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THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

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

Yokohama, Japan

29 October – 3 November 2001

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REPORT

OPENING OF THE SESSION (Agenda Item 1)

1. The Thirty-first Session of the International Tropical Timber Council was opened by the Chairperson of the Council, Dra. Josefina Takahashi Sato. In her opening address, the Chairperson welcomed all delegates to the Thirty-first Session and on behalf of the Council expressed gratitude and appreciation to the Government of Japan, especially the City of Yokohama for their generosity and hospitality in hosting the Session.
2. The Chairperson recalled the tragic terrorist attacks on the World Trade Centre and the Pentagon in the United States and called on delegates to observe a minute silence in remembrance of the thousands of citizens from many countries around the world who lost their lives in the attacks.
3. The Chairperson welcomed Guatemala as the fifty-seventh Member of the ITTO. She cited some of the issues to be addressed by the Council and indicated that the decisions reached at the Session would have a major impact on the future of the Organization. She stressed the importance of ITTO's efforts in sustainable management of tropical forests, including transboundary conservation and management of mangrove forests.
4. Dra. Josefina Takahashi Sato recalled discussions at the Thirtieth Session of the Council, in Yaoundé, Cameroon on the need for a long-term strategic plan for ITTO, covering a span of 15 to 20 years. She urged the Council to examine the issue with a view to arriving at a decision that would provide a framework for a long-term vision. She also called on delegates to examine past decisions of the Council that would allow ITTO to have the needed resources to work more efficiently and effectively.
5. H.E.Mr. Henri Djombo, Minister of Forestry Economy and Fisheries of the Republic of Congo and current Chairman of the African Timber Organization Ministerial Conference, expressed concern about the issue of illegal logging and indicated that the need for rational utilization of natural resources was beyond the narrow framework of countries, and that the issue and the challenges involved required global approaches. He paid tribute to the exemplary relationship between Congo and ITTO on the one hand, and between ATO and ITTO on the other. On behalf of the ATO, he expressed his deep gratitude to ITTO for its active and decisive role in ensuring the successful organization of the joint ATO/ITTO Conference on "Further Processing of Tropical Timber in Africa". He said that the Conference was of a more technical nature and there was the need for a review of the recommendations at a Ministerial Conference with a view to adopting an Action Plan regarding timber utilization and processing in Africa. He also thanked all donors and friendly countries for the various forms of assistance extended to African countries towards efforts at sustainable management of their national forests.
6. In his address to the Council, Mr. Shinichi Kitajima, Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs of Japan, on behalf of the Government of Japan, welcomed delegates to the Thirty-first Session of the Council. Mr. Kitajima giving the example of Horyuji Temple in Nara Prefecture touched upon the long history of Japanese utilization of timber and the important role timber had played in Japanese architecture. He also mentioned the remarkable achievements of ITTO in implementing over 500 pre-projects, projects and activities as well as formulating various policy guidelines on sustainable management of tropical forests, over a short period of time.
7. Mr. Kitajima indicated that the New ITTO Action Plan should incorporate new elements, such as illegal logging, mangroves and transboundary forest conservation. On the issue of illegal logging, Mr. Kitajima said that the East Asia Ministerial Conference on Forest Law Enforcement and Governance issued a declaration which called for immediate action to intensify national efforts, and the strengthening of bilateral, regional and multilateral collaboration to address violations of forest law and forest crimes. He indicated that the Government of Japan welcomed the Declaration as a positive development and was willing to make every possible effort to implement it. He also stated that Japan hoped the ITTO would make valuable contributions to this end and highly appreciated the Report entitled "Achieving Sustainable Management in Indonesia" submitted to the Council by the Technical Mission led by Dato' Dr. Freezailah Bin Che Yeom.

8. The Director-General said Japan, as the largest donor to the ITTO, would make utmost effort to continue its support to the Organization, although Japan was undergoing drastic economic and fiscal structural reforms. He, however, urged ITTO to explore other sources of funding in a more positive and serious manner to support its funding base.
9. Mr. Enzo Barattini (European Community) on behalf of the European Community and its Member States said that the current events on the international scene demonstrated the necessity for global cooperation at all levels, in order to face the new challenges of the 3rd millennium. He cited the fight against poverty and the attainment of a sustainable development for all countries as some of the challenges. He indicated that the EC had always attached great importance to the role of ITTO and that it was important to ensure that the New ITTO Action Plan would enable ITTO to play a full role in the Collaborative Partnership on Forests (CPF).
10. On the issue of guidelines for establishing auditing systems for ITTO's Criteria and Indicators for sustainable forest management, Mr. Barattini urged ITTO to collaborate with FAO and CIFOR. He also called on ITTO to focus more directly on trade-related issues such as illegal logging and illegal trade. He said that there was a stronger commitment to intensify national efforts to address the problem of illegal logging and illegal trade, as reflected in the Ministerial Declaration issued at the end of the East Asia Ministerial Conference on Forest Law Enforcement and Governance held in Indonesia, September 2001.
11. Mr. Barattini urged the Council to strengthen and streamline the decision making process, and proposed the involvement of the Secretariat in such a process.
12. Dr. Fidel Reyes Lee (Guatemala) said that 93.5 per cent of Guatemala's land area was suitable for the sustainable conservation of tropical forests. He extended an invitation to all delegates to attend the Latin American Forestry Congress, scheduled for 2-5 August 2002 in Guatemala City. He mentioned that Guatemala was very pleased to become the fifty-seventh Member of the ITTO, since May 2001. He indicated that Guatemala would make every effort to implement the strategies and policies adopted by ITTO for the benefit of production and sustainable consumption of tropical timber as they relate to the programme areas of awareness, education, cooperation, research, and sustainable use.

ASCERTAINMENT OF THE QUORUM (Agenda Item 2)

13. The Executive Director, Dr. Manoel Sobral Filho, reported that the Quorum for the Thirty-first 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(XXXI)/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 the membership of the Council had increased by one (1) following the accession of Guatemala on 3 May 2001 as a Producer Member. This had brought the total membership of the Council to 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 as Annex II).

REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 5)

16. The report of the Credentials Committee was presented by Dra. Angela Andrade (Colombia), Chairperson of the Committee.
17. She referred to document ITTC(XXXI)/3 and reported that the Committee was composed of representatives from Colombia, Gabon, Indonesia, Thailand, France, Germany, Switzerland and U.S.A. The Committee met on 31 October 2001 and examined and accepted the credentials of 43 countries and the European Community which participated in the Thirty-first Session of the ITTC and the Sessions of the Associated Committees.

PROPOSED DISTRIBUTION OF VOTES (Agenda Item 6)

18. The Chairperson referred to document ITTC(XXXI)/1 Annex. She informed the Council that the distribution of votes would be used for the assessment of the contribution of each Member to the Administrative Budget for 2002. She indicated that the votes of the Producer Members had been redistributed to include Guatemala as a new Member, in accordance with Article 10(7) of the ITTA, 1994.

ADMISSION OF OBSERVERS (Agenda Item 7)

19. The Chairperson drew the Council's attention to document ITTC(XXXI)/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)

20. The Executive Director welcomed delegates to the Thirty-first Session of the Council. He acknowledged the participation of Mr. Shinichi Kitajima, Director-General of the Economic Affairs Bureau of the Ministry of Foreign Affairs of Japan. He expressed his gratitude to the Government of Japan and the City of Yokohama for their continuing generosity and support to ITTO. Dr. Sobral informed the Council that the Secretariat had received new contributions from the Governments of Australia and Japan to help fund the implementation of some of the decisions adopted by the Council at the Thirtieth Session, in addition to pledges made by these countries and other donors during the Session itself. He warmly expressed his gratitude to all donors for their financial support to the work of the Organization.
21. Dr. Sobral drew Council's attention to the issue of illegal logging and illegal trade and recalled that at the Twenty-ninth Session he had reported to Council that there was ample evidence that sustainable forest management and forest conservation efforts were being undermined by illegal logging and illegal trade in many countries. He said that illegal logging and illegal trade were substantial barriers to further progress towards ITTO Objective 2000. He urged Members of the Council to cooperate in order to protect the forest estate from illegal activities, not losing sight of the fact that the prevention of illegal logging and illegal trade were primarily the responsibility of national and local authorities. He proposed that ITTO could focus on providing assistance to these authorities, mostly in the form of information and data, situation analysis and recommendations, and putting in place appropriate policies and measures to prevent these transgressions. Dr. Sobral further proposed to the Council to consider authorizing and financing case studies of illegal logging and illegal trade in Member Countries that might request for such assistance. He also proposed to the Council to consider formulating, at a later stage, ITTO Guidelines on the prevention of illegal logging and illegal trade in tropical timber. He stressed the need for ITTO to ensure that the issue of illegal logging and illegal trade did not become a pretext for protecting local industries by restricting the access of tropical timber in importing markets.
22. On the issue of certification, Dr. Sobral said that the emergence of certification as a tool to link environmentally conscious consumers with producers who were seeking to improve their forest management practices, in order to obtain better market access, was an additional reason to support the close monitoring of market access conditions. He stressed that the potential for the misuse of certification as a form of disguised protectionism and/or trade barrier was undeniable, especially given that the overwhelming majority of certified forests occurred in the non-tropical world. He mentioned that development of voluntary forest and timber certification schemes should be encouraged and promoted but not imposed through legislation.
23. Dr. Sobral reported that four countries (Brazil, Cameroon, Central African Republic and Congo Brazzaville) had requested technical assistance missions to identify, in each country, those factors which most severely limit progress towards achieving ITTO Objective 2000 and sustainable forest management and to formulate an action plan to overcome the constraints. He indicated that further developments would be reported to the Council at the Thirty-second Session.
24. The Executive Director reported that the concept of regional reduced impact logging training schools had received considerable support from Members. However, it appeared that some Member Countries were developing projects designed to establish and run regional-level reduced

impact logging schools without the necessary consultations and coordination. He also mentioned the proliferation of projects designed to establish and run national training schools. He expressed some concern about these developments, given ITTO's limited resources and called on the Council to consider a strategy to ensure the optimal use of resources in the development of regional reduced impact logging training schools.

25. Dr. Sobral informed the Council that the Global Environment Facility (GEF) had requested ITTO to contribute a paper on the subject of biodiversity and certification to be part of a single publication to be prepared for the GEF Roundtable on Forests to be held in conjunction with the second Session on the United Nations Forum on Forests (UNFF).
26. Dr. Sobral mentioned that it had become increasingly clear that while sustainable forest management might technically be feasible, the revenues obtainable from timber production alone were generally insufficient to make sustainable natural tropical forest management an attractive land-use option to most landowners. He elaborated further by indicating that the incentives for cash crops such as soybeans, oil palm, and many others – including exotic timber plantations – were significant. The disincentives for sustainable forest management in natural tropical forests, including the relatively low productivity, the need for such high standards of environmental performance, and the costs of certification, make the choice of land-use quite obvious for many landowners and developers. He called for new ways of complementing timber revenues with payments for the global services, such as biodiversity conservation, performed by natural tropical forests.

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

27. The Chairperson referred to Document ITTC(XXXI)/2. She reported that the Informal Advisory Group established under Decision 3(XXII) met for the ninth time on Sunday, 28 October 2001. The meeting was attended by the Chairperson and Vice-chairperson of the Council, the Chairpersons of the Committees, the spokespersons of the Consumer and Producer Groups, representative of the Government of Japan and the Executive Director.
28. Issues considered by the IAG included: ITTO Strategic Plan; United Nations Framework Convention on Climate Change (UNFCCC) developments related to forests; Frequency and duration of Council and Committee Sessions and Illegal logging and illegal trade in timber and timber products. (The full report of the IAG is attached as Annex V).

ANNUAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TIMBER SITUATION (Agenda Item 10)

29. The working report was presented by Dr. Steven Johnson (ITTO Secretariat). He referred to document ITTC(XXXI)/4.
30. Dr. Johnson said that in terms of data quality, nine out of fifty-seven Member Countries did not provide any response to the Joint Questionnaire. The Countries were: Democratic Republic of Congo, Indonesia, India, Luxembourg, Nepal, Papua New Guinea, Portugal, Republic of Korea and Spain. He indicated that ten Member Countries (Côte d'Ivoire, Finland, Ghana, Japan, New Zealand, Panama, Philippines, Thailand, Vanuatu and Venezuela) provided good responses to the Joint Questionnaire. He further mentioned that thirty-eight Member Countries provided incomplete or erroneous responses.
31. On tropical log imports, Dr. Johnson said China's imports continued to grow remarkably while most of the other tropical log importing countries showed stable or declining trends. He said that this represented a major shift in the tropical log market over the last three or four years. In terms of ITTO consumer imports of primary and secondary tropical timber products, the statistics showed that the imports of primary tropical timber products were declining while those of secondary tropical timber were increasing. Dr. Johnson said that more countries were focusing on exports of secondary products as a way to stabilize their exports and maximize returns from their forest resources.
32. Dr. Johnson mentioned the effect of the global recession on the market for timber and timber products and that the longer the slow down continued the more pronounced the impact would be on the timber sector. He also mentioned that the Canada-USA Softwood Lumber dispute could affect the market for tropical timber. He explained further that the United States imposed a 19.3%

duty on Canadian lumber entering the United States and that could lead to diversion of substantial quantities of Canadian softwood lumber to European and Asian markets.

33. Dr. Johnson also spoke about trade data discrepancies and recommended the strengthening of the central statistical services in Member Countries as an essential step towards eliminating such trade data discrepancies.
34. Dr. Johnson concluded his presentation on a positive note. He reported to the Council that the FAO had recently published the results of the 2000 Forest Resources Assessment and analysis by the Secretariat indicated that the deforestation rate of ITTO Member Countries showed a decrease from 0.6 per cent per year to 0.5 per cent between 1980-2000, while on the other hand, other tropical countries deforestation rate had increased from 0.7 per cent to 0.9 per cent per year.

CITES LISTING PROPOSALS BY MEMBERS – DECISION 3(XVI) (Agenda Item 11)

35. Mr. E. Collins Ahadome (ITTO Secretariat) reported that the Secretariat had received official information from the Governments of Colombia and Peru that they had proposed to CITES to list *Swietenia macrophylla* (caoba) and *Cedrela odorata* (cedro) in CITES Appendix III.
36. Dr. Steve Johnson (ITTO Secretariat) also reported that ITTO had recently been involved in two CITES related meetings – the CITES Criteria Working Group meeting held in Spain from 21 to 23 August 2001 and the CITES Mahogany Working Group meeting held in Santa Cruz de la Paz, Bolivia, from 3 to 5 October 2001. Dr. Johnson said that the meeting of the Criteria Working Group was to review the criteria for the inclusion of species in Appendices I and II of CITES. He indicated that the report of the meeting was available at the Secretariat. The meeting of the Mahogany Working Group also reviewed the effectiveness of current Appendix III listings, analyzed legal and illegal trade in mahogany, and reviewed the import/export controls and the exchange of information by CITES Management and Scientific Authorities. It was attended by all the range states for *Swietenia macrophylla*, and principal importing countries.
37. Dr. Johnson said that CITES like ITTO, was experiencing difficulties in obtaining reliable trade data on species listed in CITES Appendices. He mentioned that the general conclusion of the meeting was that the listing of mahogany in CITES had raised awareness about the need for better monitoring of the species. The meeting discussed discrepancies between the import and export reports and requested importing countries detecting illegal or suspicious shipments to immediately inform the country of origin. The meeting also recommended that in order to combat illegal trade, exporting countries should inform destination countries of shipments about permits or certificates issued. He mentioned that there was still some confusion among countries on what exactly constituted a certificate of origin, and considering the fact that there had not been enough information available to estimate the level of illegal trade between range states and other countries, the Working Group recommended that efforts be made to obtain such information. The Group also recommended that inventory of mahogany be undertaken in range states.
38. Mr. Carlos Salinas Montes (Peru) provided additional information on the Mahogany Working Group meeting. He said that the majority of the countries at the meeting agreed that there was a need for an in-depth study of the current situation and that there was a great deal of confusion between producer countries with regard to “certificate of origin” and the “CITES Certificate”. He indicated that the Working Group agreed that exporting countries should inform the CITES Secretariat about 30 to 40 days ahead of shipment with details of the Bill of Lading to avoid illegal trade.
39. Dra. Angela Andrade (Colombia) said that the listing of *Swietenia macrophylla* and *Cedrela odorata* in CITES Appendix III was essential, especially, due to the problems of illegal trade along Colombia’s boarder with Peru. The Government was also carrying out training of customs and law enforcement agencies as part of a strategic plan to combat illegal trade in flora and fauna. She mentioned that training programmes had also been organized for local environmental agencies and authorities to combat illegal trade. Actions were also being taken to regulate the exploitation of cedro in production areas. She indicated that Colombia attached great importance to CITES as a means of controlling illegal trade.

40. Ms. Jan McAlpine (USA), on behalf of the United States delegation, expressed her deep gratitude for messages of support following the terrible events of 11 September 2001. She indicated her appreciation for the cordial working relationship existing among Members of the Council. She provided some background information about the Mahogany Working Group and the concern expressed by ITTO Members on the listing of Mahogany in Appendix III of CITES and the potential impact of such listing. She said the trade community also expressed very serious concern that such a listing would have adverse effect on trade, especially since consumers in developed countries had increasingly expressed general concern about tropical timber. Ms. McAlpine said that there were intriguing and interesting lessons to be learnt about the manner in which CITES had managed the Appendix III listing of Mahogany in the last 3-4 years. She mentioned that the United States had carried out a study on the issue and the report was available to Members. She mentioned that at the last Conference of Parties meeting, the United States advocated that the Timber Working Group should continue its work, however the meeting decided otherwise and established a Mahogany Working Group to monitor the implementation of Appendix III listing of Mahogany. She indicated further that many countries had noticed some gaps in the use of Appendix III to monitor illegal trade in timber and that there were potential problems.
41. Ms. McAlpine stressed the need for ITTO to continue working with CITES to monitor and also contribute to the understanding about the potential impact on trade by the inclusion of other timber species on CITES Appendices and the extent to which these CITES listings addressed some of the concerns of consumer countries. She also urged Members of the Council to continue to examine carefully the implication of such listings with respect to large volumes of commercially traded species in CITES and the need to understand broadly how the CITES instruments could address the concerns expressed by countries around the world.
42. Mr. Hardjono (Indonesia) supported the initiative made by the Governments of Peru and Colombia to list cedro and caoba in Appendix III of CITES. He recalled similar initiatives made by the Government of Indonesia to list ramin in Appendix III of CITES. He commended the efforts of Producer Countries who had shown concern for the conservation of tropical forest biodiversity, and the elimination of illegal trade through the CITES framework.
43. Mr. Mike Fullerton (Canada) mentioned that countries should also specify the type of product(s) to be controlled by CITES, normally referred to as the annotation. He indicated that for *Swietenia macrophylla* and *Cedrela odorata*, the annotation specified sawnwood and veneer while the annotation for ramin included all products. He sought further clarification with respect to the annotation for ramin as compared to the annotation for other timber species listed in Appendices II and III of CITES.
44. Ms. Wendy Baer (IWPA) said that IWPA had indicated its strong support to the Tropical Forest Foundation to organize a Mahogany Working Group workshop similar to the one organized by the Foundation in 1992. The workshop would bring together experts to discuss current information on silviculture and trade in mahogany.
45. Dr. Steve Johnson (ITTO Secretariat) provided further information about the meeting of the Mahogany Working Group in Bolivia. He reported that there was no decision by the Working Group to move mahogany from Appendix III to Appendix II. The Working Group was satisfied with the current implementation status of mahogany in Appendix III.
46. Mr. Hyrceinte Bengono Belinga (Cameroon) cautioned that any decisions taken by the Council should not have negative impact on the production and trade of tropical timber species.
47. Mr. Suboh Mohd. Yassin (Malaysia) reiterated that CITES was an important instrument through which ITTO's objectives could be achieved. He recalled the Council's earlier Decisions on cooperation with CITES and indicated the importance of such cooperation and prior consultations among Member Countries in relation to listing of species in CITES Appendices.
48. Mr. Hardjono (Indonesia) provided additional information on Indonesia's decision to place ramin in CITES Appendix III. He mentioned that the initiative was followed by a period of moratorium on logging of ramin, which would be reconsidered after an inventory on the standing stock of ramin. He also indicated that Indonesia had given an exemption to Diamond Ryad Concessions Company, which had ecolabelling certificate, to continue the production of ramin products.

49. Mr. Carlos Salinas Montes (Peru) provided additional information on Peru's decision to list caoba and cedro in CITES Appendix III. He reported that in Peru, about 99 per cent of exports of mahogany were in sawnwood and veneer, and that explained the inclusion of only those two products in the CITES annotation.
50. Mr. Mike Fullerton (Canada) sought clarification on whether the ITTO Secretariat was consulted on the efficacy of these listings. He mentioned the uniqueness of moratoria and how other CITES parties could implement the inclusion of a species on Appendix III. From his perspective, that meant that all products whether coated or lacquered would require a CITES Appendix III Certificate. He also mentioned that there appeared to be a policy shift in Brazil with respect to the exploitation and transportation of mahogany.
51. The Executive Director informed the Council that the ITTO Secretariat was usually not consulted by Members prior to making proposals to list species in CITES Appendix III. He indicated, however, that the Secretariat is usually informed by the Member Countries as requested by Decision 3(XVI). He also informed the Council that a resolution adopted by the Conference of Parties of CITES urged Members wishing to propose listing of timber species in CITES Appendices to consult with ITTO. The consultation was supposed to take place at the time the proposal was being prepared.
52. Ms. Wendy Baer (IWPA) sought further information about the status of the moratorium on mahogany exports from Brazil.
53. Mr. Joel Sampaio (Brazil) indicated that Brazil was prepared to share information on the moratorium on mahogany exports with delegates interested in the matter.

MANGROVE CONSERVATION PROGRAMME – DECISION 9(XXIX) (Agenda Item 12)

54. The Executive Director introduced the agenda item and referred to document ITTC(XXXI)/6. He invited Dr. Marta Vannucci (consultant) to present the proposed ITTO Mangrove Work plan
55. Dr. Vannucci congratulated the ITTO for the initiative to address the issue of conservation of mangrove ecosystem. She indicated that ITTO was the first international organization to develop a concerted programme for the conservation, rehabilitation, and sustainable management of mangroves and that it was timely and important in combating the daily degradation of the mangroves of the world.
56. Dr. Vannucci presented the work plan stressing that it focused on conservation, rehabilitation and utilization of mangroves. She said that the achievement of sustainable utilization of mangroves would require the political will of governments and called for the involvement of local communities in any mangrove conservation programme.
57. Dra. Angela Andrade (Colombia) supported the proposed mangrove work plan. She reported that conservation of mangrove ecosystems had been given a great deal of priority by the Government of Colombia in its national forestry development plan. She reported on a series of zoning studies carried out on mangrove ecosystems with the support of ITTO and proposed that the workplan should be implemented in a holistic and coordinated manner, involving local populations. She also proposed that the mangrove work plan should be included in the new ITTO Action Plan.
58. Ms. Kayoko Fukushima (Japan) commended the consultants and the Secretariat for a comprehensive draft work plan. She called for a consideration of an appropriate level of financial and human resources to be allocated to the activities within the work plan, taking into account the balance in the overall activities of the Organization. She proposed that the activities should be elaborated and closely examined prior to implementation. Ms. Fukushima further proposed that the activities listed in the work plan should go through the normal ITTO project cycle and reviewed by the relevant Committees and the Council. She indicated that in order to support Member Countries to formulate projects, taking into account the activities suggested in the draft work plan, ITTO could conduct a survey on the current status of mangroves and the need for ITTO assistance in Producing Member Countries. Ms. Fukushima also supported the proposal made by the consultant to convene a workshop to share experiences in mangrove forest conservation, rehabilitation and sustainable management.

