forests (Global)**

The Committee took note that the Secretariat had prepared the terms of reference to carry out a workshop on demonstration areas for the sustainable management of production forests in the tropics, as per its request at the last session and that it has been circulated at this session as document CRF(XXX)/15.

The Committee further noted that discussion on this subject would be taken up under point 9 of the Agenda and reported on therein.

- 2) **PPD 04/96 Rev.1 (F) Development of Master Plan for Forest Management in Congo (Congo)**

The Congolese Delegation informed the Committee that the Completion Report will be submitted within three months after the holding of the National Workshop for the Validation of the Master Plan. The Committee took note of the information.

- 3) **PPD 13/96 Rev.1 (F) Establishment of a Network of Permanent Sample Plots to Monitor the Dynamics of the Cote d'Ivoire Reserved Forests (Cote d'Ivoire)**

The Delegation of Cote d'Ivoire informed the Committee that the Final Financial Audit Report will be submitted in June 2002 to the Secretariat. The Committee took note of the information.

- 4) **PPD 4/97 Rev.1 (F) Rehabilitation of Damaged Areas of the "Cerrado" (Brazil)**

The Brazilian Delegation informed the Committee that the Brazilian Government will continue pressuring the Executing Agency, PRO-CERRADO, to finalize the implementation of this pre-project and submit the pre-project's final report, the Final Financial Audit Report and the project proposal to the Secretariat as soon as possible. It further offered to pay a visit to PRO-CERRADO's headquarters to seek further clarification in this respect and would inform the Secretariat of the outcome in due course. The Committee once again reiterated the Executing Agency present without further delay the pre-project's final report, the Final Financial Audit Report and the project proposal to the Secretariat.

- 5) **PPD 7/97 Rev.1 (F) Forestry Inventory for the Sustainable Production of Mahogany Timber (Brazil)**

The Brazilian Delegation assured the Committee that IBAMA had initiated the final financial audit that was still pending and that it would submit it to the Secretariat as soon as it is finalized. The Committee once again reiterated the Executing Agency present without further delay the pre-project's final report and the Final Financial Audit Report to the Secretariat.

- 6) **PPD 11/97 (F) Assessment of the Forestry Sector (Liberia)**

The Delegation of Switzerland informed the Committee that it has decided to withdraw the funds provided for this pre-project on the grounds that this pre-project has not initiated its implementation and will therefore be sunset [ITTC(X)/15, Annex 2, Point 2]. The Committee took note of the information and requested the Secretariat to make the necessary arrangements to return the funds to Switzerland.

(B) Pre-Projects awaiting implementation agreement

- 1) **PPD 33/01 (F) Support for the Development of a Project for the Participatory Follow-Up and Evaluation of the Forestry, Protected Areas and Wildlife Policy in Honduras (Honduras)**

The Committee noted that the agreement had been finalized in early May 2002.

(C) Pre-Projects coming under the sunset provisions since the last Session

- 1) PPD 3/99 Rev.3 (F) Enhancing Community Participation in the Philippine Community-Based Forestry Program (Pending Finance) (Philippines)
- 2) PPD 2/00 Rev.1 (F) Evaluation of the Reforestation Potential for Industrial Timber Production from High Value Tropical Species in the Amakpave and Lili Reserved Forests of Togo (Pending Finance) (Togo)

8.3 Approved Projects and Pre-Projects Pending Finance

The Committee noted the list of approved projects and pre-projects awaiting financing and urged the donor community to provide the funds necessary for the implementation of the projects and pre-projects.

(A) *Projects Pending Finance*

- 1) PD 52/98 Rev.4 (F) Establishing a Network of Permanent Sampling Plots for Monitoring the Dynamics of Reforestation in Côte d'Ivoire (Pending Finance) (Côte d'Ivoire)
- 2) PD 14/00 Rev.5 (F) Integrated Plan for the Consolidation of the Bagre Highlands Biological Corridor, Province of Darien (Pending Finance) (Panama)
- 3) *PD 50/00 Rev.1 (F) Forest Inventory for the Conservation and Sustainable Management of Mahogany – *Swietenia macrophylla* King – in the Brazilian Amazon Region – Phases I, II, III (Pending Finance) (Brazil)
- 4) PD 86/01 Rev.1 (F) SAR Systems for Operational Forest Monitoring in Indonesia (Pending Finance) (Indonesia)

* To be sunset before the Thirty-third Session of the Council if full financing not secured before June 2002.

(B) *Pre-Projects Pending Finance*

- 1) *PPD 12/00 Rev.1 (F) Development of a National Strategy and Master Plan in the Field of Forestry Research and Development with a View to Contributing to the Improvement of Industrial Timber Production in Togo (Pending Finance) (Togo)
- 2) PPD 18/01 Rev.1 (F) Development of an Appropriate Substrate Based on Local Material in the Semi-Industrial Nursery Site of Ngondji (Congo)

* To be sunset before the Thirty-third Session of the Council if full financing not secured before June 2002.

Item 9 - 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 I, Table B.

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

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

• **PROJECTS ASSESSED BY THE COMMITTEE**

Project No.	Title
PD 13/00 Rev.4 (F)	Support to the Akposso and Akebou Populations for the Participatory Management of Residual Forests in the Uncultivated Valleys of Akpe and Akama for the Production of Industrial Timber (Togo)
PD 36/00 Rev.2 (F)	Sustainable Management and Rehabilitation of Nepal's Tropical Forest Resources through Community Participation and Skilled Manpower Development (Nepal)
PD 39/00 Rev.3 (F)	Sustainable Collaborative Forest Management: Meeting the Challenges of Decentralization in the Bulungan Model Forest (Indonesia)
PD 53/00 Rev.3 (F)	Implementation of a Permanent Network of Stands Dynamics Monitoring Plots for the Gazetted Forests of Côte d'Ivoire (Côte d'Ivoire)
PD 54/00 Rev.4 (F)	Genetic Resistance of Iroko to <i>Phytolyta lata</i> – Phase II (Côte d'Ivoire)
PD 63/01 Rev.2 (F)	Assessment and Management of Mangrove Forests in Egypt for Sustainable Utilization and Development (Egypt)
PD 84/01 Rev.3 (F)	Promoting the Sustainable Use and Conservation of Valuable Timber Trees in the Peruvian Amazon through Institutional Capacity Building (Peru)
PD 125/02 Rev.1 (F)	II Latin American Forestry Congress (Guatemala)
PD 128/02 Rev.1 (F)	Improvement of National Capabilities to Implement National Forest Inventories in the Amazonian Subregion (Bolivia, Colombia, Ecuador, and Peru)
PD 130/02 Rev.1 (F)	Project for a 2,500 Hectare Timber Production Plantation in the Reserved Forest of Haho-Baloe (Plateaux Region – Togo): Phase II (Togo)
PD 137/02 Rev.1 (F)	Demonstration Plantation of <i>Xantoxylum rethsa</i> , <i>Manilkara kauki</i> , <i>Alstonia scholaris</i> , and <i>Whrightia pubescens</i> to Promote Sustainable Bali Natural Forest (Indonesia)
PD 142/02 Rev.1 (F)	Sustainable Production of National Forests under the "Regime of Forest Concessions" (Brazil)
PD 150/02 Rev.1 (F)	Plantation Promotion Seminar (Brazil)

Details of the technical evaluation of these proposals are presented in Appendix IV of this report. The Committee's recommendations regarding approval of these proposals are presented in Item 13 (A) below.

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

Pre-Project No.	Title
PPD 37/02 Rev.1 (F)	Study for the Conservation, Rehabilitation and Sustainable Management of Mangroves in Togo (Togo)
PPD 38/02 Rev.1 (F)	Assistance to the Kamina and Neighboring Populations for the Realization of a Participatory and Integrated Project of Forest Management and Reforestation in the Akebou Area (Wawa Prefecture) – Togo (Togo)
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)
PPD 44/02 Rev.1 (F)	Firefight Initiative: Prevention rather than Cure (Switzerland)
PPD 47/02 (F)	Promotion of Clean Development Mechanism in the Framework of Sustainable Forest Management with Local Communities Involvement (Indonesia)

Details of the technical evaluation of the proposal are presented in Appendix IV of this report. The Committee's recommendations regarding approval of the proposal are presented in Item 13 (B) below.

Item 10 - Policy Work

ITTC policy work instructions to Committees, pursuant to Decision 4(XXV) include:

- Use the current ITTO Action Plan, the policy-relevant aspects of the annual ITTO Work Programme, the findings of completed projects and Council Decisions as the primary basis for identifying items for policy development.
- Decide during each session of each Committee those subjects, which will be discussed under the agenda item Policy Work during its next session and agree upon the way to prepare for such a discussion in the Committee.

In accordance with its policy work programme for the year 2002, the Committee considered the following items on the agenda:

- (i) During the Twenty-ninth Session, the Committee requested the Secretariat to prepare a proposal for a workshop to discuss the following: (a) the conceptual framework of demonstration areas for sustainable forest management and possible networking between demonstration areas (DAs); (b) the assessment of the current situation and the lessons learnt from different existing DAs; (c) the operational framework and potential level of information sharing under a possible network of DAs. The expected output of the workshop will be a set of recommendations for concrete possible actions to be considered by the Committee in its future work. The Secretariat prepared the proposal for the workshop contained in document CRF(XXX)/15 for consideration by the Committee. Due to the importance of the issue and the limited number of Delegates present in the meeting, the Committee decided to postpone the discussion of the Workshop on Demonstration Areas to the Thirty-first Session in November 2002.
- (ii) Agenda items related to the development of a comprehensive framework and practical working manuals on all relevant aspects of sustainable tropical forest management [ITTC Decision 6(XXVII) and document ITTC(XXVIII)/11].
 - a. International Conference on Criteria and Indicators for Sustainable Forest Management (ICCI 2002)

The Secretariat informed the Committee on the status of this International Conference, which is jointly organized by ITTO and FAO with additional financial and technical support by the United States Department of State, the United States Forest Service and the Ministry of Agriculture of Finland and will be hosted by Guatemala. The Conference is scheduled to take place in Guatemala City from 22 to 26 July 2002. Due to unforeseen circumstances, which have affected Conference preparations, the ICCI 2002 will have to be postponed for several months. A new Conference date will be announced shortly and invitations will be sent to ITTO Members in the near future.

- b. Discussion of the outcomes of the Workshop and Expert Panel on ITTO's Mangrove Forest Ecosystem Work Plan [Decision 7(XXXI)] and their possible implications for the policy work of the CRF.

The Mangrove Work Plan [ITTC(XXXII)/5] contains two activities in Area 1: "Conservation and Sustainable Management" that are closely related to the Committee's work on criteria and indicators, namely:

- Assess existing, and if applicable develop new, methodologies and guidelines for assessing qualitative and quantitative aspects of mangroves;
- Assess existing, and if applicable develop new, criteria and indicators for sustainable management of mangrove ecosystems.

The Committee discussed the need to develop specific criteria and indicators for the sustainable management of mangrove forests, however, no definite conclusion was reached at this Session. The Delegate of the United States suggested evaluating the extent to which development of such criteria and indicators has already been undertaken by other organizations. The Committee decided to further elaborate on this important issue at its Thirty-first Session in November 2002.

- c. ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests

The ITTO Guidelines for the Management of Secondary Tropical Forests, Restoration of Degraded Tropical Forests and the Rehabilitation of Degraded Forest Land [Decision 6(XXX)] were presented to the Council by the Chairman of the Expert Panel. The Committee discussed possible follow-up actions to disseminate and promote the use of the Guidelines.

The Delegates of PNG, Côte d'Ivoire and Ghana emphasized the importance of analyzing and discussing the Guidelines at the national and local levels in their respective countries to better assess needs for further actions in this area, while the Delegate of Colombia stressed the need for criteria for evaluating the recuperation of soils, water holding capacity and biodiversity. The Delegate of the Netherlands pointed out that emphasis should be given to the economic aspects of forest restoration, particularly the economic feasibility of restoration and rehabilitation measures. Based on the discussion, the Committee invited all interested Delegates to participate in the drafting of a follow-up Council Decision on the issue of the Guidelines.

(iii) Forest Fire

The Secretariat informed the Committee that a side event on forest fire had been held at this Council Session, during which some important issues regarding forest fires and ITTO's possible role were discussed. A summary of this side event is attached as Appendix III to this report. After affirmative interventions by the Delegates from PNG, Japan, Côte d'Ivoire, USA and China, the Committee decided to put the issue of forest fire prevention and management on the agenda of its Thirty-first Session in November 2002.

Item 11 - Dates and Venues of the Thirty-first, Thirty-second and Thirty-third Sessions of the Committee

The dates and venues of the Thirty-first, Thirty-second and Thirty-third Sessions of the Committee are determined in relation to the dates and venues fixed by the Council for its Thirty-third, Thirty-fourth and Thirty-fifth Sessions.