59. Mr. Suboh Mohd. Yassin (Malaysia) congratulated the Executive Director and Dr. Marta Vannucci for preparing a comprehensive mangrove work plan. He welcomed the work plan and expressed his full satisfaction with the plan. He mentioned that mangrove ecosystems were one of the most complex forest ecosystems which provided several essential resources and services for human livelihood. He reported that Malaysia had over 610,000 hectares of mangrove forests of which 476,000 ha had been gazetted as permanent reserve forest. He cited the Matang mangroves in the state of Perak as the largest single mangrove forest in Peninsular Malaysia, with a total area of 41,151 ha, which had been sustainably managed since 1902. He endorsed the Mangrove Conservation Work plan.
60. Mr. Daniel Birchmeier (Switzerland) commended the consultant and the Secretariat for preparing the work plan. He mentioned that the documents provided sufficient information on the problems facing mangrove ecosystems. He said with an estimated loss of about 100,000 hectares of mangrove forest annually, in the last 10 years, ITTO should be part of the search for solutions. He stressed the crucial role played by mangrove ecosystems in the livelihood of coastal people. He indicated that with ITTO's past involvement in supporting mangrove projects, the Organization had already a stock of information and experience to share with countries and organizations interested in sustainable management and conservation of these fragile ecosystems.
61. Mr. Birchmeier said that mangrove ecosystems were a typical forest ecosystems on which there were conflicting demands that required governments to establish criteria and priorities of action to regulate their use and that with increasing population pressure in these countries concerned, there was more pressure on coastal ecosystems, including for timber production. He called for the setting up of a combination of silvicultural systems and conservation measures to combat the increasing threat to the mangrove ecosystems. He supported the proposal by Japan that the funding of projects under the mangrove conservation programme should be through the normal ITTO project cycle. He further proposed that the strengthening of local NGOs for the protection of mangroves should be included in the work plan.
62. Ms. Neria Agra Andin (Philippines) supported the mangrove conservation programme. She called for a resolution of land use conflicts at the local level as well as transboundary issues, at the regional level. She mentioned that mangrove ecosystems were directly affected by upland forest ecosystems and other related ecosystems for actions to protect the mangrove ecosystem for the benefit of future generations.
63. Ms. Jennifer Conje (USA) expressed her appreciation and recognition for the draft work plan prepared by the International Society of Mangrove Ecosystems and the ITTO Secretariat. She said that the mangrove work plan should guide ITTO in the type of mangrove activities in which ITTO could be engaged. She pointed out that the draft work plan did not take into consideration ITTO's overall focus or financial constraints. She proposed that the document should highlight areas where there were gaps and opportunities on mangrove initiatives to understand the appropriate priority areas that ITTO could engage in. She also proposed that the work plan should address the numerous multilateral and bilateral mangrove activities being implemented by organizations such as GEF, Ramsar Convention on Wetlands and Convention on Biological Diversity (CBD), to avoid duplication. She mentioned that the activities in the work plan should focus on areas where ITTO had comparative advantage. She supported an earlier proposal by other delegations that future activities on mangrove should be channeled through the normal ITTO project cycle. She expressed concern about the financial implications of the proposed budget and called for further revision of the work plan.
64. Mr. German Espinoza Cuenca (Ecuador) congratulated ITTO for the initiative taken to tackle the issue of mangrove conservation. He mentioned that the destruction of mangrove often made it difficult and expensive to recover the natural ecosystem. He urged Council to give priority to the conservation of mangrove ecosystems.
65. Dr. Tachrir Fathoni (Indonesia) commended the work of the consultant and the Secretariat for a comprehensive work plan. He mentioned that Indonesia had the largest mangrove area in the world, with a total area of 4.2 million ha. He acknowledged the kind contribution of the Government of Japan in assisting Indonesia to establish a Mangrove Center and also rehabilitating mangrove ecosystems in Bali. He reported that Indonesia was developing three other mangrove rehabilitation programmes in Sumatra, Central Java and South Sulawesi.

66. Mr. Jean Boniface Menvie (Gabon) congratulated the Secretariat for preparing the work plan. He mentioned that Gabon had 800 km of coastline along the Atlantic Ocean with mangrove ecosystems. He said that Gabon was preparing sector plans in two areas and mangrove ecosystems featured very importantly in these sector plans. He indicated that the workplan would be a framework and a reference for the management of mangrove ecosystems. He stressed the importance of the work plan.
67. Dr. Dominic Blay (Ghana) congratulated the ITTO Secretariat and the consultant for the workplan. He supported the mangrove conservation initiative and hoped it would be of great benefit to marginalized communities who depended on the mangrove resource. He reported that Ghana had initiated a study on mangrove ecosystems.
68. Mr. Jacques Thinsy (European Community) said that mangrove ecosystems were very fragile and needed protection. He said the European Community had taken note of the widespread support for the work plan. He, however, wanted to know how the work programme would fit into other ITTO activities, considering the limited financial resources available to the Organization. He proposed that trade figures should be provided for mangrove wood, in terms of the volume and value of trade.
69. Dr. Fidel Reyes Lee (Guatemala) supported the mangrove conservation work plan. He said that mangrove ecosystem had great benefits to humanity and hoped the workplan would guide all Member Countries with mangrove ecosystems.
70. Mr. Manuel Hernandez Paz (Honduras) commended the Secretariat for the work plan. He said the Government of Honduras, with the support of ITTO, had gained the know-how and also had identified projects for the sustainable management of mangrove ecosystems in Honduras. He supported the proposal to organize a workshop on the conservation of mangrove ecosystems.
71. Mr. Brian O'Neil (Australia) congratulated ITTO for the mangrove conservation work plan. He acknowledged the work being carried out by other organizations and supported the proposal to identify areas where ITTO would have a comparative advantage. He supported the proposal made by the USA with regard to funding of projects under the mangrove conservation work plan.
72. Mr. Bhadharajaya Rajani (Thailand) supported the mangrove conservation work plan. He said the Government of Thailand was carrying out a variety of programmes for the conservation of mangroves along its 2,400 km coastline.
73. Mr. Dike Kari (PNG) reported that PNG had over 200,000 ha of mangrove forest that had not been exploited. He indicated that PNG would be interested in policies and guidelines for the effective management of its mangrove ecosystem. He commended ITTO's initiative and endorsed the work plan.
74. Mr. Felix Magallon Gonzalez (Panama) congratulated the ITTO Secretariat and the consultant for the work plan. He reported that Panama had 17,000 sq. km of mangrove ecosystems and had received support from ITTO for the management of its mangrove ecosystems.

REPORT OF THE EXPERT PANEL ON NEW ITTO ACTION PLAN (Agenda Item 13)

75. The report was presented by Mr. Don Wijewardana (New Zealand). He referred to document ITTC(XXXI)/7.
76. He reported that the Panel was composed of five representatives from Producer Countries; five representatives from Consumer Countries; two representatives from Industry and Trade; and two representatives from environmental NGOs. He briefed the Council on the terms of reference of the Panel and mentioned that the Panel benefited greatly from the Working Paper prepared by the consultants.
77. Mr. Wijewardana said that since the adoption of the Libreville Action Plan, many changes had taken place in the environment in which ITTO had been operating. He cited changes such as "Objective 2000"; revision of the ITTO Criteria and Indicators; new emphasis on monitoring and evaluation of projects; and narrow project funding base. He also cited other developments, such as, market downturn and the emergence of climate change as an important factor in forestry.

78. Mr. Wijewardana mentioned that on the basis of the report of the consultants, the Panel considered a number of issues relevant to the new Action Plan which included: the need for balance in project funding among the three technical Committees; the need for expanding the project funding base; the scope of ITTO's mandate; the lack of commonality among Members of each caucus; identifying priorities in the application of the Bali Partnership Fund; utilizing more fully the expertise of the Secretariat; illegal logging; climate change; and payment of membership contributions.
79. He reported that the major focus for ITTO during the Plan period would be to accelerate progress towards "Objective 2000". He indicated that it would require: an integrated approach across all three technical Committees, shifting of focus from development of policies to implementation, diversifying incentives for maintaining and expanding the forest base and filling key knowledge gaps. He stressed that there was the need to improve organizational efficiency through re-allocation of responsibilities, giving the Secretariat greater latitude, tightening links between annual work programme, Action Plan and ITTO's priority areas, improving the quality of project proposals, examining ways to expand funding base and better promotion of ITTO's work.
80. Mr. Wijewardana made the following recommendations to the Council:
- to consider the draft Action Plan and adopt it without delay in order to maintain continuity;
 - to have a mid-term review of the Plan; and
 - revise priorities for the Bali Partnership Fund in the light of sections 1.5 and 1.6 of the draft Action Plan.
81. Ms. Aulikki Kauppila (Finland) on behalf of the Consumer Caucus welcomed the recommendations of the Expert Panel. She commended the Expert Panel for a very comprehensive report. She also commended the consultants who prepared the background paper. She indicated that the Consumer group were ready to adopt the new Action Plan at the Session.
82. Mr. Daniel Birchmeier (Switzerland) commended the report of the Expert Panel. He, however, mentioned that like previous Action Plans there were no provisions for evaluating the success of the implementation of the Action Plan. He pointed out that there were no indicators to evaluate the implementation of each action. He welcomed the recommendation for a mid-term evaluation of the Action Plan using achievable indicators as reference. He also indicated that there appeared to be lack of regionalization of activities according to specific context that would make the evaluation of the achievements of the Plan very difficult. He called for further work on the Action Plan but indicated that that should not delay its adoption. He also commented on section 3.2 of the Action Plan and indicated that Forest Resource Accounting was a very important activity and proposed that it should be sub-divided into sub-activities to emphasize its importance.
83. Mr. Birchmeier said that since ITTO was already carrying out ex-post evaluation of projects there was no need to include item 7 – transboundary activities in the Action Plan since these activities would be evaluated in the same way as other projects. He proposed that the Action Plan should stress the importance of transboundary conservation projects in view of their role in controlling illegal logging and illegal trade in timber.
84. Mr. Duck-Haeng Hur (Republic of Korea) commended the work of the consultants and the Expert Panel. He expressed his support for the new wording of "Objective 2000" in the new Action Plan. He, however, stressed the need for balance in project funding among the three technical Committees. He also mentioned that the costs of sustainable forest management were not sufficiently internalized in the tropical timber product prices and that funds made available so far by ITTO to achieve the Objective 2000 were not sufficient for the task. It was the view of the delegation of the Republic of Korea that sustainable forest management needed appropriate financial resources.
85. Mr. Hur emphasized that the efficient use of tropical timber through further processing was important for the achievement of the goals of ITTO, as well as conservation and protection of tropical forest. He called for the establishment of a working group to examine the New Action Plan in further detail.
86. Mr. Zhou Dalin (China, People's Republic of) commended the consultants and the Expert Panel for the draft Action Plan. He noted that the new Action Plan had taken into consideration the

accumulated experience from the implementation of the Libreville Action Plan as well as the new challenges facing the Organization. He proposed the adoption of the Action Plan.

87. Mr. Athanase Boussengue (Gabon) supported the proposals by earlier speakers for the adoption of the new Action Plan. He however sought further clarification on certain omissions in the new Action Plan as compared to the Libreville Action Plan. He cited section 1.3 on non-discrimination in timber trade among Members of ITTO which appeared in the Libreville Action Plan but had been omitted in the new Action Plan. He also sought clarification on the use of the terminology "Indigenous group" instead of "Indigenous people". He proposed to include actions that support conservation activities particularly in transboundary areas, as well as support to national initiatives for plantation development in the new Action Plan.
88. Mr. Enzo Barattini (European Community) on behalf of the European Union commended the work of the Expert Panel and the consultants. He supported the adoption of the Action Plan, taking into consideration the proposed amendments. He called for a working group to examine the amendments to facilitate the adoption of the Action Plan.
89. Dr. Antonio Carlos do Prado (Brazil) commended the work of the consultants and the Expert Panel. He indicated that the new Action Plan could be adopted at the Session, taking into consideration some proposed amendments. He sought clarification on the methodology to tackle these amendments in order to finalize the Action Plan for the Council's adoption.
90. Dra. Angela Andrade (Colombia) said that the support provided by ITTO to the UNFF should be mentioned in the new Action Plan. She also proposed to include support and implementation of national forestry plans and specific phase for monitoring of sustainable forest management, including the application of Criteria and Indicators.
91. Mr. Hardjono (Indonesia) commended the work of the consultants and the Expert Panel on the new Action Plan. He supported the adoption of the Action Plan with certain revisions and additions. He proposed the establishment of a working group to examine and finalize the Action Plan, before its adoption.
92. Mr. Suboh Mohd. Yassin (Malaysia) commended the work of the consultants and the Expert Panel. He said that the draft Action Plan formed a good basis for future work of the ITTO. He noted with satisfaction that market access for tropical timber and timber products from sustainably managed sources had been given some prominence in the draft Action Plan. He recalled that the concern and agenda for discussion during the tenure of the ITTA, 1994 had been mainly on sustainable forest management and certification – two pertinent issues related to market access. However, he indicated that these should not be the only concern. He said that increasing trade, market access and ensuring the continued popularity of tropical timber must also be given some focus. He mentioned that without sustainable trade, the forest would be lost forever, especially for poor countries. He also recalled the UNCTAD slogan of "Trade and Not Aid" and indicated that tropical timber exporting countries would continue to strive for this, to achieve trade expansion and growth of their economies.

**REVISITING DRAFT DECISION CONSIDERED AT THE THIRTIETH SESSION – DECISION 12(XXX)
(Agenda Item 14)**

93. The Chairperson referred to document ITTC(XXXI)/8 and invited comments.
94. Ms. Aulikki Kauppila (Finland) on behalf of the Consumer Group indicated that the draft decision did not incorporate the revisions in the report of the Expert Panel on the Development of a Framework for an Auditing System for ITTO's Criteria and Indicators for Sustainable Forest Management. She said that the Consumer Group would not have any strong objections to the draft decision provided the revisions were incorporated.
95. Mr. Kota Hiranuma (Japan) said that auditing system was an inevitable process to assess the achievements of ITTO towards the Objective 2000. He indicated that after the adoption of the ITTO Criteria & Indicators, the Organization had reached the stage to adopt the guidelines for auditing systems that would be followed by certification to meet customer's needs. He proposed that the Executive Director should be requested to organize workshops for the wider use of the Auditing System for ITTO's Criteria and Indicators for Sustainable Forest Management.

ILLEGAL LOGGING AND ILLEGAL TRADE IN TIMBER (Agenda Item 15)

96. The Chairperson introduced the agenda item and invited comments from delegates.
97. Dr. Untung Iskandar (Indonesia) reported on "the Conference on Forest Law Enforcement and Governance" held in Bali from 11 to 13 September 2001. He mentioned that the Government of Indonesia attached significant importance to the Conference in terms of assisting Indonesia to tackle the issue of illegal logging and illegal trade. He said that the Ministerial Declaration emphasized the need for immediate action to intensify national and multilateral collaboration to address violations of forest law and forest crime, in particular, illegal logging, associated illegal trade and corruption. The Declaration further called on countries to explore ways in which the export and import of illegally harvested timber could be eliminated, including the possibility of a prior notification system for commercially traded timber. It also called on countries to pledge to work and ensure that the issue of forest crime was given significant attention in future international fora, including World Summit on Sustainable Development, the United Nations Forum on Forest, and Member Organizations of the CPF. Dr. Iskandar urged the Council to support the Ministerial Declaration as guidelines for ITTO future work in the area of illegal logging and illegal trade.
98. Dr. Iskandar proposed to the Council to consider the issue of forest crimes, in particular illegal logging and associated illegal trade, as one of the Decisions of the Thirty-first Session. He further suggested that the decision should focus on strengthening cooperation among Member Countries to address the problem with a view to gradually eliminating those practices. He further called on Member Countries to embark on capacity building in the field of forest crime detection and prevention.
99. Ms Jan McAlpine (USA) mentioned that over the past couple of years there had been some contentious moments as to whether ITTO should address the delicate issue of illegal logging and illegal trade and urged the Council to move ahead of these initial problems. She proposed that if there were Member Countries who had problems with using the term illegal logging, then the Council should look for alternative terminology to address the fundamental issue. She mentioned the discrepancies in trade data, as revealed during the annual review and assessment of the international timber situation, and indicated that although the discrepancies could not be attributed entirely to illegal trade, it could certainly be a contributory factor, and should therefore be addressed by ITTO.
100. Ms. McAlpine said that certain Member Countries had argued in the past that illegal logging was a domestic issue and that United States fully shared that view. She pointed out that the funding of ITTO projects had been to address domestic sovereign problems and therefore urged Members of ITTO to come together to find out how to provide more capacity to address the areas of need related to sustainability. On illegal logging and illegal trade, there was the need to address the issue of developing capacity for forest law enforcement. She shared the sensitivity expressed by some delegations and indicated that compromises had to be made to address the issue of illegal logging and illegal trade in such a way that it did not create barriers to market access. She urged Council to step up and effectively address the issue.
101. Mr. Suboh Mohd. Yassin (Malaysia) said that he had great sympathy with Member Countries which were saddled with the phenomenon of "illegal logging". He reiterated the fact that illegal logging and illegal trade was a complex issue and had to be tackled very cautiously. He mentioned that the resolution of the problem would not only require proper diagnosis but also correct and proportionate prescription and effective implementation. He indicated that there were two aspects to the problem – (i) illegal logging; (ii) illegal trade; and that the phenomenon was local or national in nature. He called for effective enforcement of national laws to overcome the problem. He urged the Council to approach the issue with caution. He also indicated that the Producer Group needed time to reflect carefully on the issue in order to come out with a proportionate and fair solution.
102. Mr. Zhou Dalin (China, People's Republic of) mentioned that the actions of illegal logging and illegal trade in timber were basically of territorial nature. He, however, called on Council to recognize the extra-territoriality effect of such a behavior. He urged Council to reach a consensus and a decision on the issue.

103. Mr. Enzo Barattini (European Community) reiterated the importance of the issue of illegal logging and illegal trade as alluded to by other delegations, and the necessity for the issue to be discussed at the Session. He noted with satisfaction earlier statements made by other delegates, especially statements calling for the use of statistical figures to explain the discrepancies in trade figures and partially attributing such discrepancies to illegal logging and illegal trade. He also shared the view expressed by the delegation of Malaysia for proper diagnosis of the problem and most appropriate measures to address it. Mr. Barattini further mentioned that the Ministerial Declaration on Forest Law Enforcement and Governance was very appropriate and timely. He said that the European Community was fully committed to cooperate with other Member Countries in order to reach a consensus and a concrete solution.
104. Mr. Duck-Haeng Hur (Republic of Korea) mentioned that illegal logging and illegal trade in timber were major impediments to the protection of the global environment and the sustainable management of tropical forests. He indicated that the issue was very complex and deeply related to the political, economic and social aspects of every country. He hoped that the Council would reach a consensus and be able to come out with a decision.
105. Mr. Dike Kari (Papua New Guinea) said that the convening of the Conference on Forest Law Enforcement and Governance in Indonesia was a reflection of the importance of the issue of illegal logging and illegal trade in timber. He urged the Council to address the issue without any further delay since it undermined the efforts of countries to manage their forests sustainably. He called on ITTO to assist the national efforts of countries in addressing the issue. He also called on Member Countries facing the problem of illegal logging and illegal trade to look at the issue in a more positive manner.
106. Dr. I.J. Bourke (FAO) said that FAO was very much interested in the issue of illegal logging and illegal trade in timber. He mentioned that FAO devoted a chapter in its latest edition of "the State of the World Forests" to the subject. He recalled that at the May Session of the Council in Cameroon, he informed the Council that FAO had a project titled "Illegal Acts in Forestry" under implementation. He reported that the first stage of the project was to draft guidelines for integrating law and compliances considerations into forestry policies. The other part was a draft paper on prevention, detection and suppression strategies, tools and technologies for combating these difficulties. He said the two draft reports had almost been completed, and there would be expert consultation meeting aimed at examining the feasibility of the recommendations in these reports. He indicated that the Expert Consultation meeting might be held from 14 to 15 January in 2002.

FREQUENCY AND DURATION OF COUNCIL AND COMMITTEE SESSIONS – DECISIONS 5(XXII), 4(XXVI) AND 5(XXIX) (Agenda Item 16)

107. The Chairperson introduced the agenda item and referred to document ITTC(XXXI)/9. She informed the Council that she had discussed the issue with many delegations. She recalled that the subject had been discussed at several previous Council Sessions.
108. Dr. Untung Iskandar (Indonesia) reported that the Producer Group was in favor of the existing frequency and duration of the Council and Committee Sessions. He proposed that the Council should work on how to keep the cost of Sessions to the minimum, considering the intervention by the delegation of Japan during the IAG meeting.
109. Mr. Enzo Barattini (European Community) called for the setting up of a working group to discuss the content of any proposals.
110. The Council concluded that it would further consider the issue of frequency and duration of the Council and Committee Sessions as and when appropriate.

STRENGTHENING SUSTAINABLE FOREST MANAGEMENT IN INDONESIA – DECISION 12(XXIX) (Agenda Item 17)

111. The report was presented by Dr. B.C.Y. Freezailah (Malaysia), the Mission leader and Dr. Cherukat Chandrasekharan (India), the Mission rapporteur.

112. Dr. Freezailah, on behalf of the Technical Mission, expressed gratitude to the Council for the opportunity to serve on the Mission. He acknowledged the full cooperation and support of the Government of Indonesia that facilitated the Mission's work. He also acknowledged the support of the NGO community, the trade and industry associations, the donor community, academics, as well as eminent personalities in forestry in Indonesia. Dr. Freezailah also acknowledged the support provided by the Executive Director and the ITTO Secretariat.
113. Dr. Freezailah presented the findings and recommendations of the Mission as contained in the document ITTC(XXXI)/10. He mentioned that the Technical Mission was requested by the Government of Indonesia to identify: ITTO support for sustainable forest management with particular emphasis on curbing illegal logging; restructuring forest industries; reviewing Indonesia's forest plantation for resource creation; recalculating timber values; and decentralizing the forestry sector.
114. Dr. Freezailah mentioned that Indonesia's forest was at a crucial crossroad and that much of Indonesia's growth in the past had been achieved through relentless over-exploitation of natural resources. The annual rate of deforestation was around 1.8 million ha and the remaining forest had been degraded through illegal logging and other unsustainable activities, like forest fires and land conflict. Eighty per cent of Indonesia's forests had been logged over and there was a great deal of uncertainty about the productivity of the secondary growth.
115. Dr. Freezailah pointed out that lasting solutions could be brought about only through appropriate policies, strategies and institutional strengthening. He mentioned the prevalence and extent of illegal activities as an indication of weaknesses or absence of governance. He indicated that illegal logging was rampant even in protected areas and national parks with an estimated loss of 25 to 57 million m³ of illegal logs annually and in terms of taxes and charges estimated annual loss to the state ranged from US\$2.0 to 2.5 billion.
116. The Mission identified the following causes and contributing factors to illegal logging: breakdown of forest laws; lack of deterrence; deficiencies in timber production (logging concessions) management and controls; unregulated expansion of wood industries; inefficient wood use; economic supply/demand (consumption) imbalance; availability of ready markets for illegal logs; skewed socio-political values promoting greed; low risk and high profitability of illegal logging; corruption among enforcement agencies; lack of inter-sectoral coordination; neglecting rights and welfare of local people; and vague roles and responsibilities of decentralized units.
117. The Mission made the following recommendations to curb illegal logging in Indonesia: imposition of a temporary ban on log exports; implementation of timber certification and log audit; introduction of a system of performance bond; establishing an anti-illegal logging task force; bestowing attention to socio-economic welfare of the local community; studying experiences of other countries; introducing special measures to protect conservation areas; addressing corruption within enforcement agencies; involving civil society to curb illegal logging; invoking provision of international conventions such as CITES to regulate/control log export; and regulating wood use.
118. On restructuring of forest industries, the Mission identified the following structural deficiencies in the Indonesian wood industry: predominance of primary sawmills; low value commercial plywood and pulp and paper fostered by cheap raw material; many illegal processing units fed by illegal logs; inefficient and unsustainable use of raw material; lack of raw material security; low capacity utilization; and indebtedness due to financial mismanagement. These structural deficiencies had given rise to overall inefficiencies in the wood industry; unsustainable and illegal forest exploitation; resource depletion; inadequate raw material supply in some situations; over capacity; environmental degradation; and social tensions. The Mission recommended a reform of the forest industries (including closures where necessary) and removing perverse subsidies that encouraged malpractices and financial improprieties. Other recommendations included promotion of pulp and paper industry based primarily on pulpwood plantations; promotion of products that could be produced from logging and processing residues; strengthening research, extension and training; strengthening inter-agency coordination; and formulating and implementing a wood industry restructuring plan.
119. On the issue of forest plantations for resource creation, the Mission reported that the overall performance of the Indonesia's plantation programme had been poor and the contribution of plantation wood was still insignificant to meet the industrial wood demand. The Mission