Item 12 - Other Business

(a) Project Ideas

The following project ideas were presented to the Committee:

- "Sustainable Peat Swamp Forest Management and Conservation through Community Participation in Southern Thailand" (Thailand) [CRF(XXX)/6]
- "Support for the Population of MVANGAN in the Development of Community Agro-forestry Plantations" (Cameroon) [CRF(XXX)/7]
- "Rehabilitation of Degraded Forest Land in the Central Province" (Cameroon) [CRF(XXX)/8]
- "Pilot Project for the Sustainable Management of Mangrove Forests in the Cameroon Estuary" (Cameroon) [CRF(XXX)/9]
- "Support for the Development of the Mangrove Ecosystems in the Cameroonian Region of Rio del Rey by Local Communities" (Cameroon) [CRF(XXX)/10]
- "Community Forestry Development for Self-Sustainable Rural Revival and Forest Ecology Conservation" (Thailand) [CRF(XXX)/18].

The Committee took note of the documents and the information provided.

Item 13 - Recommendations to the International Tropical Timber Council

(A) The Committee made the following recommendations regarding Projects:

1. The Committee recommended that the Council approve PD 13/00 Rev.4 (F) and allocate US\$ 389,262 for its implementation.

2. The Committee recommended that the Council approve PD 39/00 Rev.3 (F) and allocate US\$ 892,559 for its implementation.
3. The Committee recommended that the Council approve PD 53/00 Rev.3 (F) and allocate US\$ 342,795 for its implementation.
4. The Committee recommended that the Council approve PD 54/00 Rev.4 (F) and allocate US\$ 378,584 for its implementation.
5. The Committee recommended that the Council approve PD 63/01 Rev.2 (F) and allocate US\$ 301,570 for its implementation.
6. The Committee recommended that the Council approve PD 84/01 Rev.3 (F) and allocate US\$ 430,302 for its implementation.
7. The Committee recommended that the Council approve PD 125/02 Rev. 1 (F) and allocate US\$ 87,683 for its implementation.
8. The Committee recommended that the Council approve PD 128/02 Rev.2 (F) and allocate US\$ 1,854,894 for its implementation.
9. The Committee recommended that the Council approve PD 130/02 Rev.1 (F) and allocate US\$ 644,731 for its implementation.
10. The Committee recommended that the Council approve PD 137/02 Rev.2 (F) and allocate US\$ 261,438 for its implementation.
11. The Committee recommended that the Council approve PD 142/02 Rev.2 (F) and allocate US\$ 878,157 for its implementation.
12. The Committee recommended that the Council approve PD 150/02 Rev.1 (F) and allocate US\$ 146,520 for its implementation.

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

1. The Committee recommended that the Council approve PPD 37/02 Rev.1 (F) and allocate US\$ 64,914 for its implementation.
2. The Committee recommended that the Council approve PPD 38/02 Rev.1 (F) and allocate US\$ 44,456 for its implementation.
3. The Committee recommended that the Council approve PPD 40/02 Rev.1 (F) and allocate US\$ 71,232 for its implementation.
4. The Committee recommended that the Council approve PPD 44/02 Rev.1 (F) and allocate US\$ 91,245 for its implementation.
5. The Committee recommended that the Council approve PPD 47/02 (F) and allocate US\$ 53,000 for its implementation.

(C) The Committee made the following recommendations regarding Additional Fundings:

1. The Committee recommended that the Council approve the request for additional funding for PD 54/99 Rev.1 (F) and allocate US\$ 83,704.00 to finalize the work of the project.

Item 14 - Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix I

Statement by Malaysia on the Report on Ex-Post Evaluation of Project PD 106/90 Rev.1 (F) – Development of Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area, Phase I

First and foremost, Forest Department Sarawak, Malaysia as the Executing Agency of the Project, would like to express its sincere appreciation to ITTO for its continued support on the Project, and the consultants Dr. Ricardo Umali and Dr. Berthold Seibert for preparing the ex-post evaluation report.

It was stated clearly in the project document that the project was to be implemented in two phases. Phase I would be restricted to gathering information necessary for the preparation of a management plan containing recommendations and guidelines for Phase II.

Mr. Chairman, I wish to remind this Council/Committee that the project was formulated at a time when formal ITTO guidelines for project design had not been established. Understandably, therefore, the Project Document was brief and general in nature. The Work Plan and Terms of Reference for the consultants ensured that the minimum information must be gathered to establish the conservation value of the Sanctuary.

In Phase I, identification and description of the forest types provided the basis for other biodiversity studies. At the end of the project we were able to get a good understanding of the forests and flora, and the occurrence and abundance of major faunal groups in the different forest types. The amount of information gathered within the two-year period was considered necessary and not at all ambitious.

We are disappointed to note that the little improvement on the integration of data and non-completion of most studies in Phase I were assessed by the consultants as failures. We thought that for the purpose intended in the management of the Sanctuary, the data were sufficiently integrated to reflect our understanding of the complexity and biodiversity of the TPA. We are puzzled by the statement that "species and population counts is still way below the accepted norms for number of species in Sarawak". Lanjak Entimau Wildlife Sanctuary is only a tiny fraction of the State. What are the accepted norms for Sarawak and what species are we referring to?

On the project design, a longer time frame would have been ideal but the design of Phase I was intended to meet the needs at that material time. In biodiversity term and with an area of nearly 200,000 ha, it was hard to anticipate what the "expected results" would be, and therefore, each phase of the Project had to be clearly defined.

We concur with the consultants on the need to have a long-term management plan as we would like to ensure that every effort in the conservation and management of such an important TPA must be sustained.

The consultants have also pointed out the need to strengthen collaborative management of the Transboundary Biodiversity Conservation Area (TBCA) with West Kalimantan. In this regard, we would welcome more concrete suggestions and recommendations as to how this could be more fully achieved.

The consultants have rightly pointed out that biodiversity survey is a long-term undertaking, with Phase I laying the foundation for future work. However, it was the opinion of ITTO and Forest Department that the latter should assume greater responsibility in biodiversity survey after Phase II. Subsequently ITTO's input in Phase III was used to promote the sustainable utilization of the Sanctuary's biological resources through a series of community-based activities and the establishment of more gene banks for timber trees and other species of traditional and economic value.

We appreciate the many useful recommendations for future studies and management of the TPA while a number of others are outside the TOR of the Mission and not within the mandate of the project as the relevant legislation and laws are already well in place. We also welcome the suggestion to have a long-term management plan, but feel that this plan must be broadened to incorporate the collaborative management of the entire TBCA with West Kalimantan.

Finally, I am pleased to report to the Council that the Right Honourable Chief Minister of Sarawak has agreed to the inclusion of Batang Ai National Park of 24,040 ha in the Transboundary Conservation Area. A joint study on the forest typing and flora of the National Park is currently being undertaken by Forest Department and ITTO.

Appendix II

Statement by Indonesia on the Report on Ex-Post Evaluation of Project PD 26/93 Rev.1 (F) Development of Bentuang Karimun Nature Reserve as National Park, Phase I

First of all the Indonesian Delegation would like to appreciate the excellent work of the ex-post evaluation team. This project has been considered as one of the most priority project related with forest rehabilitation and conservation in Indonesia. We are pleased to inform the Committee that the Joint Task Force Indonesia-Malaysia has been established to identify and stimulate cooperative efforts in managing transboundary conservation areas.

During the Second Phase of the Betung Kerihun National Park project, a significant shift has been made to involve local community in the project implementation. This action was taken following the recommendation of the evaluation team.

The Indonesian Delegation would like also to endorse the recommendation for strengthening national and local institutions to better manage the transboundary conservation area. Thank you.

Appendix III

ITTO'S ROLE IN TROPICAL FOREST FIRE MANAGEMENT

Report on a side-event held in conjunction with the 32nd Session of the International Tropical Timber Council

The moist tropical forests of Asia/Pacific, Africa, Latin America and the Caribbean are all facing an increasing fire threat. The impacts of uncontrolled forest fire can be devastating: tropical forest fires destroy homes, livelihoods and wildlife and pollute river systems. Smoke haze events create health and navigation hazards on a regional scale, and the carbon emitted contributes significantly to the build-up of greenhouse gases in the atmosphere.

In this context, a side-event was organized during the 32nd Session of the International Tropical Timber Council held in Bali, Indonesia on 13–18 May 2002 to:

- increase awareness among Council delegates of ITTO's work on forest fire management and on the fire management capability of members; and
- suggest ways of increasing the effectiveness of the work of ITTO and others in forest fire management.

The side-event was chaired by **Mr. Suhariyanto**, Director General of Forest Protection and Nature Conservation, Indonesian Ministry of Forestry and attended by about 50 delegates. Six fire management experts gave presentations to the workshop.

Mr. James Dunlop, Former Head of the Forest Protection Branch, British Columbia (Canada), outlined the fire-fighting capability in Brazil and Ghana. He made a number of suggestions for improving Brazil's already impressive fire-fighting capability. In particular he said that clearly delineating the major phases of fire-fighting – prevention, preparedness, detection and suppression – within the fire-fighting program would assist program managers in achieving the key outcomes in each phase.

Mr. Dunlop said that the Forestry Department and the National Fire Service in Ghana had made great strides in improving its bushfire management capability with the important assistance of ITTO and others. He stressed that the attitude of village-level fire-fighting teams was "upbeat and proud" and will underpin the development of a strong and effective national fire management capability, particularly given a high level of commitment from government. He noted new work being undertaken with the assistance of the Government of the Netherlands and suggested that ITTO could complement this work in a number of ways, including by: supporting local fire-fighting volunteers through the supply of basic equipment (eg boots, mountain bikes and safety gear); facilitating coordination of fire management and fire-fighting at the national level; supporting the development of a locally adapted fire communications network; supporting the construction and operation of a low-cost national early warning fire system using fire lookouts; continuing the effective training of fire-fighting crews initiated under an ITTO project; assisting in adapting the Keech-Byram Drought Index to Ghanaian conditions; and encouraging forestry educators to include the practical participation of forestry students in specially trained fast-response and extended attack crews.

Dr Joao Antonio Raposo Pereira, Fire Monitoring Coordinator, PROARCO, MMA/IBAMA, Brazil outlined his country's program to prevent and combat forest fires in the 'arc of deforestation' in the Amazon region. He said that the fire detection, monitoring and response activities were coordinated by IBAMA (the Brazilian Institute for Environmental and Natural Renewable Resources) but relied on a high level of cooperation between several relevant agencies – the Army, Air Force, IBAMA, Bombeiros (an urban fire-fighting corps) and Civil Defence – which was facilitated by a permanent taskforce. He outlined Brazil's satellite fire location system (using NOAA, GOES, MODIS and DMSP), the use of aircraft-mounted infrared sensors, and an alert system based on the locality of the fire (eg its tenure status) and its persistence. He also talked about a system of permits for prescribed burning through the use of a card similar to an Automated Teller Machine card. Landholders would use the card at local banking facilities to obtain permission to burn and to get information on appropriate burning and about other landholders who may be burning in the same area to facilitate local coordination.

Dr. Pereira suggested some ways in which ITTO could support Brazil's program, including by assisting in decreasing the response time between fire detection and action, and the organization of a rapid response fire suppression team. He also mentioned efforts to cooperate with other countries in the region to implement a regional fire-monitoring network.

Mr. James Sorenson said that a lack of fire management know-how in tropical countries could be traced partly to the historic lack of fire in moist tropical forests. He also said that nations such as the USA, Canada, Australia, South Africa and Brazil, with more experience in fire management, should be able to pass on the lessons learned so as to shorten the process of developing their fire management capability. He mentioned the ITTO Guidelines on Fire Management in Tropical Forests, which can facilitate the development of national and sub-national fire management programs, and he cited Indonesia's national guidelines as an example. He stressed that a 'one size fits all' approach won't work; each country needs to tailor its program for its specific social, economic, cultural and environmental needs and conditions.

Dr. Dicky Simorangkir said that fires are increasing in their frequency and severity in moist tropical forests. He introduced Project FireFight South East Asia, a joint project by the World Wide Fund for Nature and IUCN to support current national and international efforts to develop more effective and efficient fire management systems. The project has three focus areas: review and analysis of the legal and institutional framework of fire management; community-based fire management; and analysis of the economics of fire and fire use. He said that all countries in the region have some elements of fire-related legislation that were positive, but none has a comprehensive legal framework. He said that in some cases good policies were not supported by the necessary regulatory framework, roles and responsibilities were not clearly defined between agencies, there were inadequate resources to enforce laws and there was a lack of political will to address fire management issues. He pointed out that many communities own knowledge on fire use but could not provide the complete solution to harmful forest fires. He recommended support for research and analysis that improves the understanding of forest fires; the building of awareness among stakeholders; and the mandating and equipping of forest managers to prepare and implement forest management plans.

Mr. Ross Smith described the fire situation in Indonesia; he said that in 1997 70% of all smoke came from peat beds and 20% from land-clearing fires. He described the existing fire management capability in the Province of West Kalimantan and introduced a newly developed ITTO project proposal to establish a forest fire management agency within the police force (POLHUT) in the province. This agency would be the lead agency for the management of forest fires, it would coordinate the activities of all agencies involved in fire management and it would give priority to fire prevention. Fire suppression would be done using professional methods and a system of burn permits would be developed. Community education and participation would be key elements of the project. Under the proposal, the Province would appoint a Provincial Fire Officer, who would coordinate district fire officers and would act as executive officer of the Provincial Forest Fire Advisory Committee, which would be created under the project. He highlighted some key messages: a simple approach should be taken – the best solutions are rarely the most technologically advanced; fire prevention is equally important to suppression; community education and awareness programs are essential; a single fire management or coordinating agency was critical – if multiple agencies have joint management rights it is almost inevitable that turf wars will ensue, with deleterious effects; fire management projects should be considered as part of the whole suite of activities aimed at sustainable forest management – synergies between other fire and forest/land management projects should be sought; and fire projects should be built from basic principles that match identified needs.