recommended the development and expansion of high yielding and efficiently managed forest plantations as a major source of industrial raw material, emphasizing on suitable species and sites, economies of production and return on investment, community benefits and involvement, increased environmental values, and control of potential malpractices. The Mission called on the Government to formulate and implement a clear policy on forest plantations.

120. Dr. Cherukat Chandrasekharan (Mission's Rapporteur) mentioned that an ITTO commissioned study showed that in 1999 the rent capture, representing the timber value, was only about 30% in Indonesia. The Mission attributed this to lack of forest resource accounting and a system of revising forest values, pressure of vested interest and inefficiencies in public administration and lack of competition in awarding concessions. This had resulted in loss of government revenue, inadequate investment in plantations and wasteful logging and processing. They recommended simplification and streamlining valuation/pricing of natural forest timber, and other natural forest products to improve the capture of economic rent, remove concealed subsidies, limit windfall projects and induce efficiency in forest resource use.
121. On the issue of decentralizing the forestry sector, the Mission reported that there was poor understanding of limits of decentralization; lack of a clear decentralization plan; lack of training and preparation; economic and other forms of regional disparity; inadequate revenue base at local levels; and lack of financial discipline. This had resulted in many unsettled land claims and land disputes; antagonism among different governance levels; displacement and hardships for the staff; degradation of conservation areas; and unsustainable forest management.
122. The Mission recommended implementation of a decentralization programme appropriate to the sectoral needs, and based on a well thought-out plan involving stakeholder participation, transfer of power and responsibilities, clear and adequate rules and regulation, capable institutions and a system of monitoring and control. Dr. Chandrasekharan said that at the current stage, decentralization should be limited to the provincial rather than to the district level.
123. On reforming institutions, the Mission recommended a reform and enforcement of the national forest policy; establishment of a mechanism for resolving sustainable forest management conflicts; building skills and capacity in forestry at the local level; improving forestry research facilities; and formulating and implementing a national forest programme. Other recommendations included: creation of local employment opportunities; promoting NWFPs; establishing forest resource accounting system; establishing a multi-stakeholder consultative process; and establishing a national forestry council to guide and supervise policy implementation.
124. The Mission provided some project ideas for seeking international assistance in the short and medium term.
125. The Technical Mission was composed of:
 Dr. B.C.Y. Freezailah, Leader
 Dr. C. Chandrasekharan, Rapporteur
 Mr. David W.K. Boulter
 Dr. W. Herbert Diemont
 Dr. Hasim Danuri
 Dr. Hiras P. Sidabutar
 Mr. Nana Suparna
 Mr. Agus Purnomo
 Dr. Dradjab Wibowo
126. Mr. Marco Vinicio Arias Brito (Honduras) commended the Mission for a comprehensive report. He mentioned that there were many issues in the report, which were similar to those in Honduras and other Member Countries.
127. Mr. Hardjono (Indonesia) expressed appreciation and sincere gratitude to the Council for the ITTO Technical Mission to Indonesia. He also expressed his appreciation to members of the Technical Mission. He assured the Council that Indonesia would carefully consider the recommendations of the Technical Mission. He acknowledged with gratitude the assistance of the donor countries, particularly Japan and the European Commission in supporting the restructuring of the Indonesia forestry sector.

128. Mr. Hardjono said that following the recommendations of the Technical Mission, Indonesia had placed a temporary ban on log exports, from any source since 8 October 2001. The log export ban policy would be reviewed from time to time. He requested the assistance and cooperation from ITTO and ITTO Member Countries in implementing such a policy as a way of addressing the issue of illegal logging and illegal trade in timber. He also mentioned that the Ministry of Forestry was making every effort to reduce the annual allowable cut. He indicated that the Government would require assistance to supplement the forgone incomes of the communities, as a result of the reduced annual cut. He also called for ITTO's support in alleviating poverty in the communities living within and adjacent to the forest through the application of Criteria and Indicators for Sustainable Forest Management.
129. Mr. Don Wijewardana (New Zealand) congratulated members of the Technical Mission for a comprehensive report. He sought clarification on the recommendation for a temporary log export ban which he indicated appeared to be inconsistent with the other recommendations and findings in the report. He indicated that the log export ban would compound the problems by making the industry not internationally competitive and result in wasteful use of resources. He called for long term policies to address the problems of the industry. He also mentioned that he was surprised to learn that plantations were not profitable and cited the case of New Zealand and Australia where plantations had been known to be very profitable.
130. Ms. Aulikki Kauppila (Finland) on behalf of the Consumer Group congratulated members of the Technical Mission for a comprehensive report. She commended Dr. B.C.Y. Freezailah and Dr. C. Chandrasekharan for the excellent presentation of the report. She commended the approach adopted by Indonesia to openly discuss the problems facing the forestry sector that had given Members of the Council the opportunity to appreciate the scale of the problems. She hoped the report would greatly assist the Government of Indonesia to find solutions to the problems.
131. Mr. Daniel Birchmeier (Switzerland) congratulated members of the Technical Mission for an excellent report. He expressed his appreciation for the commitment demonstrated by the Government of Indonesia to achieve sustainable management of Indonesia's forests. He indicated that the report had been most revealing with regard to the scope of the needs of Indonesia, and role of ITTO in the search for solutions. He mentioned that the report met the expectations of the Swiss delegation in identifying a series of key issues and proposed a number of innovative solutions. He said that the Mission made an invaluable contribution in showing the pervasive nature of illegal logging and the consequences and noted the need to review the national forest policy, and the achievement of increased efficiency in wood industries. He indicated that while he agreed with most of the recommendations proposed in the report, a log export ban, could result in illegal logs being diverted from foreign to domestic processing industries, with very little impact on the volume illegally harvested.
132. Mr. Birchmeier said that the key problem seemed to relate to governance in the forest sector, and in the framework of the decentralization process, and called for adjustment in sectoral policies and legislations. He supported the recommendation that ITTO should provide support to organize national retreats to discuss the Mission's findings and recommendations. He proposed that the Council should adopt a two-phases approach in dealing with the recommendations and follow-up actions and consider projects and actions that could be implemented immediately, and those that need to wait for further national consultations on the report. He noted that the Mission had proposed a number of projects to implement its recommendations. He, however, favored a different approach of a coherent programme that might include these projects, which would allow synergies of ITTO's contribution and contributions by other donors, given the importance of the task and the on-going donor coordination process in Indonesia. He further noted that among the proposed projects, there was none that concerned the support to non-governmental stakeholders, such as the NGOs, who might play an important role in combating illegal logging, through activities such as raising public awareness, monitoring the illegal practices, and creating pressure for law enforcement. He also noted that there were no projects relating to capacity building at sub-national levels.
133. Mr. Erik Lammers van Bueren (Netherlands) congratulated members of the Technical Mission for a comprehensive report. He said that the report painted a description of a grim situation in Indonesia and provided a blue print of what the desirable situation might be. He indicated that the real question facing the Council in supporting Indonesia to achieve the new blue print was how to initiate and manage change. He said that was a huge task and there were many things to be

changed, many stakeholders to be involved who had to probably take the initiative to start changing things. He indicated that these were issues to be addressed and the need for more analysis to better understand the situation. He also mentioned that the report recommended promotion of certification as one of the solutions to curb illegal logging and sought further clarification on that recommendation. In his opinion, illegal logging rather prohibited certification and that forest enterprises and forest managers who were willing to undertake sustainable forest management and have their forests certified were unable to achieve that because of illegal logging. He stressed that illegal logging prohibited certification. He reiterated that the prevailing task was that the process of decentralization in Indonesia had huge effect on the management of the forests, and how to decentralize in a reasonable time frame must be considered.

134. Mr. Hyrciente Bengono Belinga (Cameroon) congratulated members of the Technical Mission for an excellent report. He mentioned that Cameroon had started preparing its sectoral forestry plan and the Indonesia Mission report would be very useful in that regard. He indicated that the Government of Cameroon would welcome such an ITTO technical mission to Cameroon. On the issue of plantation, he indicated that it could be profitable and cited Cameroon's experience in that regard.
135. Mr. Jean Boniface Menvie (Gabon) congratulated members of the Technical Mission. He mentioned that the situation in Indonesia was very typical of most Producing Member Countries, and that the recommendations in the report could be used as guidelines to address most of the problems in Gabon.
136. Mr. Douglas MacCleery (USA) commended the comprehensive nature of the report. He mentioned the concession policy and land tenure system in Indonesia, and called for an evaluation of the current system in the light of the experiences of other countries in structuring their concession policies and the tenure system to achieve sustainable forest management objectives. He mentioned that FAO had been working on such issues over the years and their experience might be useful. Mr. MacCleery also urged ITTO to focus on areas of the recommendations in the report where the Organization had a comparative advantage. He further proposed to the Council that projects arising out of the recommendations in the report should be channeled through the normal ITTO Project Cycle.
137. Mr. Duck Haeng-Hur (Republic of Korea) congratulated members of the Technical Mission for a comprehensive report. He welcomed the project ideas proposed by the Mission to address the problems identified. He mentioned that many Producer Countries had problems similar to those of Indonesia and urged the Council to assist Producer Member Countries through policy implementation and project works to achieve the goal of Objective 2000.
138. Ms. Kayoko Fukushima (Japan) commended the excellent report of the Technical Mission. She indicated that the report contained a number of useful suggestions and welcomed the positive commitment made by the Government of Indonesia. She hoped that measures as far as possible would be taken based on those suggestions, and pledged the best efforts of the Government of Japan, in rendering support in that regard.
139. Dr. Fidel Reyes Lee (Guatemala) commended the excellent report of the Technical Mission and hoped it would be an excellent source of reference for ITTO in future activities of the Organization.
140. H.E. Mr. Clement Eledi (Ghana) congratulated the members of the Technical Mission for a detailed and well researched report. He commented on the recommendation in the report to set up task forces as a means of controlling illegal logging and mentioned that the experience of Ghana in using task forces to control illegal logging had proved not successful as long as there was greed and corruption. He said that Ghana had moved away from using task forces to the possibility of considering the privatization of the Inspection Division of the Forestry Commission. He also mentioned that Ghana was relying very much on the local communities as a means of controlling illegal logging. He indicated that that would only succeed if the communities benefited very much from the forest revenues and that the concession system in Ghana required concessionaires to sign a social responsibility agreement with the communities as one of the conditions for the granting of forest concession. He indicated that the system was working very well in Ghana in controlling illegal logging.

141. Mr. Suboh Mohd. Yassin (Malaysia) joined other speakers in expressing appreciation to the members of the Technical Mission. He said that the report was very comprehensive, timely and educative. He indicated that the issue of illegal logging and illegal trade was very complex and required a holistic approach. He reiterated that any solution had to be proportionate. He urged the Council to assist in tackling the problems identified in the report. He said that the situation was quite disturbing as it hampered the pursuance of sustainable forest management and certification. He called on ITTO to enhance the capacity of Indonesia to address these issues.
142. Ms. Neria Agra Andin (Philippines) congratulated the members of the Technical Mission. She said the subject of the report was of common concern to most Producing Member Countries, including Philippines. She mentioned that there were areas of protection forest within production forest in Philippines and indicated that if there was illegal logging in the production forest, there was the potential illegal extraction or exploitation of protected species and biological resources from the protection forests. She sought clarification on how the set of recommendations in the report would address such an issue. She urged ITTO, the international community and other relevant institutions to address the potential adverse impact of illegal logging on forest health and security.
143. Mr. Léon Siagoue (Côte d'Ivoire) commended the excellent work of the Technical Mission. He requested ITTO's assistance in the management of Côte d'Ivoire's forest resources through projects such as plantation management involving rural communities. He said that would assist in controlling illegal trade in logs.
144. Mr. Carlos Salinas Montes (Peru) congratulated members of the Technical Mission. He sought clarification on the time that would be needed to carry out the various recommendations and the amount of resources needed for restructuring the forest industry.
145. Dr. B.C.Y. Freezailah (Malaysia) thanked all delegations for their comments on the report. He provided further clarification on the profitability of plantations in Indonesia. He indicated that plantations were generally profitable but the plantations of Indonesia had not been successful because of the manner of establishment and management of these plantations. He also mentioned financial improprieties in the management of the enterprises involved as a contributory factor. On the issue of log export ban, Dr. Freezailah explained that in Indonesia, illegal logging was occurring even in national parks and therefore required extraordinary measures to combat some of these irregularities.

ITTO ANNUAL WORK PROGRAMME (Agenda Item 18)

a) Progress Report on the Implementation of Work Programme for the Year 2001

146. The Executive Director referred to document ITTC(XXXI)/11. He reported that the document followed the usual format. The report provided information on the status of implementation of approved activities, classified under the Council, Committees and Secretariat. He further mentioned that for each activity approved by the Council for the year 2001, the Secretariat identified the implementation approach and cost implications as well as the implementation status.

b) Draft Work Programme for the Year 2002

147. The Executive Director referred to document ITTC(XXXI)/12. He mentioned that the document detailed out the activities proposed to be carried out by Council, Committee and Secretariat. He proposed to the Council to refer to the Committees the sections of the draft work programme relating to the work of the Committees.
148. Ms. Aulikki Kauppila (Finland) on behalf of the Consumer Group supported the draft work programme for 2002 and the progress report on the implementation of the work programme for 2001. She proposed that the Committees should study in more detail their draft work programme.

ITTO OBJECTIVE 2000 – DECISIONS 2(XXIX) AND 9(XXX) – (Agenda Item 19)**(a) Reports by Members on progress towards achieving ITTO Objective 2000**

149. Mr. André-Marie Atangana-Zang (Cameroon), Minister Plenipotentiary Charge d'Affaires, Embassy of Cameroon, Tokyo, reported on Cameroon's progress towards achieving ITTO Objective 2000. He said Cameroon's forests covered an area of 22.5 million ha. He indicated Cameroon's satisfaction with the closeness and fruitful cooperation with ITTO. He mentioned that about twenty projects aimed at sustainable management of forest resources had either been completed or were under implementation. He said that the government and people of Cameroon attached a lot of importance to the "Mengamé Gorilla Sanctuary". He reported that a policy aimed at increasing protected areas including the establishment of trans-boundary protected areas was under implementation and that pursuant to the principles adopted at the Yaoundé Summit, the Government of Cameroon had nearly doubled the area of the "Mengamé Gorilla Sanctuary" from 65,000 to 122,000 ha. He mentioned that the Government of Cameroon was more than ever determined to cooperate with the international community and more specifically with ITTO. He sought the collaboration and support of the international community, and of ITTO in particular, for the preparation and execution of the "Forest and Environment Sectorial Programme" of Cameroon.

(b) Progress report on assistance provided to Producer Countries to identify factors limiting progress towards achieving Objective 2000

150. The Executive Director reported on this agenda item. He recalled that pursuant to Decisions 2(XXIX) and 9(XXX) Council authorized, among others, the "provision of assistance to Producing Countries on request to identify factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management and to formulate action plans to overcome these constraints". He reported that the Secretariat had received requests for technical assistance from Brazil, Cameroon, Congo and Central African Republic. He mentioned that missions had already been sent to the Republic of Congo, led by Mr. Henri Maitre from CIRAD Forêt and Brazil, led by Dr. Markku Simula. He indicated that the Secretariat was planning similar missions to the Central African Republic and Cameroon. He hoped that these four missions would be completed and reported to the Council by the Thirty-second Session, in Bali, Indonesia.
151. Dr. Sobral further reported that Decision 2(XXIX) also requested ITTO to provide assistance in setting up ITTO Objective 2000 Boards or national appropriate focal group to catalyze work related to the achievement of Objective 2000. He mentioned that the Secretariat had also received requests from Cameroon, Congo, Gabon and Papua New Guinea for assistance in setting up the ITTO Objective 2000 Boards, and the Secretariat had accordingly provided information on the terms of reference of these boards to these countries. The Secretariat had also requested assistance from donors for the operation of these boards, unfortunately there had not been any positive response yet to the appeal for funds.
152. The Executive Director also mentioned that Decision 9(XXX) authorized the provision of assistance to Producing Member Countries to complete their national level reports, both through the workshop on Criteria and Indicators and also through limited direct financial assistance. He reported that he had written in June 2001, to major Producing Countries informing them and providing details on the possibility of assisting them to convene national training workshops on ITTO's Criteria and Indicators. He regretted that only few Member Countries had responded and among those countries that had responded only one had provided sufficient information to enable the Secretariat to initiate action towards the convening of a national workshop. On the provision of direct financial assistance for the preparation of the reports, which had to be completed by December 2001, Dr. Sobral reported that about six countries had requested such assistance and the Secretariat had already responded to all the requests. He hoped that progress reports on sustainable forest management using the ITTO format approved during the May Session in Yaoundé would be the basis for reporting by most Producing Countries during the next Session.
153. Ms. Kayoko Fukushima (Japan) said that Japan wished to make the best possible effort in supporting Members' progress towards the achievement of Objective 2000. She informed the Council that Japan with a view to assisting Congo Basin countries towards the achievement of Objective 2000 had recently pledged an amount of US\$20,000 for the Technical Mission to the five Congo Basin Member Countries, under Decision 11(XXX).

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 20)

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

154. The Chairperson invited pledges to the Special Account and the Bali Partnership Fund. No pledges were made.

(b) Review of resources in the Bali Partnership Fund

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

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

156. The report was presented by Mr. Thémotio Batoum, Chairperson of the Panel. He reported that the Panel was composed of representatives of Japan, Switzerland, USA, Honduras, Ghana, Malaysia and the Executive Director.
157. Mr. Batoum mentioned that twenty activities and two projects with a total budget of US\$6,248,837.00 had so far been funded from the resources of the Sub-Account B of the BPF. He also reported that the available resources of the Sub-Account B of the BPF amounted to US\$3,977,803.40. The Panel recommended to the Council that the financing limit of projects, pre-projects and activities to be financed from Sub-Account B of BPF should not exceed US\$1,500,000.00 per council session. The Panel also recommended to Council a list of prioritized actions, pre-projects and projects eligible for financing from the resources of the Sub-Account B of the BPF.

ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVII) (Agenda Item 21)

(a) Progress report on the ITTO Fellowship Programme

158. The report was presented by Mr. E. Collins Ahadome (ITTO Secretariat). He referred to document ITTC(XXXI)/13 and reported that eighty-one (81) fellowships amounting to US\$450,051.00 had so far been awarded under the Freezailah Fellowship Fund. Seventy-three per cent of these awards were in the field of Reforestation and Forest Management; fifteen per cent in Forest Industry; and twelve per cent in Economic Information and Market Intelligence. In terms of geographical distribution of the awards, 27% were awarded to applicants from Africa, 38% from Asia-Pacific, 26% from Latin America, 6% from developing Consumer Countries (i.e. Nepal and China) and 2% from Consuming Countries. Females accounted for 36% of the total awards.

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

159. In the absence of the Chairperson of the Fellowship Selection Panel, the report was presented by Mr. E. Collins Ahadome (ITTO Secretariat).
160. He reported that the Fellowship Selection Panel composed of representatives of Philippines, Bolivia, Côte d'Ivoire, Switzerland, USA and Australia and chaired by Dr. Jürgen Blaser, Vice-chairperson of the Council, met twice during the Thirty-first Session of the ITTC. The Panel evaluated a total of 69 applications of which 24 were recommended for the Council's approval.
161. The Council unanimously approved the report of the Fellowship Selection Panel. (The full report of the Panel is contained in document ITTC(XXXI)/14.)
162. Ms. Jan McAlpine (USA) stressed the importance of the Fellowship Programme and commended the Panel for the report. She urged the Council to look for sources of funding to supplement the financing of the programme. She said that the programme was assisting in developing the capacity of junior and middle level professionals in tropical timber countries through short courses and postgraduate programmes. She reiterated that the Fellowship Programme was one of the most significant contributions provided by ITTO and looked forward to working with other donors to provide funds for the programme. She urged Member Countries to view the programme as a

way of advancing middle and junior level professionals' experience on issues of importance to ITTO.

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 22)

163. Dr. Antonio Carlos do Prado (Brazil), Chairperson of the Committee on Economic Information and Market Intelligence, presented the report of the Committee.
164. He referred to document CEM(XXIX)/5. He reported that the Committee reviewed the status of twenty-one (21) projects, pre-projects and activities under implementation. He mentioned that there was one project and one pre-project pending agreement, and three projects and three pre-projects pending financing. The Committee recommended to the Council the approval and funding of two (2) new projects and two (2) pre-projects.
165. On policy work, Dr. Prado 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, competitiveness of tropical timber vis-à-vis competing products and substitutes, medium and long term outlook for the tropical timber market, trade in secondary processed wood products, matters on trade and the environment under the UNFF, study on the establishment of a tropical plywood exchange, inter-secretariat working group on forest statistics, and the draft ITTO Work Programme for 2002.
166. Dr. Prado reported that the Committee elected Ms. Astrid Bergquist (Sweden) and Dr. Gilbert Kaya (Republic of Congo) as Chairperson and Vice-chairperson respectively for 2002.
167. The Council unanimously approved the report of the Committee (The full report is attached in Annex IV).
168. Prof. Chen Xuhe (People's Republic of China), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee.
169. He referred to document CRF(XXIX)/9. He reported that the Committee reviewed the status of twenty-four (24) projects and seven (7) pre-projects under implementation; five (5) projects and two (2) pre-projects awaiting implementation agreement; five (5) completed projects, including financial audit, and sixteen (16) completed projects, pending financial audit. The Committee also received the reports on the ex-post evaluation of two (2) completed projects. The Committee recommended to the Council the approval and funding of four (4) projects and five (5) pre-project proposals.
170. On policy work, Prof. Chen Xuhe reported that the Committee considered the following issues:
- Guidelines for establishing auditing systems for ITTO's Criteria and Indicators;
 - Guidelines for management of secondary forests and restoration of degraded forests and forest lands; and
 - Guidelines, Criteria and Indicators for sustainable utilization of mangrove forests.
171. Prof. Xuhe reported that the Committee considered the report on the status of pre-project PPD8/93 (F) "Demonstration Areas for Sustainable Management of Production Forests" and recommended that networking between the existing demonstration areas should be improved to capitalize on the achievements so far made.
172. Prof. Xuhe further reported that the Committee elected Dra. Angela Andrade (Colombia) and Mr. Henri-Félix Maître (France) as Chairperson and Vice-chairperson respectively for 2002.
173. The report of the Committee was unanimously approved by Council. (The full report is attached in Annex IV).
174. Dr. Abdul Rashid Abdul Malik (Malaysia), Chairperson of the Committee on Forest Industry presented the report of the Committee.
175. He referred to document CFI(XXIX)/9. He reported that the Committee reviewed the status of twenty-five (25) projects and six (6) pre-projects under implementation; five (5) projects and four (4) pre-projects awaiting implementation agreement; four (4) projects and five (5) pre-projects

awaiting financing; and two (2) pre-projects falling under sunset provisions. The Committee also considered the ex-post evaluation report on PD109/90 Rev.4 (I) "Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Côte d'Ivoire".