Dr Daddy Ruhiyat spoke about a study conducted within an ITTO project to research and field-test a training model for forest fire management based on indigenous knowledge. The study collected information from five villages in East Kalimantan, four of which were populated by local ethnic groups and one by immigrant Javanese. He said that local communities have used fire for many centuries as an effective management tool. He reported that some community groups are still using traditional fire management technology, others have combined traditional and new technologies, and the immigrant population has not adopted traditional methodologies to a significant extent. Indigenous communities have developed their own fire management 'rules', which may be written or conveyed orally. Recently, communities have begun to organize fire control activities in response to major fire events; organization is done by community leaders such as traditional chiefs, village heads and community elders. He suggested that traditional fire management systems could be used as the basis of modern fire management programs that blend traditional and modern approaches and in which new equipment and technologies eliminate the weaknesses of the traditional fire control system. Moreover, traditional knowledge has the potential to greatly assist the development of new fire management technologies; therefore, the loss of traditional knowledge would be to the detriment of efforts to improve fire management practice. There is an urgent need for more efforts to ensure that this knowledge is retained in the communities and disseminated more widely.

The presentations were followed by a discussion facilitated by **Dr Efransjah** of the ITTO Secretariat and by informal discussions after the meeting. Delegates showed interest in Brazil's experience, suggesting the potential for further south-south technology transfer that might be facilitated by ITTO. Questions were raised and addressed about the best focus for ITTO's fire work. It was suggested, for example, that ITTO should concentrate on fire management in the permanent forest estate; the purposeful burning for land-use change was outside its scope. However, others expressed the view that while ITTO's comparative advantage was in fire management in the permanent forest estate, the full spectrum of fire causes – across all land uses – had to be tackled in an integrated way and it would therefore be ineffective to focus fire management efforts solely on the permanent forest estate. ITTO policy work should look at the issue more broadly. Its efforts in capacity building should also be seen in a broad sense and should include the strengthening of community and traditional approaches to fire management. One delegate noted that in severe drought conditions major forest fires were inevitable; fire management plans should recognize that extreme years are going to happen and need to be prepared for.

Next steps

ITTO should evaluate the fire management situation at the request of member countries to identify pragmatic, useful actions that will lead to clear improvements in that situation. Already, evaluations in a small number of countries have indicated areas where ITTO assistance would be useful. ITTO project proposals can now be formulated to activate such assistance.

ITTO has a number of fire-related field projects and has carried out some important policy work on forest fire. The side-event proved valuable in bringing out some of the lessons of this work, although more time was needed for an adequate discussion. Similar events if staged regularly under the auspices of the ITTO Committee on Reforestation and Forest Management will help in the development of ITTO's fire management policies and in building a robust approach to ITTO's fire management efforts.

Appendix IV

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. **PD 13/00 Rev.4 (F)** **Support to the Akposso and Akebou Populations for the Participatory Management of Residual Forests in the Uncultivated Valleys of Akpe and Akama for the Production of Industrial Timber (Togo)**

Conclusion of the Thirtieth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. The Delegate of Japan requested improving the specific objective of the project and providing more information on the methods to be used for rehabilitation. The Committee approved the project PD 13/00 Rev.4 (F) pending the incorporation of the suggestions made by Japan and recommended the Council to allocate US\$ 389,262 for its immediate implementation.

2. **PD 36/00 Rev.2 (F)** **Sustainable Management and Rehabilitation of Nepal's Tropical Forest Resources through Community Participation and Skilled Manpower Development (Nepal)**

Conclusion of the Thirtieth Committee

The Secretariat briefed the Committee on the observations of the Expert Panel about the status of this proposal. The Committee decided not to approve the proposal and encouraged the Government of Nepal to submit a new proposal taking into account the comments made by the Expert Panel as embodied in the document CRF(XXX)/2.

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

Conclusion of the Thirtieth 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 39/00 Rev.3 (F) and recommended the Council to allocate US\$ 892,559 for its immediate implementation.

4. **PD 53/00 Rev.3 (F)** **Implementation of a Permanent Network of Stands Dynamics Monitoring Plots for the Gazetted Forests of Côte d'Ivoire (Côte d'Ivoire)**

Conclusion of the Thirtieth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 53/00 Rev.3 (F) and recommended the Council to allocate US\$ 342,795 for its immediate implementation.

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

Conclusion of the Thirtieth 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 54/00 Rev.4 (F) and recommended the Council to allocate US\$ 378,584 for its immediate implementation.

6. PD 63/01 Rev.2 (F) Assessment and Management of Mangrove Forests in Egypt for Sustainable Utilization and Development (Egypt)

Conclusion of the Thirtieth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Due to the fact that a similar project has been funded by FAO and is currently being implemented in the country, the Committee requested the Government of Egypt to closely coordinate both projects in order to avoid duplication of efforts. The Committee approved the project PD 63/01 Rev.2 (F) and recommended the Council to allocate US\$ 301,570 for its immediate implementation.

7. PD 84/01 Rev.3 (F) Promoting the Sustainable Use and Conservation of Valuable Timber Trees in the Peruvian Amazon through Institutional Capacity Building (Peru)

Conclusion of the Thirtieth 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 84/01 Rev.3 (F) and recommended the Council to allocate US\$ 430,302 for its immediate implementation.

8. PD 125/02 Rev.1 (F) II Latin American Forestry Congress (Guatemala)

Conclusion of the Thirtieth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. The Committee also took note of the information by the Guatemalan Delegation of a possible postponement of the II. Latin American Forestry Congress to October 2002. The Committee approved the project PD 125/02 Rev.1 (F) and recommended the Council to allocate US\$ 87,683 for its immediate implementation.

9. PD 128/02 Rev.2 (F) Improvement of National Capabilities to Implement National Forest Inventories in the Amazonian Subregion (Bolivia, Colombia, Ecuador, and Peru)

Conclusion of the Thirtieth Committee

The Japanese delegation requested clarification as regards which specific institution would act as the Executing Agency and which would act as Collaborating Agencies. The delegations from Bolivia, Colombia and Peru clarified the issue and suggested that the project document be revised taking into account the observations made and in consultation with interested delegations. The Secretariat informed the Committee that the project document has been revised as PD 128/02 Rev.2 (F). The Committee approved the project PD 128/02 Rev.2 (F) and recommended the Council to allocate US\$ 1,854,894 for its immediate implementation.

10. PD 130/02 Rev.1 (F) Project for a 2,500 Hectare Timber Production Plantation in the Reserved Forest of Haho-Baloe (Plateaux Region – Togo): Phase II (Togo)

Conclusion of the Thirtieth 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 130/02 Rev.1 (F) and recommended the Council to allocate US\$ 644,731 for its immediate implementation.

11. **PD 137/02 Rev.2 (F) Demonstration Plantation of Xantoxylum rethsa, Manilkara kauki, Alstonia scholaris, and Whrightia pubescens to Promote Sustainable Bali Natural Forest (Indonesia)**

Conclusion of the Thirtieth 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 137/02 Rev.2 (F) and recommended the Council to allocate US\$ 261,438 for its immediate implementation.

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

Conclusion of the Thirtieth Committee

The Japanese delegation made observations on the detailed budget provision for project personnel. The Brazilian Delegation clarified some of the pertinent issues and suggested that the project document be revised taking into account the observations made and in consultation with interested delegations. The Secretariat informed the Committee that the project document has been revised as PD 142/02 Rev.2 (F). The Committee approved the project PD 142/02 Rev.2 (F) and recommended the Council to allocate US\$ 878,157 for its immediate implementation.

13. **PD 150/02 Rev.1 (F) Plantation Promotion Seminar (Brazil)**

Conclusion of the Thirtieth 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 150/02 Rev.1 (F) and recommended the Council to allocate US\$ 146,520 for its immediate implementation.

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS

1. **PPD 37/02 Rev.1 (F) Study for the Conservation, Rehabilitation and Sustainable Management of Mangroves in Togo (Togo)**

Conclusion of the Thirtieth 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 37/02 Rev.1 (F) and recommended the Council to allocate US\$ 64,914 for its immediate implementation.

2. **PPD 38/02 Rev.1 (F) Assistance to the Kamina and Neighboring Populations for the Realization of a Participatory and Integrated Project of Forest Management and Reforestation in the Akebou Area (Wawa Prefecture) – Togo (Togo)**

Conclusion of the Thirtieth 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 38/02 Rev.1 (F) and recommended the Council to allocate US\$ 44,456 for its immediate implementation.

3. **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)**

Conclusion of the Thirtieth 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 40/02 Rev.1 (F) and recommended the Council to allocate US\$ 71,232 for its immediate implementation.

4. **PPD 44/02 Rev.1 (F) Firefight Initiative: Prevention rather than Cure (Switzerland)**

Conclusion of the Thirtieth Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Letters of support from the Governments of Ghana, Thailand, Ecuador, Bolivia and Peru have been received by the Secretariat. Therefore, the Committee approved the pre-project PPD 44/02 Rev.1 (F) and recommended the Council to allocate US\$ 91,245 for its immediate implementation.

5. **PPD 47/02 (F) Promotion of Clean Development Mechanism in the Framework of Sustainable Forest Management with Local Communities Involvement (Indonesia)**

Conclusion of the Thirtieth 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 47/02 (F) and recommended the Council to allocate US\$ 53,000 for its immediate implementation.

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

PROJECT DOCUMENT	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (months)	RECOMMENDATION*	
				23rd EP	30th CRF
PD 13/00 Rev.4 (F)	389,262	Togo	36	5	1
PD 36/00 Rev.2 (F)	1,054,435	Nepal	48	5	5
PD 39/00 Rev.3 (F)	892,559	Indonesia	36	1+BPF	1
PD 53/00 Rev.3 (F)	342,795	Côte d'Ivoire	36	1	1
PD 54/00 Rev.4 (F)	378,584	Côte d'Ivoire	36	1	1
PD 63/01 Rev.2 (F)	301,570	Egypt	24	1	1
PD 84/01 Rev.3 (F)	430,302	Peru	36	1	1
PD 125/02 Rev.1 (F)	87,683	Guatemala	12	1	1
PD 128/02 Rev.2 (F)	1,854,894	Bolivia, Colombia, Ecuador, and Peru	30	5	1
PD 130/02 Rev.1 (F)	644,731	Togo	36	1	1
PD 137/02 Rev.2 (F)	261,438	Indonesia	24	1+BPF	1+BPF
PD 142/02 Rev.2 (F)	878,157	Brazil	24	1+BPF	1
PD 150/02 Rev.1 (F)	146,520	Brazil	12	1	1
PPD 37/02 Rev.1 (F)	64,914	Togo	9	1	1
PPD 38/02 Rev.1 (F)	44,456	Togo	6	1	1
PPD 40/02 Rev.1 (F)	71,232	Congo	8	1	1
PPD 44/02 Rev.1 (F)	91,245	Switzerland	9	1	1
PPD 47/02 (F)	53,000	Indonesia	4	4a	1

* For Categories of Recommendation see Table B.

** Recommendation by the 28th CRF Committee as "2. Recommend to the ITTC that the proposal be revised and resubmitted: a) directly to the relevant Committee"

TABLE B

Categories of Decision for 23rd Expert Panel	Categories of Recommendation from 30th CRF to the Council
<ol style="list-style-type: none"> 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).) 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. 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. 4. The Panel concluded that a pre-project (not exceeding US\$) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal. <ol style="list-style-type: none"> a: (Such a pre-project proposal could be commended to the Committee for final appraisal.) b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.) 5. The Panel concluded that it could not commend the modified or revised (pre-) project proposal and submits it to the Committee for further appraisal. 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.) 7. The Panel concluded that there is insufficient information to assess the (pre-) project proposal adequately. <p>(Text in Parentheses is optional.)</p>	<ol style="list-style-type: none"> 1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing. 2. Recommend to the ITTC that the proposal be revised and resubmitted: <ol style="list-style-type: none"> a) directly to the relevant Committee, or b) to the Expert Panel. 3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994. 4. Recommend to the ITTC that a decision on the proposal be deferred until the next session. 5. Recommend to the ITTC that the proposal should not be further considered by ITTO.

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Bali, Indonesia

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

THIRTIETH SESSION OF THE COMMITTEE ON

FOREST INDUSTRY

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Report

Appendix I Technical Evaluation of Project Proposals

REPORT

1. Introduction

The Thirtieth Session was opened on 13 May 2002 by Ms. Candy Green (USA), the Chairperson of the Committee. The List of Participants is reproduced in Document [ITTC(XXXII)/Info.2 Rev.1].

2. Adoption of Agenda and Organization of Work

At its first meeting on 13 May 2002, the Committee adopted the agenda of its Thirtieth Session as contained in Document CFI(XXX)/1.