176. On policy work, the Committee discussed among other issues: utilization efficiency and the reduction of losses and waste; review of the status of further processing of tropical timber in Producing Countries; and assessment of the multiple benefits of downstream processing of tropical timber in Producer Countries.
177. Dr. Malik reported that the Committee recommended to the Council the approval and funding of two (2) new projects and a pre-project; three (3) projects and a pre-project requesting additional funding; and four (4) projects and five (5) pre-projects approved at previous Sessions and not yet funded.
178. Dr. Malik further reported that the Committee elected Ms. Candy Green (USA) and Dr. Fidel Reyes Lee (Guatemala) as Chairperson and Vice-chairperson respectively for 2002.
179. The Council unanimously approved the report. (The full report is attached in Annex IV).
180. The report of the Committee on Finance and Administration was presented by Mr. Thémotio Batoum (Cameroon), Chairperson of the Committee.
181. Mr. Batoum reported that the Committee considered the draft Administrative Budget for the financial year 2002 and noted that the draft budget represented a decrease of 3.51% from the amount approved for 2001. The Committee recommended to Council to approve the Administrative Budget for the financial year 2002 in the amount of US\$4,472,867.00. The Committee noted the current status of the Administrative Account and acknowledged with praise the various cost saving efforts being exercised by the Secretariat.
182. The Committee recommended to Council the selection of the firm "Price WaterhouseCoopers, Yokohama" to audit the accounts of the Organization for the financial years 2001, 2002 and 2003. The Committee further recommended an amendment to the "Financial Rules and Rules Relating to Projects" with regard to engaging auditors for three consecutive years.
183. Mr. Batoum reported that the Committee recommended to Council to authorize the Executive Director, as a pilot exercise, to engage two qualified professionals as Regional Officers to assist implementing ITTO's work in Africa and Latin America and to utilize the anticipated savings emanating from the current Administrative Budget for 2001 and an amount not exceeding US\$270,000 from the un earmarked funds of the Pre-project Sub-Account in the Special Account to finance the costs of the Regional Officers.
184. Mr. Batoum further reported that the Committee elected Ms. Kayoko Fukushima (Japan) and Mr. Pravit Chittachumonk (Thailand) as Chairperson and Vice-chairperson respectively for 2002.
185. The report of the Committee was unanimously approved by the Council. (The full report is attached in Annex IV).

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2002 (Agenda Item 23)

186. The Council unanimously elected Dr. Jürgen Blaser (Switzerland) and Dato' Dr. B.C.Y. Freezailah (Malaysia) as Chairperson and Vice-chairperson respectively for 2002.
187. Dr. James Gasana (Switzerland) on behalf of Swiss delegation thanked Members of the Council for electing Dr. Jürgen Blaser as Chairperson of the Council for 2002. He said that the election of Dr. Jürgen Blaser represented a very important milestone for Switzerland. He also congratulated Dr. B.C.Y. Freezailah, the Vice-chairperson elect and pledged Switzerland's full support. Dr. Gasana also congratulated Dra. Josefina Takahashi Sato, the out-going Chairperson, for her excellent leadership of the Council.
188. Dr. Jürgen Blaser (Switzerland), Chairperson elect, thanked the out-going Chairperson, Dra. Josefina Takahashi Sato for her excellent leadership of the Council throughout the year. He recalled the significant progress made by ITTO under the chairmanship of Dra. Josefina

Takahashi Sato. He said that decisions taken by Council on certification, the involvement of ITTO in international forest regime, the collaboration with the World Conservation Union (IUCN), and the development of guidelines on forest restoration were important initiatives that would help bring the Organization progress towards the achievement of sustainable and equitable development. He mentioned that the decision on forest law enforcement in the context of sustainable timber production and trade was a landmark decision since the issue had been a thorny one in the Organization for a year or more.

189. Dr. Blaser expressed his gratitude to the Council for electing him as Chairperson for 2002. He said it was an onerous task, nevertheless, he was looking forward eagerly to it. He reiterated that having broken the pain barrier on the decision on forest law enforcement in the context of sustainable timber production and trade, the Council could anticipate even more rapid progress in pursuing the Organization's objectives.
190. Dr. Blaser mentioned that although ITTO was a relatively small organization, it had been dealing with a wide range of sensitive international issues. He said that international cooperation was not always easy, different governments often had different objectives that sometimes seemed irreconcilable. He stressed that the world was facing some very uncertain and frightening times. The newspapers were filled with gloomy predictions of war, terrorism and economic crisis and urged Members to be keener than ever to work together to reduce global inequities, remove barriers to sustainable development and make the world a fairer and more peaceful place.
191. Dr. Blaser pledged to continue cooperating with all Members of the Council to achieve the objectives of the Organization.

DATES AND VENUES OF THE THIRTY-SECOND, THIRTY-THIRD AND THIRTY-FOURTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 24)

192. The Chairperson confirmed that the Thirty-second Session of the Council would be held from 13 to 18 May 2002, in Bali, Indonesia.
193. Ms. Kayoko Fukushima (Japan) confirmed that the Thirty-third Session of the Council would be held from 4 to 9 November 2002, in Yokohama, Japan.
194. Mr. Felix Magallon Gonzalez (Panama) confirmed the invitation by the Government of Panama to host the Thirty-fourth Session of the Council in Panama City, Panama, from 26 to 31 May 2003.
195. The Council approved the dates and venues of the Thirty-second, Thirty-third and Thirty-fourth Sessions of the Council and the Associated Sessions of the Committees.

OTHER BUSINESS (Agenda Item 25)

Presentation by International Network on Bamboo and Rattan (INBAR)

196. INBAR attended the Session as an Observer and its Director General, Dr. Ian Hunter, briefed the Council on its work.
197. Dr. Hunter briefed the Council about the establishment, objectives and activities of INBAR. He said that INBAR was established by an inter-governmental treaty in 1997 with its headquarters in Beijing, China. It comprised twenty-two member countries – 10 in Asia; 5 in Africa; 6 in Latin America; and Canada. INBAR was dedicated to improving the livelihoods of rural poor through development based on bamboo and rattan resources.
198. Dr. Hunter said that in October 2000, INBAR was recognized by the Common Fund for Commodities as the international commodity body for bamboo and rattan. He indicated that 80% of bamboo production was for domestic consumption while the international trade of bamboo amounted to about \$2 billion. He admitted that statistics on trade in bamboo and rattan were poor and as such the importance of bamboo and rattan had been understated. He mentioned that Japan was the overwhelmingly China's biggest trading partner in bamboo. Other major importers included: USA, Hong Kong, U.K., Korea, Netherlands, Germany, France, Taiwan and Italy.
199. Dr. Hunter said that INBAR was working with International Standards Organization (ISO) on international standards for the use of bamboo in building construction. He mentioned the

traditional woven products of bamboo and rattan which had been made for thousands of years. These traditional products still had a role in creating cash incomes for the rural poor. He also mentioned the use of bamboo in paper making, floor boards, activated charcoal and surf board.

200. In conclusion, Dr. Hunter said that bamboo and rattan were versatile resources with a very wide range of market options and were key products in alleviating rural poverty and preventing deforestation. He called for a greater cooperation between ITTO and INBAR.
201. Dr. Untung Iskandar (Indonesia) commended Dr. Hunter for the presentation. He said that Indonesia was very proud to be a member of INBAR. He called for greater cooperation between INBAR and Indonesia. He mentioned that Indonesia was currently embarking on large scale plantations and bamboo could be integrated into the national plantation programme.
202. Mr. Zhou Dalin (China) thanked Dr. Hunter for the excellent presentation. He acknowledged that INBAR had a great deal of information on bamboo and wanted to know if INBAR had information on rattan as well. He sought clarification on areas of collaboration between ITTO and INBAR.
203. Dr. Hunter, in his response, acknowledged that INBAR had not devoted a lot of resources to rattan in the past. However, INBAR had started a project with World Conservation Monitoring Center (WCMC) to quantify the distribution of rattan resources. On areas of collaboration with ITTO, Dr. Hunter said that ITTO had developed a lot of experience in handling trade data and INBAR would wish to draw on ITTO's expertise in that area.
204. Ms. Marie-Anne Vautrin (France) said that the presentation had provided a great deal of insight into the trade in bamboo and rattan. She sought further information on the acreage of bamboo under plantation, the volume produced per hectare per year and the main trading companies or countries.
205. Dr. Hunter acknowledged that it was difficult to know the total area of bamboo plantations in the world. He indicated that the area of bamboo plantations in China was about 4 million ha. He mentioned that the yield varied between 10-25 m³/ha and varied with climate and rainfall. Dr. Hunter said that the major trading countries in rattan were Philippines, Malaysia, Indonesia whilst in bamboo the major trading countries were China and India.

Statement by the Representative of FAO

206. Dr. I.J. Bourke (FAO) highlighted some of FAO's current work programme of importance to ITTO. He said that FAO had released its bi-annual publication on "The State of the World Forests" which contained information on problems and possible solutions to corruption and illegal activities in forestry. He also mentioned that FAO had recently produced a world map showing the location of various forests.
207. Dr. Bourke informed Council that FAO was engaged in an African timber outlook study which was in its final stages. He brought to the attention of Council that the United Nations had declared 2002 as the International Year of the Mountains with FAO as the lead agency. He said that details were available on a special website <http://www.mountains2002.org>.
208. Dr. Bourke noted with satisfaction the improved relationship between FAO and ITTO, and commended the Executive Director. He looked forward to further cooperation between the two Organizations.
209. Dr. Bourke said that he started attending ITTO meetings since 1989 and informed the Council that that was his last meeting since he would be retiring from FAO very soon. He congratulated ITTO for the progress made over the years.

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

210. The statement was presented by Mr. Barney Chan, General Manager, Sarawak Timber Association. He conveyed the condolences of the TAG to the families of those who died during the 11th September attacks on the United States. He said that like other sectors of the economy, the timber trade was feeling the impacts of the attacks on the trade. He mentioned that the mood in the trade and industry was grim, with both consumers and producers suffering from economic slowdown. He said the TAG recognized that recent initiatives to curb illegal trade in timber would help to stabilize the market for legitimate timber.