3. Admission of Observers

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

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

The Committees noted and discussed the Report of the Twenty-third Expert Panel as contained in document CEM, CRF, CFI(XXX)/1, particularly with regard to the general points made in respect of support for conferences and meetings; pre-projects and projects; relevance to ITTO; logical framework; budget; presentation; project approach; ITTO context; sustainability; and dissemination.

The delegation of China sought clarification from the Panel on the assertion that, in isolation, proposals relating to NTFPs might fall outside the mandate of ITTO. The delegation indicated that NTFPs were covered in the ITTO Yokohama Action Plan and, as such, were not marginal to the ITTO mandate as suggested by the Expert Panel in its Report. The delegation of Switzerland recalled the previous report of the Panel presented at the Twenty-ninth Session of the Committees regarding its intention to address the 'gender issue' and said the Panel should reflect the issue in its project appraisals. The delegation further suggested that the ITTO Manual for Project Formulation be revised to make it more compatible with the GEF project requirements and, thereby, provide another option for project funding. The delegation of USA complimented the Secretariat for making information available on the ITTO website on pre-project and project proposals to be considered by the Committees at their current Sessions and noted that this made it much easier to review project proposals.

The Committees noted the Report of the Twenty-third Expert Panel as presented and agreed that the comments made, particularly with regard to the need for submitting countries to pay due attention to the gender issue in project formulation, be conveyed to the Panel for its consideration.

5. ITTO 2002 Market Discussion [Joint Session of the Committees]

The Committee noted the report of the ITTO Annual Market Discussion – 2002 held in a Joint Session of the Committees on 14 May 2002 as contained in Appendix A in document CEM(XXX)/5. The themes of the Market Discussion were "Tropical Timber Trade: Review and Prospects" and "Creating Opportunities for the Trade from ITTO's Work". Mr. Barney Chan (Sarawak Timber Association) served as the moderator of the Market Discussion. The following feature presentations were made during the Market Discussion:

Mr. Dani Pitoyo, APHI, APKINDO, ISA, Indonesia	"Trends and Current Issues in the Indonesian Timber Sector"
Mr. Totok Lestiyo, APKINDO, Indonesia	"The Financial Implications of Certification, Indonesian Industry Experiences"
Dr. Patrick Moore, Greenspirit, Canada	"Environmentalism into the 21 st Century"
Dr. Ivan Tomaselli, STCP, Brazil	"Trends and Current Issues in the Brazilian Timber Sector"
Dr. Jim Bourke	"Creating Greater Opportunities for Tropical Timber Trade from ITTO's Work"

In addition to the feature presentations, the following country reports were prepared for the Market Discussion but were only distributed to members due to the constraint of time:

/...

Mr. Alhassan Attah, GTEB, Ghana	"Trends and Current Issues in the Ghanaian Timber Sector"
Ms. Siti Syaliza Mustapha, MTC, Malaysia	"Trends and Current Issues in the Malaysian Timber Sector"
Mr. Dick McCarthy, PNGFIA, PNG	"Trends and Current Issues in the PNG Timber Sector"
Ms. Wendy Baer, IWPA, USA	"Trends and Current Issues in the US Tropical Timber Sector"
Mr. Paul Martin, TTF, UK	"Trends and Current Issues in the UK Tropical Timber Sector"

6. Report on Completed Project and Pre-Project

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

COMPLETED PROJECT

PD 15/96 Rev.2 (I,M) Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines (Philippines)

The delegate from the Philippines reported on completed project PD 15/96 Rev.2 (M,I) "Utilization, Collection and Trade of Tropical Non-Wood Forest Products (NWFP) in the Philippines". The objectives of the project were to determine the volume of NWFPs in four project areas and the number of upland/forest dwellers engaged in the collection, processing and sale of the products. Project work also assessed the regeneration pattern and cycle of NWFPs and supplied recommendations for sustained-yield collection practices. Additional work focused on the needs and problems of the forest dwellers, and introduced improved methods in the collection, processing and storage of products.

The direct beneficiaries of the project were the forest dwellers, furniture manufacturers using bamboo and rattan as their raw materials, and handicraft producers of baskets, bags, mats and other woven products, souvenir items, decors, gift items using bamboo, rattan, abaca, leaves of erect palms and vines. The delegate of the Philippines reported that the participation of forest dwellers in the implementation of the project was primarily in supplying the data and information during the survey of the project areas, their collection practices, the quantity of NWFP collected, the prices for each product and the market and income derived from the sale.

The project activities also included a number of training workshops that helped identify problems that forest dwellers face in their trade and facilitated the rapid introduction of improved methods of collection, processing and storage. The impacts of harvesting NWFPs on the socio-economic conditions of the dependent communities have been presented in the workshops. Simplified technical pamphlets were prepared in local languages and printed as part of the training materials.

Regarding the market research and market information activities, forest dwellers engaged in the trade of NWFPs were interviewed to gather data and information on the NWFPs traded by forest dwellers. The international marketing consultant provided a report that covered the NWFP marketing channels and pricing structure, seasonality of harvesting, growth and yield, harvesting/procurement systems, expenses entailed in harvesting, storage, transport and processing methods, marketing cost, problems and issues in marketing, volume of products traded, the method of payment, and market structure. The report presents the numerous problems associated with the marketing of NWFPs and provides general principles that can enhance marketing activities to the international community.

The project results indicated that the collection of NWFPs, if done in a sustainable and non-destructive way, pose a negligible threat to the maintenance of continuous forest cover and results in minimal changes to the natural tropical forest. Under natural conditions, NWFPs can be systematically harvested and managed along with wood in an integrated manner to increase overall productivity.

The Committee was satisfied with the project results and recommended that the project be considered as complete.

COMPLETED PRE-PROJECT

PPD 1/99 Rev.2 (I) Human Resources Development for the Improvement of Forest Industry in Cambodia (Cambodia)

The Committee noted that this pre-project allowed the preparation of a report entitled "Forest Industries in Cambodia: Training of Forest Practitioners". This report analyzes the training needs of the forest industry in Cambodia and identifies strategies for human resources development in order to improve the productivity of the forest industry sector.

Recommendations for future work include the establishment of a permanent training center within the Forestry and Wildlife Research Institute to expand training programmes for the timber industry, including training in reduced impact logging. This training center can provide training for Cambodian workers at all levels, as their current skills and knowledge are not sufficient to increase utilization efficiency.

The Committee noted that, based on the results of the pre-project, Cambodia had submitted a project proposal [PD 131/02 (I) "Training of Forest Practitioners for the Improvement of the Forest Industry in Cambodia"], which was assessed as requiring essential modifications at the Twenty-third meeting of the Expert Panel for Technical Appraisal of Project Proposals (28 January – 1 February 2002). Noting the importance of a full project to address the urgent need for training of forest practitioners, the Committee expressed its satisfaction with the work carried out under the pre-project and commended that the technical report should be widely disseminated to interested parties.

7. Ex-Post Evaluation

A. Ex-Post Evaluation Missions

No ex-post evaluation mission was reported, as no project was selected for ex-post evaluation at the last session of the Committee.

B. Selection of Projects for Ex-Post Evaluation

The Committee recommended that project PD 15/96 Rev.2 (I,M) "Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines (Philippines)", reported as completed at this Session, be selected for ex-post evaluation.

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

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

PROJECT WORK IN PROGRESS

A. Projects under implementation:

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

6. PD 37/94 Rev.3 (I) Strengthening of the Forest Products Laboratory of IBAMA (Brazil)
7. PD 47/94 Rev.3 (I) Industrial Utilization of Lesser-Known Forest Species in Sustainably Managed Forests (Honduras)
8. 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)
9. PD 31/96 Rev.2 (M,F,I) Introducing Myanmar's Lesser-Known Timber Species to the World Market (Myanmar)
10. PD 46/96 Rev.2 (I) Establishment of a Wood Workers and Craftsmanship Village (Ghana)
11. PD 46/97 Rev.3 (I) Community Forest Products Processing in the Puerto Dias Extractive Reserve (Brazil)
12. PD 58/97 Rev.1 (I) The Establishment of the Database of Tropical Industrial Lesser-Used Wood Species (Japan)
13. PD 12/98 Rev.2 (I) Technical Manpower Development for the Ghana Wood Industry Training Center (WITC) (Ghana)
14. 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)
15. PD 13/99 Rev.2 (M,F,I) *ITTO Information Network and Project Support (Global) (Phase II)*
16. PD 31/99 Rev.3 (I) Non-timber Production and Sustainable Development in the Amazon (Brazil)
17. PD 34/99 Rev.2 (I) Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (Philippines)
18. PD 36/99 Rev.4 (I) Processing and Utilization of Almaciga (*Agathis philippinensis* Warb.) Resin as Source of Industrial Chemicals (Philippines)
19. PD 52/99 Rev.2 (I) Development and Extension of Preservation Technology of Tropical Plantation Timber (China)
20. PD 56/99 Rev.1 (I) Promotion of the Utilization of Bamboo from Sustainable Sources in Thailand (Thailand)
21. PD 58/99 Rev.1 (I) Introduction of a Village Industry in the Community Around an Industrial Forest Plantation in Indonesia (Indonesia)
22. PD 10/00 Rev.2 (F,I) Sustainable Management and Utilization of Sympodial Bamboos in South China (China)
23. PD 20/00 Rev.1 (I) Training Workshop on Further Processing of Tropical Timber in the Asia-Pacific Region (Korea)
24. PD 24/00 Rev.1 (I) Promotion of Sustainable Utilization of Rattan from Plantation in Thailand (Thailand)
25. PD 51/00 Rev.2 (I, M) Improvement of Rubberwood Utilization and Marketing in Thailand (Thailand)
26. PD 69/01 Rev.1 (I) Improved and Diversified Use of Tropical Plantation Timbers in China to Supplement Diminishing Supplies from Natural Forests (China)

27. 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)

B. Projects awaiting implementation agreement:

28. 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)
29. PD 46/99 Rev.3 (I) Pre-Feasibility Study for the Industrial Utilization of Rubberwood (*Hevea brasiliensis*) Including the Formulation of a Pilot Case Study for Implementation in a Specific Area of Colombia (Colombia)
30. PD 61/99 Rev.2 (I) Increasing the Efficiency in the Tropical Timber Conversion and Utilization of Residues from Sustainable Sources (Brazil)
31. PD 65/01 Rev.2 (I) Training in Reduced Impact Logging in Cambodia (Cambodia)
32. PD 68/01 Rev.2 (I) Training in Reduced Impact Logging in Guyana (Guyana)
33. PD 85/01 Rev.2 (I) Strategies for the Development of Sustainable Wood-Based Industries in Indonesia (Indonesia)

C. Projects awaiting financing:

34. PD 40/00 Rev.2 (I) Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)
35. PD 75/01 Rev.2 (I) Nomenclature of African Tropical Timber (Congo)

PRE-PROJECT WORK IN PROGRESS

A. Pre-projects under implementation:

1. PPD 50/91 (I) Provision of Assistance for Reassessment and Reformulation of Zairian Project Proposals PD 205/91 (I) "National Saw Maintenance Centre" and PD 209/91 (I) "Study of Zairian Timber with a View to Promoting Certain Species" (Democratic Republic of Congo)
2. PPD 13/98 Rev.2 (I) Assessment of Forest Industry Training Needs (Fiji)
3. PPD 15/98 Rev.2 (I) Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (Gabon)
4. PPD 6/99 Rev.3 (M,F,I) Promotion of Non-Timber Forest Products in Terai Region of Nepal (Nepal)
5. PPD 11/99 Rev.1 (I) Development of the Rubberwood Industry in Côte d'Ivoire – Phase I (Côte d'Ivoire)
6. PPD 15/99 Rev.2 (I) Pre-Project for the Ecuadorian Tropical Timber Industry Environmental Management (Ecuador)
7. PPD 1/00 Rev.1 (I) Improvement of Sustainable Management and Utilization of Tropical Non-Timber Forest Products (NTFPs) in Cambodia (Cambodia)
8. PPD 6/00 Rev.1 (I) Formulation of a Project Proposal to Support the Sustainable Development of Small Forest Industrialist (Peru)
9. PPD 16/01 Rev.1 (I) Timber Enhancement through Mechanical Processing (Congo)
10. PPD 25/01 (I,M) Review of International Wooden Furniture Markets (Global)

11. PPD 35/01 (I) Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries (Global)

B. Pre-projects awaiting implementation agreement:

12. PPD 7/00 (I) Feasibility Study for the Production of Sawnwood from Tropical Forest Using Appropriate Technologies (Ecuador)
13. PPD 5/00 Rev.1 (I) Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India (India)

C. Pre-projects awaiting financing:

14. PPD 19/01 Rev.1 (I) Sustainable Management of Non-Timber Forest Products (NTFPs) in Congo's Forests under Sustainable Management (Congo)
15. PPD 21/01 Rev.2 (I) Promotion of Secondary Species from Cameroon Forests (Cameroon)

The Committee had detailed discussions on:

- 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)**

The representative of the Government of Switzerland called the attention of the Committee to the fact this project was approved for a duration of 3 years. However, after 9 years project activities have not been completed. Evidently, there are some problems in project implementation and initial conditions for the implementation might have changed. The representative of the Government of Switzerland reiterated the suggestions he made during the 28th Session of the Committee, which was endorsed by the Committee that a mid-term evaluation of the project should be carried out, in order to analyze problems surrounding project implementation and provide guidance on future project implementation with the view to ensure sustainability. The Committee again supported the request for a mid-term evaluation. The Committee decided to recommend to Council that a mid-term evaluation of the project should be conducted and that funds amounting to US\$15,900.00 be provided to this effect.

- PD 209/91 Rev.2 (I): Study of Zairian Timber with a View to Promoting Certain Species (Democratic Republic of Congo)**

The representative from the Democratic Republic of Congo (DRC) informed the Committee that the agreement regulating the implementation of the project was finalized in February 1993, but the project could not be initiated at that time because of the civil unrest in the country. Things are now moving back to normal and the project is much needed. The representative of the DRC also informed the Committee that its Government supports the changes suggested by the consultant engaged under pre-project PPD 50/91 (I), in particular with regard to the focus of the project which should move from Lesser Used Timber Species, to well known and traded species in order to revitalize the timber industry in this country. He informed the Committee that the project will be revised along those lines and a revised project document will be submitted to the Secretariat for Committee's consideration at its next session.

The Committee noted this declaration by the representative of the DRC and encouraged the submission of a revised project document for consideration by the Committee at its next Session in November 2002.

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

The implementing agency has requested a 6 month extension in the duration of the project due to difficulty in retaining consultants for the final activity of the project (economic evaluation). This extension would extend from June-December 2002 and would require no additional financial resources. The Committee approved the extension.

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 Committee recalled that project activities were being implemented with relative success in Ghana, and to a lesser extent in Peru and Honduras, while the Philippines component had not shown any progress. The Committee also recalled that the Executing Agency had requested a six-month extension of the project in order to complete project activities in Ghana, Peru and Honduras. Further to the report by the Secretariat that while the Government of Japan had no objection to the requested extension, the Government of Finland did not agree to the extension, the Committee requested the Secretariat during its Twenty-ninth Session to pursue consultations with donors of this project (the governments of Japan and Finland) in order to determine their final decision with regard to the requested extension.

The Secretariat reported that the Government of Japan had confirmed that it had no objection for the continued support to the project, provided there was similar support from the Government of Finland. The Secretariat also indicated that it did not receive any response from the Government of Finland.

During the discussion, the Government of Japan reiterated its continued intention to support the project. The representative of the Government of Finland informed the Committee that the Government of Finland is willing to reconsider its position with regard to the requested extension, but it will have first to check the contractual agreement established with the Executing Agency. She also indicated that while continued support to the Ghanaian component of the project might not pose any particular problem, the Government of Finland will need to have fresh progress reports of project activities from participating institutions in Peru and Honduras, and determine whether any additional support can still produce the desired results after the interruption of project activities that has happened while waiting for a final decision on the requested extension.

The Committee urged the Government of Finland to make a decision on this issue as soon as possible in order to minimize any adverse impacts on results already achieved and to clarify its position to all interested parties.

PD 46/96 Rev.2 (I):**Establishment of a Wood Workers and Craftsmanship Village (Ghana)**

The Secretariat informed the Committee that delays in the progress of the project had been due to administrative changes in the Forestry Commission of Ghana and the disbursement of project funds from accounts held by the Timber Export Development Board. These problems were discussed and solutions were agreed upon at a project Steering Committee meeting in Kumasi in April 2002. It is now expected that further procurement for light machinery will be completed by July 2002. The annual audit report and progress report have been received by the Secretariat.

PD 31/99 Rev.3 (I):**Non-Timber Production and Sustainable Development in the Amazon (Brazil)**

The Secretariat recalled the attention of the Committee to the fact that the project was approved during the 28th Session of the ITTC in May 2000 and that the agreement regulating the implementation of this project was fully processed on 22 December 2000, but no disbursement has been made because no project bank account has been opened for this project due to changes in the Government of Brazil's internal regulations with regard to the management of funds provided by international organizations. This

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problem was discussed at the last session of the Committee. The Secretariat reported that until now it has not received any concrete proposal from the Government of Brazil.

The Committee noted that according to ITTO regulations regarding sunset provisions, any approved and funded project ceases to receive ITTO financial support if project activities are not initiated 26 months after the date of approval. For PD 31/99 Rev.3 (I), the deadline for the project to fall under sunset provision is therefore July 2002. The Committee decided, provided the concurrence of the donor of this project (Japan), to recommend a grace period of until the next session of the Committee, by which date, if no action is taken in resolving the problem of project bank account, the project will be sunset.

PPD 50/91 (I): Provision of Assistance for Reassessment and Reformulation of Zairian Project Proposals PD 205/91 (I) "National Saw Maintenance Centre" and PD 209/91 (I) "Study of Zairian Timber with a View to Promoting Certain Species" (Democratic Republic of Congo)

The representative of the Democratic Republic of Congo (DRC) updated the Committee on the advancement with regard to the reformulation of project PD 205/91 (I) "National Saw Maintenance Centre" which is the remaining activity of this pre-project. The representative of the DRC indicated that the reformulation is now in its final stage, and the consultant is expected in the DRC before the end of May 2002 in order to conclude the reformulation process. The revised project proposal is expected to be submitted to ITTO before 3 June 2002.

The representative of the DRC also informed the Committee that the original title of PD 205/91 (I) will change from "National Saw Maintenance Centre" to "Central Workshop for the Mastering of Sawing in the DRC". The revised project will include training activities and provisions for a stronger involvement of the timber industry.

The Committee encouraged the representative of the DRC to ensure that reformulation of project is completed as soon as possible and the proposal submitted to the Secretariat as indicated.

The Committee was also reminded that project PD 209/91 Rev.2 (I) "Study of Zairian Timber with a View to Promoting Certain Species", addressed on page 7 of this report, was the first project proposal reformulated under this pre-project.

PPD 13/98 Rev.2 (I) Assessment of Forest Industry Training Needs (Fiji)

The Secretariat informed the Committee that the Executing Agency did not submit a progress report and that there were delays in the implementation of the pre-project field activities because of the non-release of the pre-project funds from the Ministry of Finance of Fiji to the Executing Agency. The Committee was pleased to learn that the Executing Agency has received confirmation from the Ministry of Finance that they released the pre-project funds on 2 May 2002 and that the Executing Agency would be in the process of preparing the pre-project activities. The Committee noted that according to the ITTO Rules and Procedures Applying to ITTO Projects, approved projects for which funds have been committed, but for which implementation has not yet begun, shall be valid for a period of 26 months. In this connection, the Committee urged the Executing Agency to facilitate the full implementation of the pre-project without further delays and requested that the approval and funding of the pre-project should be terminated at the thirty-first session of CFI if the pre-project activities have not begun by October 2002.

PPD 15/98 Rev.2 (I): Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (Gabon)

The delegate of the Government of Gabon updated the Committee on the preparation of the second phase of the Joint ATO/ITTO Conference on Further Processing of African Tropical Timber. She informed the Committee that the Conference is scheduled for 5-6 December 2002 in Libreville, Gabon. The representative of Gabon recalled the attention of the Committee that the Council at its Thirty-first Session, provided funds amounting to US\$100,000.00 for the organization of this second phase of the

conference. These funds will be supplemented by remaining funds from the first conference organized in September 2001, and which amounts to about US\$60,000.00, and contributions from the Government of Gabon and from the ATO. The Committee encouraged the Government of Gabon to continue preparations for the conference in order to ensure its full success.

**PPD 11/99 Rev.1 (I) Development of the Rubberwood Industry in Côte d'Ivoire – Phase I
(Côte d'Ivoire)**

The representative of the Government of Côte d'Ivoire informed the Committee that the identification and selection of an international consultant in order to conduct the economic and financial analysis for the potential of the rubberwood industry took more time than expected. The consultant has now been selected and he will submit his report soon. However in order to allow time for the Executing Agency to comment on the report and compile the pre-project completion reports, a six-month extension, with no extra funds, is requested.

The Committee agreed to grant the pre-project an extension until December 2002 in order to allow the completion of remaining pre-project activities.

9. Consideration of Project and Pre-Project Proposals

Three project proposals were submitted to the Committee for final appraisal:

PROJECTS

- | | |
|----------------------|--|
| PD 96/01 Rev.2 (I,F) | Strengthening Capacity Building of Forest and Forest Products Research Base for Sustainable Forest Management in Cambodia (Cambodia) |
| PD 108/01 Rev.2 (I) | Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia (Indonesia) |
| PD 146/02 Rev.1 (I) | Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar) |
| PD 151/02 (I) | International Conference on Quality Timber Products of Teak from Sustainable Forest Management (India) |

PRE-PROJECTS

- | | |
|---------------------|--|
| PPD 4/00 Rev.2 (I) | Feasibility of Introducing and Developing Non-Destructive Testing Technologies and Methods for Assessment and Monitoring of Timber/Wood Structures in Various Structural and End-Use Applications in West Africa (Ghana) |
| PPD 39/02 Rev.1 (I) | Processing and Utilization of Logging Residues through Collaboration with Local Communities and Forest Industries (Ghana) |
| PPD 46/02 (I) | Support for the Formulation of a Project on the Industrial and Commercial Development of Lesser-Known Broadleaved Timber Species on a Sustainable Basis in Guatemala (Guatemala) |

The Committee considered in detail the results of the evaluation of earlier versions of these projects carried out by the Twenty-third Expert Panel for Technical Appraisal of Project Proposals [PD96/01 Rev. 2 (I.F), PD 108/01 Rev.2 (I), PD 146/02 Rev.1 (I), PD 151/02 (I), PPD 4/00 Rev.2 (I), PPD 39/02 Rev.1 (I), PPD 46/02 (I)], as contained in document CEM,CRF,CFI(XXX)/1. The final versions were thoroughly evaluated by the Committee. The detailed results of the Committee's evaluation and appraisal of these three projects proposals are presented in Appendix I.

10. Policy Work

Two policy issues were discussed in a joint CEM/CFI Committee: (i) Review of international wooden furniture markets [PPD 25/01 (I,M)], (ii) Increasing Utilization Efficiency and the Reduction of Losses and Waste throughout the Production Chain.

Review of international wooden furniture markets [PPD 25/01 (I,M)]

The Secretariat made a brief introduction on advances regarding this study, which was approved as pre-project PPD 25/01 (I,M) at the Thirtieth Session of the ITTC and financed at the Thirty-first Session of the ITTC. It was reported that the ITTO Secretariat called for tenders for the consultancy services in the implementation of this pre-project and subsequently received nine competitive proposals from nine countries. After review of the proposals by an internal Selection Panel of the ITTO Secretariat, the International Trade Centre (ITC) was selected to carry out the consultancy services.

The consultant (Mr. Jukka Tissari) from the ITC presented the inception report of the study, as contained in document CFI(XXX)/5, which includes the study approach and methodology. Highlights of the report as presented included the following:

- The key elements forming the ITC approach to the pre-project implementation: (i) take stock on the 1990 ITTO/ITC report entitled "Wooden Household Furniture: A Study of Major Markets" and (ii) widen the geographical coverage of the previous report (USA, Japan, six western European countries).
- Proposed methodology of the study: (i) review of project-related documents and materials provided by ITC, ITTO and other sources, (ii) extraction and distribution of the key export/import statistics from COMTRADE and (iii) submission and presentation of the draft final report at the 33rd Session of the ITTC in Yokohama, Japan (4-9 November 2002).
- Challenges: growing out-sourcing of semi-products and components from developing countries; tightening environmental regulations and mounting of certification and labeling requirements on furniture; high demand for more diversified and refined products of plantation timbers; and adoption of Internet in export promotion.

The Committee suggested the possibility of including additional emerging eastern European markets and African regional trade in wooden furniture in the proposed study. It further suggested that Turkey be also studied. The consultant informed the Committee that the study will focus on the major wooden furniture markets and attention will be placed on emerging markets, namely China and non-traditional markets in the Middle East (Saudi Arabia, United Arab Emirates, Egypt). Where information exists on regional trade, this will be included.

Increasing Utilization Efficiency and the Reduction of Losses and Waste throughout the Production Chain [PPD 24/99 (I)]

The Secretariat recalled that the Committee, while discussing the issue related to the increasing utilization efficiency and the reduction of losses and waste as a policy issue at its Twenty-Ninth Session requested the ITTO Secretariat to collaborate with South Pacific members Vanuatu, Fiji and Papua New Guinea, and develop a proposal that would promote increased utilization efficiency. The Secretariat informed the Committee that a Project Idea [CFI(XXX)/6] had been jointly submitted by the Governments of Vanuatu and Papua New Guinea. The project objectives are to determine and assess the efficiencies in sawmilling and veneer and plywood production; to identify technologies to reduce and use waste; to recommend policies, practices, measures and technologies which improve utilization in sawmilling and veneer and plywood manufacture; and to identify possible partnerships for technology transfer from forest industry operations in developed countries. Project activities would include the selection of project coordinators and resource experts to carry out a preliminary assessment of utilization efficiency in the three countries and to identify the mills and coordinators for training workshops in each of the three countries.

The delegate of PNG noted that work was critical to the upgrading and retraining of forest workers and managers to meet changing market conditions. It was considered that the most appropriate mechanism of assistance is in hardwood timber product grading covering the assessment areas of log input classification, sawn timber output and kiln dried output. PNG also stated that the outcome of the project should be made available to the timber trade for the purpose of improving wood utilization plants for tropical hardwoods in terms of their efficiency, recovery and return on investment.

The Committee supported the submission of a project proposal based on the work described in the Project Idea and encouraged PNG and Vanuatu to further collaborate in order to expedite the development of a full project proposal and submit it to ITTO.

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

The Secretariat informed the Committee that, in order to avoid any duplication, it is looking into previous studies that might have been carried out on this topic. The Committee noted that further development with regard to this study will be provided to the Committee at its next session.

Concluding its deliberations on this item of the agenda related to discussions on policy issues, the Committee decided that its discussions at the next session will focus on the consideration of the report developed under PPD 25/01 (I,M) "Review of International Wooden Furniture Markets" and any development in the implementation of PPD 35/01 (I) "Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries".

11. Dates and Venues of the Thirty-first, Thirty-second and Thirty-third Sessions of the Committee

The dates and venues of the Thirty-first, Thirty-second and Thirty-third Sessions of the Committee are determined in relation to the dates and venues fixed by the Council for its Thirty-third, Thirty-fourth and Thirty-fifth Sessions.

12. Other Business

The delegate of the U.S.A. commented on the work of the Expert Panel, recognizing that the establishment of an Expert Panel has greatly improved the quality of project proposals. However, he indicated that the quality of some project proposals is still low, perhaps, because new members of the Panel might not be well aware of ITTO procedures and objectives. He encouraged the Panel to look more carefully into the potential policy implications of projects and pre-projects, and called for the Secretariat staff to more fully inform the Expert Panel on such policy implications and relevant Council decisions.

The delegate from Guatemala informed the Committee that a regional project formulation workshop held in March 2002, Guatemala City, Guatemala provided details in formulation of project proposals as well as roles of ITTO. He expressed the view that new members of the Expert Panel should be invited from the participants who attended previous project formulation workshops.

The delegate from Korea informed the Committee that the first workshop on further processing of tropical timber in the Asia-Pacific region was successfully implemented in 2001 and that the second workshop is being organized from 9-17 July 2002, Kyongju, Korea. He further encouraged that participating countries in the workshop should share experiences in promoting tropical timber further processing through country reports to be prepared by participants.

Regarding approved project proposal PD 40/00 Rev.2 (I) "Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)", the delegate of Indonesia requested further information on the duration of the sunset rule regarding projects awaiting financing. The Secretariat informed the Committee that projects awaiting financing were given a period 26 months after approval before being considered as a sunset project. The Chairperson informed the Committee that the project was still under consideration for funding.

13. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

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

PROJECTS

- PD 96/01 Rev.2 (I,F) Strengthening Capacity Building of Forest and Forest Products Research Base for Sustainable Forest Management in Cambodia (Cambodia) [US\$494,374]
- PD 108/01 Rev.3 (I) Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia (Indonesia) [US\$434,839]
- PD 146/02 Rev.1 (I) Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar) [US\$453,256]
- PD 151/02 (I) International Conference on Quality Timber Products of Teak from Sustainable Forest Management (India) [US\$108,544]

PRE-PROJECTS

- PPD 4/00 Rev.3 (I) Feasibility of Introducing and Developing Non-Destructive Testing Technologies and Methods for Assessment and Monitoring of Timber/Wood Structures in Various Structural and End-Use Applications in West Africa (Ghana) [US\$28,090]
- PPD 39/02 Rev.2 (I) Processing and Utilization of Logging Residues through Collaboration with Local Communities and Forest Industries (Ghana) [US\$55,650]
- PPD 46/02 Rev.1 (I) Support for the Formulation of a Project on the Industrial and Commercial Development of Lesser-Known Broadleaved Timber Species on a Sustainable Basis in Guatemala (Guatemala) [US\$50,000]

2. To recommend to Council approval for additional funding of following projects and pre-project:

- 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) [US\$15,900]

3. To urge Member countries to contribute funds to finance forest industry pre-projects and projects approved by the Committee and Council in previous Sessions and still pending funding.

These are:

- PD 34/99 Rev.2 (I) Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (Philippines) - Additional Fund - [US\$35,648.00]
- PD 40/00 Rev.2 (I) Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)
- PD 75/01 Rev.2 (I) Nomenclature of African Tropical Timber (Congo)
- PPD 19/01 Rev.1 (I) Sustainable Management of Non-Timber Forest Products (NTFPs) in Congo's Forests under Sustainable Management (Congo)
- PPD 21/01 Rev.2 (I) Promotion of Secondary Species from Cameroon Forests (Cameroon)

14. Report of the Session

The Committee adopted this report for submission to the Council.

Appendix I

Technical Evaluation of Project Proposals

PD 96/01 Rev.2 (I,F) Strengthening Capacity Building of Forest and Forest Products Research Base for Sustainable Forest Management in Cambodia (Cambodia)

The delegate from Cambodia introduced the objectives of the project, which are to support training in the staff of the Forestry and Wildlife Research Institute (FWRI) and upgrade technologies for reforestation and wood products research. With regard to the long-term commitment of a regular contribution by the Cambodian Timber Industry Association (CTIA), the Committee noted that a new Output and its Activities have been formulated to explore the feasibility of mutual support and cooperation between the FWRI and CTIA. It was also pleased to learn that CTIA expressed its interest and willingness to enter into an agreement concerning paid advisory services in the case of problem solving and training seminars delivered to its members through FWRI. The Committee further expressed satisfaction on the revised proposal, which had fully addressed the recommendations of the Twenty-third Expert Panel for Technical Appraisal of Project Proposals, and decided to recommend to the Council the approval and implementation of the project.

PD 108/01 Rev.2 (I) Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia (Indonesia)

The delegate from Indonesia introduced the main objectives of the project. The Committee noted that the project will support the development of a sustainable rattan sector in Indonesia aimed at increasing multiple benefits of the rattan sector. The main project idea is in line with the new government policy, which states that the participation of the community in management and utilization of natural resources should be encouraged and intensified. The project activities include research and development work on the properties of selected rattan species, appropriate rattan processing technologies, a rattan grading system, rattan product development and marketing. Four demonstration plots will be established in West Java for studying management of rattan plantations. The Committee noted that the revised project proposal had fully addressed the Expert Panel's recommendations.

The delegate from Japan questioned the location of the project sites and the dissemination methods to transfer the knowledge and skills to be generated by the project. The delegate from Indonesia informed the Committee that the four demonstration plots to be established in west Java will be used for a series of training courses to transfer rattan plantation and management techniques to the target audience in Kalimantan and Sulawesi as well as in Java. The delegate from China stressed the importance of bamboo and rattan in providing income sources in rural communities. He further expressed the willingness of Chinese experts in bamboo and rattan to share their experience with interested parties in ITTO member countries. The Committee noted that sharing experience between member countries would be useful in project implementation. The delegate from the U.S.A. pointed out that DSA of the ITTO contribution seemed rather high. Following this comment, the proposal was revised during the session to reduce DSA.

The Committee was satisfied with the revised project proposal [PD 108/01 Rev.3 (I)], which reduces the total ITTO contribution from US\$455,547 to US\$434,839.00. The Committee decided to recommend to the Council the approval and implementation of the project proposal [PD 108/01 Rev.3 (I)].

PD 146/02 Rev.1 (I) Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar)

The Committee noted that the project is to develop the potential of bamboo for poverty alleviation in the rural communities in Myanmar, where bamboo resources are abundant but their utilization is limited. The Secretariat introduced the amendments made in the revised proposal, based on the recommendations of the Twenty-third Expert Panel for Technical Appraisal of Project Proposals.

The Committee noted that the project activities include documenting the economic and social-cultural characteristics of the selected project sites as well as of their needs in bamboo development with particular attention to the roles and needs of women. The project activities also include providing selection criteria for the establishment of demonstration plots in order to strengthen the project activities to contribute to sustainable forest management in degraded forest lands.

The delegate from Japan questioned the proposed project activities relating to community forestry and stressed the importance of community forestry in promoting bamboo. The Secretariat informed the Committee that several rural communities in two project sites to be located in middle and south Myanmar would be engaged in the plantation, management and harvesting of bamboos, in line with the Government's Community Forestry Instructions which state that land is given freely to the users' group for the establishment of community forests for an initial period of 30 years. The delegate from the U.S.A. questioned whether the project proposal used existing literature concerning bamboo management and utilization. The Secretariat informed the Committee that relevant information from China and Thailand assisted in the formulation of the project.

Considering that the project would promote community forestry programmes in Myanmar through sustainable utilization of bamboo, the Committee decided to recommend to the Council the approval and implementation of the project.

PD 151/02 (I) International Conference on Quality Timber Products of Teak from Sustainable Forest Management (India)

The Secretariat advised the Committee that the pre-project PPD 41/02 (I) was reformulated to become project PD 151/02 (I), in accordance with one of the recommendations made by the Twenty-third Expert Panel for Technical Appraisal of Project Proposals. The Committee noted that the project will support the organization of an international conference on quality timber products of teak (*Tectona grandis*), which is a high-quality tropical timber, as a follow-up to the recommendations of IUFRO Working Group (IUFRO 5.06-02 – Timber Quality from Teak Plantations). It also noted that the conference will provide a forum for critical appraisal of the roles of teak plantations in tropical timber development programmes and for the identification of the constraints and strategic solutions for sustainable utilization of plantation teak.

With regard to financial support to participants in the conference, the delegate from the U.S.A. stressed that the financial support should be provided to producer countries while participants from collaborative agencies to the conference should cover their travel costs. The Committee expressed satisfaction with the project proposal and decided to recommend to the Council the approval and implementation of the project.

PPD 4/00 Rev.3 (I) Feasibility of Introducing and Developing Non-Destructive Testing Technologies and Methods for Assessment and Monitoring of Timber/Wood Structures in Various Structural and End-Use Applications in West Africa (Ghana)

The delegate from Ghana introduced the objectives of the pre-project which is designed to introduce non-destructive testing (NDT) of wood structures in various end-use applications. The pre-project activities will promote techniques to assess the structural quality and the performance of wood and the application of new testing technologies. The pre-project work is intended to lead to the establishment of a regional West Africa testing laboratory to be established at the Wood Industries Training Center in Kumasi. The Secretariat commented that the proposal had fully addressed the Expert Panel's recommendations regarding (i) a concise reformulation of the development objective and specific objective and (ii) a scaling down of the budget by reducing several proposed studies and the consultant's fees. The Committee expressed satisfaction on the substantive revisions of the proposal. With the incorporation of minor adjustments to the budget which accurately accounted for the ITTO program support costs, the Committee decided to recommend to the Council the approval and implementation of the pre-project proposal [PPD 4/00 Rev.3 (I)].

PPD 39/02 Rev.2 (I) Processing and Utilization of Logging Residues through Collaboration with Local Communities and Forest Industries (Ghana)

The delegate of Ghana noted that the objective of the pre-project is to determine the social acceptability, economic viability and environmental impact of collecting and processing logging residues by local communities with the collaboration of the local timber industry. The activities are intended to establish a collaborative environment between the communities and the industry in the target area, determine the species and characteristics of logging residues and the best methods for their collection and processing. Environmental work will include information on the species regeneration rates. Outputs will provide the basis for defining the policy on logging residues and include a project proposal.

The delegate of the USA questioned whether the timeframe and budget were sufficient to achieve the outputs and activities described in the project document. The Committee further discussed the workplan and requested the delegate of Ghana to make some additional minor revisions to the pre-project document.

The delegate of the USA also made several recommendations on the drafting of the project proposal (Output 2.1). The project proposal should consider and formulate economic criteria for the collection of residues (value, size of materials or possible end uses). Consideration should also be given to the costs associated with the collection of the logging residues as this cost should not be directly borne by the local communities, but rather by the logging companies. The project proposal should also elaborate on how revenues will flow back to the community.

The Committee expressed its satisfaction with the further revised proposal in which the duration has been expanded to one year and with the budget increased to fully accommodate the activities. The Committee decided to recommend to the Council the approval and implementation of the pre-project proposal [PPD 39/02 Rev.2 (I)].

PPD 46/02 (I) Support for the Formulation of a Project on the Industrial and Commercial Development of Lesser-Known Broadleaved Timber Species on a Sustainable Basis in Guatemala (Guatemala)

The representative of the Government of Guatemala indicated that the Government of Guatemala had submitted the project proposal PD 129/02 (I) with the view to increasing the contribution of the timber sector to the overall national economy through the introduction of new timber species in the market and the manufacturing and marketing of value-added wood products. This pre-project has been developed in response to the recommendation of the Expert Panel at its Twenty-third Meeting which appraised project PD 129/02 (I). The representative of Guatemala underscored the importance to strengthen the national timber economy and referred to a similar project which has been successfully implemented in Peru with the assistance of ITTO. With regard to the criteria for the selection of the 20 species as questioned by the delegate of the U.S.A., the representative of the Government of Guatemala indicated that more species were considered, but the 20 species retained are those which have good prospects for a successful market promotion.

The Committee was pleased with the explanation provided by the representative of the Government of Guatemala, and decided to commend to the Council for approval and funding of the revised pre-project [PPD 46/02 Rev.1 (I)] which accurately accounts for the ITTO programme support.

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

PROJECTS	ITTA OBJECTIVES Article 1	FIELD OF ACTIVITY	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		Art. 25 Para. 1				
PD 96/01 Rev.2 (I,F)	d,f,g,m	Capacity building of research base	494,374	24 months	Cambodia	1
PD 108/01 Rev.3 (I)	a,e,f,i	Utilization of rattan	434,839	36 months	Indonesia	1
PD 146/02 Rev.1 (I)	a,e,f,i	Utilization of bamboo	453,256	48 months	Myanmar	1
PD 151/02 (I)	e,f,h,i,m	Further processing of teak	108,544	16 months	India	1
<u>Pre-Projects</u>						
PPD 4/00 Rev.3 (I)	e,f,i,n	Further and increased wood processing	28,090	9 months	Ghana	1
PPD 39/02 Rev.2 (I)	c,i,j	Further processing of residues	55,650	12 months	Ghana	1
PPD 46/02 Rev.1 (I)	e,f,h,i,m	Further processing of timber	50,000	3 months	Guatemala	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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ELEVENTH SESSION
13 – 18 May 2002
Bali, Indonesia

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

ELEVENTH SESSION OF THE COMMITTEE ON

FINANCE AND ADMINISTRATION

(13 – 18 May 2002, Bali, Indonesia)

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

Item 1: Opening by the Chairperson

1. The Session was opened by the Chairperson, Mrs. Kayoko Fukushima (Japan), who welcomed all delegates to the Eleventh Session.

Item 2: Adoption of Agenda and Organization of Work

2. The Committee adopted its agenda as presented in document CFA(XI)/1. The Chairperson drew the attention of the Committee to item 9 of the Agenda "Report of the Working Group of the CFA on New and Increased Funding to the Organization" and informed the Committee that the Working Group would convene its meeting later on Tuesday, 14 May 2002. She also 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 first meeting on mid-day Thursday, 16 May 2002. She 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 list of Observers admitted by the Committee was contained in Document ITTC(XXXII)/Info.3.

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

4. The Chairperson advised the Committee that the Report of the Twenty-third Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI(XXX)/1] was discussed in the joint Session of the Committees on 13 May 2002, and that the joint Session had taken note of the recommendations of the Expert Panel. The joint Session had not requested the CFA to discuss any recommendations of the Expert Panel.

Item 5: Review of Contributions to the Administrative Budgets (1986 – 2002)

5. The Secretariat introduced document CFA(XI)/3, which detailed the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2002, including assessments, receipts, interest, and arrears in contribution as at 30 April 2002. The Committee was informed that the contribution from Finland in the amount of \$20,805 was received on 7 May 2002, and that information was received from Norway that payment of its contribution for 2002 in the amount of \$22,879 had been processed, however the Organization's account has not been credited. Additionally, the Secretariat also informed the Committee that Central African Republic had advised the Secretariat that an amount of \$107,525 had been paid to the Organization at the end of April 2002 in payment for its arrears in contributions for the years 1999 and 2000.

6. Concern was expressed on the substantial arrearages in contribution to previous years' budgets from the current Member of ITTO, which amount to \$4,157,090.76 as well as the outstanding interest charges on late contributions as levied in the former ITTA, 1983, in the amount of \$269,929.83. In addition, an amount of US\$24,836.72 (including interest amount of \$116.72) was due from a former member of ITTO.

7. The delegate from the USA recalled that the matter of a possible write-off of arrear in contribution from a former member that no longer exists was discussed by the Committee at earlier Sessions. The Committee concluded that any write-off of arrearage in contribution needs to be carefully considered with a legal review and decided not to act at this time.

8. The Committee recalled and discussed further the recommendations made by the Inter-Sessional Working Group on Financial and Administrative Matters which met from 31 January to 2 February 2001, aiming at gradual elimination of the arrearages, contained in paragraphs 25 and 26 of its report:

“25. The Working Group recommended that the Council consider the following proposals for the gradual elimination of the arrearages:

- (a) Annually, at the final Council Session each year, for any Member which has no arrears in their contributions to the Administrative Budget in respect to obligations related to the year 2002 and beyond, the Council authorizes the Executive Director to write off one-fifth of its arrears related to contributions to the Administrative Budget of the period 1986-1996; and
- (b) To request the Executive Director not to process for consideration by the Council, project and pre-project proposals submitted by Member Governments whose cumulative arrears to the Administrative Budget beginning from 2002 are equal to or greater than three times their assessed contribution to the Administrative Budget of the year the proposal is submitted.

26. The Working Group, however, recognized the need for a legal review on any action in this area to make it consistent with the ITTA, 1994.”

9. The Committee noted that paragraph 26 of the Inter-Sessional Working Group Report emphasized the utility of a legal review on any action in these and requested the Secretariat to seek legal advices for the review.

10. The Committee decided that the matter of arrearages in contributions should be identified as a separate agenda item at the next Session of the CFA and discussed as a matter of possible action by Council.

Item 6: Current Status of the Administrative Account for 2002

11. The Secretariat presented document CFA(XI)/4 which showed the current status of the Administrative Budget for 2002 as at 30 April 2002, and estimated expenditures for the current year. The Secretariat advised the Committee that it was estimated that the total expenditures for 2002, after some cost saving measures, amount to \$4,091,431, which was \$381,436 less than the approved budget of \$4,472,867. The main savings were due to the strength of the U.S. dollar against the Japanese Yen resulting in expenditures amounting less in dollar term. The Secretariat anticipated that with the usual expectation of payments by Members before the end of 2002, a small deficit in the amount of \$28,534 was expected. Therefore, it might be necessary to utilize some resources from the Working Capital Account (WCA) should expected payments of contributions were not received in time. The Committee discussed the issue, and as was done in the last two years, decided that for the purpose of a smooth continuation of the work of the Secretariat, to recommend to the Council to authorize the Executive Director to transfer funds, only if necessary, from the Working Capital Account (WCA) to the Administrative Account in the amount not exceeding \$100,000 in the event of a deficit.

12. The Secretariat also informed the Committee that the Special Reserved Fund of the Organization has been increased to \$1,500,000 from the previous amount of \$600,000 after transferring an amount of \$900,000 to the Fund as authorized by the Council at its last Session. With payments by Members of arrears in contribution and interests in the early months of this year, the Working Capital Account at present amount to US\$4,155,506.59.

13. The Committee took note of the report and decided to recommend to the Council for the adoption of a decision to authorize the Executive Director to transfer funds from the Working Capital Account (WCA) to the Administrative Account in the event of a deficit.

Item 7: Resources of the Special Account and the Bali Partnership Fund

14. The Secretariat presented document CFA(XI)/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). The Secretariat added that subsequent to the preparation of the document, voluntary contributions to the Swiss Trust Fund in the amount of US\$2.5 million

was received from the Government of Switzerland. 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 ITTC's 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, amounted to US\$736,777.11.

15. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as of the end of the last session, twenty-three Activities, three Pre-Projects and three 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\$3,279,520.69. It was pointed out that the Panel on Sub-Account B of the BPF would be working during this Session of the Committee on identification of pre-projects, activities and projects that would be financed from these resources.

16. The Secretariat also advised that since this document served as an information and reference document, Members were 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.

17. The Committee took note of the document.

Item 8: Auditor's Report for the Financial Year 2001

18. The Secretariat introduced document CFA(XI)/2 which was the report of the auditor, PriceWaterhouseCoopers, Tokyo, that was appointed by the Council under Decision 10(XXX) to audit the accounts of the Organization for the financial year 2001. The Decision also appointed the audit firm to audit the Accounts of the Organization for three consecutive years beginning with the accounts for the Financial Year 2001. The Secretariat informed the Committee that the audit work was carried out during February 2002 between the auditors and the Secretariat, and included the consolidated financial statements of the three accounts of the Organization – (a) the Administrative Account, (b) the Special Account, and (c) the Bali Partnership Fund Account – had been prepared, in addition to the usual separate accounts. The consolidated financial statements showed a comprehensive picture of the overall financial status of the Organization.

19. In response to the concerns raised by the delegate of the USA regarding the recent failure of reputable Auditing Firms in the performance of their duties, the Secretariat assured that the performance of the current Auditor of the Organization was reasonable. The Secretariat also pointed out that the appointment of the current Auditor for three consecutive years beginning from the financial year 2001, was nevertheless, subject to satisfactory performance each year. The Committee decided to review the matter related to auditing firms at the next Session and requested the Secretariat to elaborate on these concerns in the document that is to be considered.

20. The Committee took note of the Auditor's reports and decided to recommend their approval to the Council.

Item 9. Report of the Working Group of the CFA on New and Increased Funding to the Organization

21. The Chairperson introduced document CFA(XI)/6, "Report of the Working Group of the CFA on New and Increased Funding to the Organization" which met on Tuesday, 14 May 2002. She informed the Committee that discussions were mainly based on the recommendations as contained under "Item 2: New and Increased Funding to the Organization" of the "Report of the Inter-Sessional Working Group on Financial Matters" that was held from 31 January to 2 February 2001. The Working Group made a number of observations. She also informed the Committee that the Government of the United States would host a "Friends of ITTO" meeting to familiarize countries, foundations and other interests with ITTO and its contributions, in Washington, D.C., U.S.A., prior to the Thirty-third Session of the Council that would be held in Yokohama in November 2002.

22. The Committee took note of the revised document CFA(XI)/6 Rev.1, "Report of the Working Group of the CFA on New and Increased Funding to the Organization", which is annexed to this Report.

Item 10: Dates and Venues of the Twelfth, Thirteenth and Fourteenth Sessions

23. The Chairperson advised the Committee that the Twelfth Session of the Committee will be held in Yokohama, Japan, from 4 to 9 November 2002; and that the dates and venues of the Thirteenth and Fourteenth Sessions of the Committee will be determined in relation to the dates and venues fixed by the Council for its Thirty-fourth and Thirty-fifth Sessions.

Item 11: Other Business

24. There was no other business.

Item 12: Recommendations to the International Tropical Timber Council

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

- (1) To adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 2001 as contained in document CFA(XI)/2; and
- (2) To authorize the Executive Director to transfer, if necessary, an amount not exceeding \$100,000.00 from the Working Capital Account (WCA) to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization for the year 2002, until the Twelfth Session of the CFA later this year;

Item 13: Report of the Session

26. The Committee adopted this report as amended.

Annex

**REPORT TO THE COMMITTEE ON FINANCE AND ADMINISTRATION
BY THE WORKING GROUP ON NEW AND INCREASED
FUNDING TO THE ORGANIZATION**

(14 May 2002, Bali, Indonesia)

Introduction

1. The Committee on Finance and Administration at its Tenth Session held in Yokohama, Japan from 29 October to 3 November 2001, decided to form a Working Group which is to meet during the Thirty-second Session of the Council in mid-2002, preferably one-half day prior to the commencement of the Session, to deliberate on the outcome of the donors' meeting in the USA, new and increased funding to the Organization, support for the Secretariat and efficient use of its resources. The membership of the Working Group is to be comprised of Chairperson, Vice-Chairperson of the CFA, four Producer Representatives (Brazil, Indonesia, Cameroon and Gabon) and four Consumer Representatives (Japan, Switzerland, USA and the European Union).

Members of the Working Group

2. Members of the Working Group were:

- (a) Chairperson and the Vice Chairperson of the CFA, Mrs. Kayoko Fukushima (Japan) and Mr. Pravit Chittachumnonk (Thailand), respectively;
- (b) Four consumer member representatives:
 - (i) Mr. Toshiaki Suzuki (Japan);
 - (ii) Mr. Daniel Birchmeier (Switzerland);
 - (iii) Ms. Jan McAlpine (U.S.A.); and
 - (iv) Mr. Enzo Barattini (European Union) - absent.
- (c) Four producer member representatives:
 - (i) Mr. Joel Sampaio (Brazil);
 - (ii) Mr. Hardjono (Indonesia);
 - (iii) Mr. Charles Philippe Sikapiek (Cameroon) - absent; and
 - (iv) Ms. Celenstine Ntsame-Okwo (Gabon).

Members of the Secretariat in attendance assisting the Working Group:

- (i) Mr. Takeichi Ishikawa, Assistant Director, Management Services;
- (ii) Mr. Mahboob Hasan, Finance/Administrative Officer; and
- (iii) Mr. Charas Mayura, Finance/Administrative Officer.

Meeting of the Working Group

3. Due to some unavoidable reason, the meeting of the Working Group could not be held on Sunday, 12 May 2002, as was originally planned. It was held in mid-day on Tuesday, 14 May 2002.

Summary of the Discussions

4. In accordance with the suggestion of the Chairperson, the Working Group agreed that the discussions be based on the recommendations as contained under "Item 2: New and Increased Funding to the Organization" of the "Report of the Inter-Sessional Working Group on Financial Matters" that was held from 31 January to 2 February 2001, to include the following areas for consideration:

- (a) To expand participation by traditional donors for funding through their other funding windows, e.g. through development of projects with better programmatic approach, including through the framework of National Forest Programmes (NFP);
- (b) Develop strategic alliances with other high-profile organizations and agencies (like WWF, IUCN, Conservation International, WCS, the World Bank/WWF Alliance, etc.), and using such alliances to attract non-traditional donors, including private sectors and foundations;
- (c) Explore possibilities which might be offered through the inclusion of forestry activities in the framework of the Clean Development Mechanism (CDM); and
- (d) Explore ways and means for ITTO to attract financing from the GEF, including the possibility of becoming an implementing agency for relevant GEF programmes.

5. The Working Group observed the followings:

- (i) The need to attract ODA Agencies or bilateral channels of cooperation should become a focus in terms of attracting new sources of financing. In this respect suggestions were made to hold a specific event during a Council Session which would be of interest to ODA Agencies, involving them in the ITTO activities and providing them with opportunity to develop their involvement with ITTO;
- (ii) The Government Representatives who usually attend the ITTC Sessions are not always the same persons dealing with the financing. Accordingly, financing agencies do not always appreciate the necessity of providing finances for the Organization;
- (iii) Producers, while formulating project proposals should consider integrating relevant ODA representatives into the process of developing the proposals so as to take advantage of increased donor interest in financing;
- (iv) The following points are regarded as important by some of the donors in order to maintain their contributions:
 - ITTO's visibility in international fora and within the donor country (ITTO's involvement with the WSSD, etc., strengthening of its public relations activities); and
 - The need to integrate more NGOs to the ITTO.
 - The need to explore the conditions required by other potential donors for attracting financing;
- (v) With a view to increasing financial support for projects, Producers are encouraged to propose projects for ITTO consideration in the context of their NFPs, with a view to highlighting the relevance of these ITTO projects in a broader context;
- (vi) Seek to develop project proposals attracting co-financing or enhance funding opportunities through the linkage with other institutions, namely, GEF, IDB, CFC, UNFF, etc., and working with the CPF to look at such opportunities;
- (vii) Since the CDM is still at its initial stage of development, it is advisable for the ITTO to get actively involved in the process of CDM for attracting financing in the future; and
- (ix) Take into consideration of the Council deliberations when discussing strategic alliances indicated in 4 (b) above.

6. The Working Group noted that due to technical reasons the "Donors' Meeting" which was originally planned to be convened prior to the Thirty-second of the Council could not be held. However, the Government of the United States will host a "Friends of ITTO" meeting to familiarize countries, foundations and other interests with ITTO and its contributions, in Washington, D.C., U.S.A., prior to the Thirty-third Session of the Council that is to be held in Yokohama in November 2002.

Other business

7. No other issue was raised.

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ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(XXXII)/2

Distr.
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12 May 2002

Original: ENGLISH

THIRTY-SECOND SESSION
13 – 18 May 2002
Bali, Indonesia

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

AT ITS TENTH MEETING

12 May 2002
Bali, Indonesia

**Tenth Meeting of the Informal Advisory Group (IAG)
Bali, Indonesia, 12 May 2002**

Report of the Chairman

The Tenth Meeting of the IAG was convened on Sunday, 12 May 2002 at the Bandung Room of the Bali International Convention Center at 10:00 a.m. chaired by Dr. Jürgen Blaser (Switzerland), Chairperson of the Council. The meeting was attended by Dr. B.C.Y. Freezailah, Vice-Chairperson of the Council, Ms. Astrid Bergquist (Sweden), Chairperson of the Committee on Economic Information and Market Intelligence, Mr. Henri-Félix Maitre (France) on behalf of the Chairperson of the Committee on Reforestation and Forest Management, Ms. Candy Green (USA), Chairperson of the Committee on Forest Industry, Ms. Kayoko Fukushima (Japan), Chairperson of the Committee on Finance and Administration, Mr. Toshiyuki Suzuki (Japan), Representative of the Host Government of the Headquarters, Dr. Untung Iskandar (Indonesia), Producer Spokesperson, Ms. Aulikki Kauppila (Finland), Consumer Spokesperson, and Dr. Manoel Sobral Filho, the Executive Director.

1. The IAG considered the following agenda items for discussion:
 - i. Brief background on the IAG:
 - Decision 5(XXVI);
 - Report of the IAG at its Ninth Meeting, 28 October 2001;
 - ii. Timber certification;
 - iii. Enhancing cooperation with conservation NGOs;
 - iv. Guidelines for Restoration, Management and Rehabilitation of Degraded and Secondary Forests;
 - v. Frequency and Duration of Council and Committee Sessions;
 - vi. New Agreement and Long-Term Strategic Plan;
 - vii. ITTO participation in and contribution to the CPF, UNFF and WSSD; and
 - viii. Other matters.
2. In its deliberations, the IAG noted and made reference to Decision 5(XXVI) and the Report of the Informal Advisory Group (IAG) at its Ninth Session held on 28 October 2001 in Yokohama, Japan as contained in document ITTC(XXXI)/2 dated 28 October 2001. The IAG also recalled the consensus regarding the extension of its mandate and the continuation of its role and existence reached by the Council at its Thirtieth Session.
3. The IAG noted the outcome of the ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes convened pursuant to Decision 10(XXX) in Kuala Lumpur, Malaysia on 3-4 April 2002 as contained in document ITTC(XXXII)/10, particularly in respect of the moderators' summary and recommendations for ITTO and its members. At the Workshop, the current position where developing producer member countries were lagging seriously behind the developed countries in the field of certification was identified as being the basic problem caused by the combination of several factors. The Workshop recommended that accelerated action, increased capacity building and greater international support were needed to enable developing producer countries to have access to and benefit from certification. Some members felt that future ITTO work in this regard as recommended by the Workshop had already been addressed by the Council through its adoption of Decision 10(XXX). Work in this area as well as in connection with the useful role of ITTO in monitoring developments surrounding the issue of certification and in facilitating exchange of views and experiences on the germane aspects of certification should continue. In light of certification becoming more dynamic and the need for ITTO not to lose momentum in its work on certification, however, the Council might consider supporting appropriate efforts by members to implement i) a phased approach to certification and ii) the development of regional efforts on certification as practical measures to assist them in addressing existing constraints in the field of certification. The IAG noted that ITTO's work on certification should be discussed in the wider context of promoting more responsible international trade in timber and timber products.
4. In recalling Decision 9(XXVIII) on Enhancing Participation of Members of Civil Society in the Relevant Activities of the ITTO, the IAG observed that while the trade had responded quickly with the establishment of the Trade Advisory Group, no similar response had been forthcoming from the

environmental Non-governmental Organizations (NGOs). The IAG underscored the strategic importance of promoting close cooperation and partnership between ITTO and these environmental NGOs in ensuring the continuing effectiveness and relevance of the Organization. In this connection, the IAG recommended that appropriate actions and incentives be taken by the Council to facilitate the setting up of an Advisory Group for the environmental NGOs within the context of the provisions of Decision 9(XXVIII). In addition, the IAG underlined the desirability of promoting concrete partnerships between forest concessionaires, forest industries and the environmental NGOs to promote sustainable forest management on the ground as demonstrated successfully by the ITTO project PD 4/00 Rev.1(F) entitled Biodiversity Management and Conservation in a Forest Concession Adjacent to a Totally Protected Area (Nouabale-Ndoki National Park), Northern Congo. The IAG recommended that the Council should consider ways to facilitate and showcase such industry/environmental NGO's cooperation. This might be accomplished by appropriately expanding the scope of the ITTO Annual Market Discussion.

5. The IAG noted the outcome of the work of the Expert Panel on the Guidelines for Restoration, Management and Rehabilitation of Degraded and Secondary Forests which would be considered by the Council at its Thirty-second Session. It was envisaged that the guidelines might be approved and adopted provisionally by the Council with a view to enabling more comments by member countries and other interested parties to be taken into account in the finalized version of the Guidelines. Apart from the Council merely adopting the Guidelines, the IAG considered additional follow-up work which the Council might wish to deliberate upon in light of the importance and relevance of work on restoration of degraded secondary forests within the context of the current international forest agenda. These might include the conduct of workshops to facilitate the application of the Guidelines on the ground in member countries as well as the publication of a brochure summarising and highlighting the Guidelines. The IAG felt that it was important for the Guidelines not to be promoted in a way that would overshadow the importance and relevance of the other existing ITTO guidelines which had been developed over the years. The IAG further underlined the usefulness of undertaking a survey to determine the extent of the application of existing ITTO guidelines and the impact of these guidelines on forest management in producing member countries.
6. The IAG considered the long-standing issue related to the frequency and duration of the Council and Committee Sessions which had yet to be conclusively resolved. The IAG was informed by the Executive Director that in its effort to search for solution, the Secretariat had sought advice from Ms. Stephanie Caswell (USA) on the matter and that Mr. Erik Lammerts van Bueren (the Netherlands) had been assigned a similar mission. The IAG further noted the case for a single annual session for the Council without altering the existing ITTO project cycle, including the rising costs of attending and organizing the Sessions of the Council and the Committees, the reduced attendance of delegates due to the increase in the number of forest-related international meetings being held and the expanding workload of the Secretariat. Japan as the host government pointed out its support for streamlining the work of the Organization. Citing the increasing costs being met by Japan to organise the Sessions of the Council, it reiterated its preference to reduce the frequency of Council sessions while making every effort to maintain its current level of contribution of about US\$10 million per year for the project work of the Organization and retaining the existing project cycle. The IAG also noted the view that the proposed reduction in the frequency of the sessions of the Council could possibly send a wrong message that the Organization was scaling down its activities at a time when efforts should be redoubled to address the continuing crisis confronting tropical forests. Also, even under the currency frequency of two sessions a year, the workload of the Council was always heavy. In recent years, the issue had been revisited by Council on the basis of papers presented by the Secretariat. In this regard, the IAG considered the desirability and appropriateness of convening an inter-sessional working group to assist the Council in its deliberations at its next Session. The IAG recommended that this idea be discussed by the caucuses and that the Executive Director be invited to address the issue in the caucuses.
7. The IAG considered the issue relating to a new successor agreement to the ITTA, 1994 and in this conjunction, took up also the proposal on the preparation of a long-term strategic plan for ITTO which would be considered by the Council at its Thirty-second Session under item 16 of its Agenda. The IAG further recognised the difficulty in developing a long-term strategic plan in the context of the agreement which had a limited time of duration. Although there was the possibility of extending the ITTA, 1994 for a final period of three years to 2006, the IAG felt that it could be extremely useful to commence sooner rather than later the ground work for the negotiation of a new agreement to take account of the lessons learnt with respect to the current agreement and the rapid developments that were taking place within the international forest-related agenda. Towards this end, the IAG

recommended that discussion on the need to begin preparatory work for a new agreement be taken up in a joint session of the caucuses.

8. The IAG noted with satisfaction the contribution being made and the role being played by the ITTO in the context of the CPF and UNFF. It was further informed that the approved activity to second a staff to the UNFF Secretariat could not be implemented for lack of funds. The IAG reiterated the strategic importance of ITTO to continue its work in this area while recognising that the workload involved was quite demanding. In this connection, the IAG noted that an in-depth discussion and review of Decision 7(XXX) on the Role of ITTO in International and Regional Organizations and Fora would be undertaken by the Council at its Thirty-third Session. With regards to the coming World Summit on Sustainable Development (WSSD) to be held in Johannesburg, South Africa, the IAG recommended that the Council should give due consideration to the proposal that an ITTO satellite meeting be convened in conjunction with the WSSD. The IAG further recommended that consideration be given to the possibility of the Council adopting its own political message to be conveyed to the WSSD as well as the possibility of registering relevant ITTO activities as Type II Initiatives of the WSSD.
9. On other matters, the IAG noted that a major initiative on forest law enforcement and governance would be undertaken in Brazzaville, Republic of Congo in June 2002 to discuss and organise the Ministerial Conference on Forest Law Enforcement and Governance for countries in Africa which was being supported by the World Bank, USA, UK and France. In this connection, the IAG underlined the importance of ITTO to be actively involved in the initiative, considering the relevance of its activities in West Africa and the Congo Basin. The IAG recommended that the Council should consider the possibility of co-sponsoring the initiative.
10. The IAG further noted that the Mangrove Workplan would be considered by the Council at its current Session and preliminarily discussed the feasibility of developing Criteria and Indicators for the Sustainable Management of Mangrove Forests. Although the CRF felt that development of such guidelines could be pre-mature at this stage, the IAG acknowledged that concrete measures on mangroves were needed as they were considered among the most endangered ecosystems in the world.
11. The IAG considered the possible list of decisions to be considered and adopted by Council at its Thirty-second Session as follows:
 - i. Projects, Pre-Projects and Activities
 - ii. Certification
 - iii. Organization of Work of the Council and Committees
 - iv. Enhancing Cooperation with Conservation NGOs and Civil Society
 - v. Guidelines on Restoration, Management and Rehabilitation of Degraded and Secondary Forests
 - vi. Evaluation, Review of the Utilization and Impact of Existing ITTO Guidelines
 - vii. Preparatory Work for a New Agreement and Possible Long-Term Strategic Plan
 - viii. ITTO Contribution to the WSSD
 - ix. Forest Law Enforcement and Governance in Africa
 - x. Follow-up on the Congo Mission and the Yaounde Summit – the Congo Basin Initiative
 - xi. Mangrove Workplan

The IAG noted that a number of decisions might be recommended to the Council by the Committees through their respective reports to be submitted to the Council for its consideration and approval.

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