211. Mr. Chan said that the current low level of trade with lower prices was putting producers in a very precarious position with companies failing and jobs being lost. Authorities in some producing countries were worried that the lower level of timber trade would lead to a general decline in the revenue collection from the forestry sector, which would in turn put pressure on governments' operations. He said that the global timber trade was watching the Thirty-first Session of the ITTC with keen interest and hopeful that the ITTO would be able to show leadership in these difficult times. He called for unity among Member Countries to strengthen the tropical timber trade and industry.
212. Mr. Chan expressed disappointment that two project proposals approved by Council at the Thirtieth Session had not yet been funded. He mentioned one of the proposals as "Assessing the Feasibility of, and Support for, a Tropical Timber Production Campaign" PPD26/01 (M) and appealed to donors for funding. He urged the Committees and the Council to consider favourably all project proposals involving trade.
213. Mr. Chan reported that in April 2001, the TAG started an electronic mailing list to circulate to ITTO Member Countries information of interest to the trade. He encouraged Member Countries to subscribe to the e-list, by sending e-mail to TAGITTO@sta.org.my. He called on Member Countries to include more trade representatives in their delegations. He said the lack of trade participation in some delegations had impacted badly on the trade in general. He also urged the Council to take an objective look at the workings of ITTO in order to enhance its relevance to the trade.
214. Mr. Chan pledged TAG's support to the Council and indicated the readiness of the TAG for consultation and verification on any aspects of the tropical timber trade and industry.

DECISIONS AND REPORT OF THE SESSION (Agenda Item 26)

215. The Chairperson referred to documents ITTC(XXXI)/16 to ITTC(XXXI)/25 comprising ten (10) Decisions for adoption by the Council at its Thirty-first Session. The Council approved all the ten 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 27)

Statements by delegations

216. Dr. James Gasana (Switzerland) said that the delegation of Switzerland considered the Thirty-first Session a great success. He mentioned that major concerns and issues in the field of sustainable forest management and trade were largely shared. He cited issues like illegal logging and illegal trade and the non-sustainable utilization of forest resources which were discussed in depth. He pledged that Switzerland would continue to support Members' efforts to achieve ITTO Objective 2000, and indicated that the support should be mutual.
217. Dr. Gasana informed the Council that there were demands from the Swiss Parliament requesting the withdrawal of Switzerland from ITTO, and for the prohibition of timber imports from unknown sources. He called on ITTO to take concrete actions aimed at curbing the problems related to deforestation in tropical forests. He further urged the Organization to enhance its efforts in publicizing the actions undertaken towards the realization of the Objective 2000, and the successes achieved. He specifically called for appropriate and efficient follow-up actions to the recommendations of the ITTO Technical Mission to Indonesia.
218. Dr. Gasana commended the considerable efforts made by ITTO to promote cooperation for the management and the conservation of trans-border protected areas among the Producer Member Countries. He said that Switzerland was convinced that trans-border conservation should be able to contribute to the integral protection of trans-border habitats and of biodiversity, as well as to the sustainable development of forest dependent communities, and to the prevention of and fight against forest-related offences throughout border areas. He pledged Switzerland's support to efforts undertaken by ITTO to promote projects in line with the Yaoundé process, and welcomed measures taken by Cameroon to facilitate the execution of the Mengamé project aimed at the protection of Gorillas, as well as steps taken by Gabon to join the Cameroon initiative, aimed at trans-border conservation of the Mengamé-Minkebé Sanctuary through cooperation.

219. Dr. Gasana expressed doubts about the effectiveness of the "project-based approach" selected by ITTO to assist Member Countries to achieve the ITTO Objective 2000. He said the dynamics of isolated projects in one country did not necessarily achieve sustainable results and urged ITTO to explore the "programme-based approach" such as the technical missions to Sarawak, Bolivia, Indonesia and Congo.
220. Mr. Enzo Barattini (European Community) commended the leadership of the Chairperson and expressed satisfaction with the Decisions taken by the Council at the Thirty-first Session. He specifically cited the Decisions on the Yokohama Action Plan and on illegal logging and illegal trade in timber. He said that the Action Plan would be beneficial to the entire world forest community. With regard to the Decision on illegal logging and illegal trade, he said the Organization had achieved a remarkable result where many fora had failed. He indicated that market acceptance of tropical timber was likely to be seriously undermined if there was a general perception that significant volumes of tropical timber were entering the market from illegal sources.
221. Mr. Barattini called for better and more efficient organization of the Council's works with the view to injecting more dynamism.
222. Mr. Barattini expressed his gratitude to the Government of Japan, particularly the City of Yokohama for the warm and friendly reception accorded to delegates. He praised the leadership of the Chairperson and commended the efforts of the Executive Director and the staff of the Secretariat, the spokespersons, the translators and interpreters. He also congratulated Dr. Jürgen Blaser and Dr. B.C.Y. Freezailah for being elected to the positions of Chairperson and Vice-chairperson respectively for 2002.
223. Ms. Jan McAlpine (USA) said that the Thirty-first Session represented a very important chapter in the history of ITTO. She mentioned that the Session had achieved significant results in terms of the number of important Decisions adopted by the Council. She cited the Decisions on the Action Plan and Forest Law Enforcement and indicated that these Decisions would create the foundation for the future work of ITTO.
224. She expressed her gratitude to the delegation of Japan for their contribution to the culture and spirit of ITTO, especially in building consensus on difficult Decisions. She supported the proposal for Council to initiate strategic planning process for the future of the Organization. She noted the best of intentions between the interest in conservation and a healthy tropical timber trade and indicated that the Decisions adopted would provide the foundation for addressing these interests.
225. Ms. McAlpine commended the Chairperson and all delegations for the successful conclusion of the Thirty-first Session.
226. Mr. Thémotio Batoum (Cameroon) assured Council that the Mengamé-Minkebé Sanctuary trans-boundary project would be executed in the spirit of the Yaoundé process. He thanked the donors for providing financial support for the project. He commended the Chairperson for her able leadership of the Council. Mr. Batoum thanked the Secretariat, interpreters and translators for the excellent services.
227. Dr. Ivan Tomaselli (Brazil) thanked the Government of Japan and the City of Yokohama for their support to ITTO and the excellent hospitality accorded to delegates. He commended the able leadership of the Chairperson. He also thanked the Executive Director and staff of the Secretariat, the interpreters and translators for the support provided to Council. He noted the tremendous efforts of all delegations as well as the constructive attitude and understanding adopted by all delegations to enable the Council reach very important Decisions during the Session. He praised the election of Dr. Jürgen Blaser and Dr. B.C.Y. Freezailah as Chairperson and Vice-chairperson respectively for 2002.
228. Dr. Tomaselli acknowledged the offer by Panama to host the Thirty-fourth Session of the Council and pledged the full support of other Latin American Member Countries to ensure the success of the Thirty-fourth Session.
229. Ms. Neria Agra Andin (Philippines) thanked the Government of Japan for the support to ITTO. She commended the dynamic leadership of the Chairpersons of the Council and Committees, the

spokespersons and the Executive Director and staff of the Secretariat. She said the exhaustive discussions on some controversial issues were very impressive and commented that a great deal of restraint and diplomacy were manifested. She was optimistic and hopeful that concrete solutions would be achieved in future ITTC Sessions.

230. Ms. Andin said in the spirit of promoting and strengthening regional and sub-regional cooperation and collaboration, the Government of the Philippines, in support of the goals and objectives of ITTO and the Plan of Action for 2002-2006, would undertake the following measures;
- build national capacity to implement sustainable forest management;
 - promote initiatives to address transboundary issues on forest protection, trade and law enforcement;
 - endeavour to identify investment opportunities to augment financing of country-led ITTO initiatives.
231. Ms. Andin expressed her gratitude to the donor community, especially Japan and USA for the financial support provided to implement projects in the Philippines. She assured the donors that their show of confidence would be complimented with good results.
232. Mr. Zhou Dalin (People's Republic of China) thanked the Chairperson for her able leadership of the Council. He expressed the willingness of the Chinese delegation to cooperate closely with other Member Countries, the Chairperson and Vice-chairperson elect and the Secretariat to achieve the objectives of ITTO.
233. Mr. Dalin thanked the Government of Japan and the City of Yokohama for the hospitality accorded to delegates. He commended the efforts and assistance provided by the Executive Director and staff of the Secretariat.
234. Dr. Mamdouh Riad (Egypt) thanked the Government of Japan and the City of Yokohama for the excellent hospitality. He also commended the able leadership of the Chairperson, Dra. Josefina Takahashi Sato. He commended the Executive Director and staff of the Secretariat for the excellent arrangements and facilities provided for the Sessions. He welcomed the election of Dr. Jürgen Blaser (Switzerland) and Dr. B.C.Y. Freezailah (Malaysia) as Chairperson and Vice-chairperson respectively for 2002.
235. Mr. Carlos Salinas Montes (Peru) thanked the Government of Japan and the City of Yokohama for the warm reception and hospitality. He thanked the Executive Director and staff of the Secretariat. He congratulated the Chairperson for her dynamic leadership. Mr. Montes thanked the donor community and congratulated the newly elected Chairperson and Vice-chairperson of the Council.
236. He commented on the issue of illegal logging and trade. He said there could be two different approaches to the subject – (i) preventive; and (ii) repressive. He mentioned that illegal logging and illegal trade could be curtailed by appropriate forest management practices that allowed legal access to those concerned. He cited appropriate forestry plans involving the use of criteria and indicators, as well as access to international markets, as a way of curbing illegal logging.
237. Mr. Pande Sudhir Kumar (India) echoed the sentiments expressed by earlier delegations on the quality of facilities, the discussions and the conducive atmosphere that characterized the Thirty-first Session of the Council. He said that although the issues were complex they had been resolved satisfactorily and congratulated all delegates for the spirit of accommodation and tolerance. He congratulated the Chairperson and Vice-chairperson for their excellent leadership of the Council. He welcomed the Chairperson elect, Dr. Jürgen Blaser, and the Vice-chairperson elect, Dr. B.C.Y. Freezailah and hoped that they would continue to provide the needed guidance in 2002. He thanked the Government of Japan for providing support for a project in India.
238. Mr. Kumar informed Council that of late, there had been a lot of consciousness among the Indian public. NGO advocacy and the judicial activism were having bearing on the forest management in India. He said the supreme court of India had been ensuring that the forest laws were enforced very strictly. He mentioned that India had been looking at close collaboration with local communities who were very heavily dependent on the forest resources for sustenance living. The joint forest management approach was having extremely good results on reforestation and afforestation leading to a marginal increase in forest cover.

239. Dr. Dominic Blay (Ghana) echoed words of congratulations to the Chairperson for her able leadership which enabled the Council to adopt important decisions such as the decision on forest law enforcement and illegal trade in timber. He thanked the donor community for supporting a number of projects in Ghana. Dr. Blay commended the Executive Director and staff of the Secretariat for the assistance and support provided to delegates. He expressed his gratitude to the Government of Japan and the City of Yokohama for their warm reception and financial support.
240. Mr. Manuel Hernandez Paz (Honduras) thanked the Chairperson for her able leadership of the Council. He thanked the Government of Japan and the City of Yokohama for their support to ITTO. He said that ITTO was a dynamic and proactive Organization with a new Action Plan to guide the activities of the Organization into the future. He said the establishment of mechanisms to enhance the activities of the Organization at regional levels were signs of growth and maturity. He, however, noted with some concern and cautioned that the financial strength of the Organization should go hand in hand with the expected growth of the Organization. He thanked the Governments of Japan and USA for their continued support to the forestry sector of Honduras. He expressed his best wishes to the newly elected Chairperson and Vice-chairperson of Council for 2002.
241. Ms. Kayoko Fukushima (Japan) welcomed the decision on forest law enforcement in the context of sustainable timber production and trade. She mentioned that the issue had engaged the attention of Council during the two previous Sessions and that its adoption was a significant achievement. She was also pleased with the adoption of the ITTO Yokohama Action Plan, 2002-2006 and thanked Members of the Working Group and also hoped that ITTO would further enhance its objectives with the new Action Plan. Ms. Fukushima hoped that the recommendations of the ITTO Technical Mission to Indonesia would be duly implemented through relevant projects. Regarding ITTO activities in the area of mangrove management and conservation, she was hopeful that the proposed workshop and Expert Panel on Mangrove Forest Ecosystem Work Plan would address the interests expressed by many delegations to enable the work plan to be adopted as early as possible.
242. Ms. Fukushima recalled that in the opening address to Council, Mr. Shinichi Kitajima, the Japanese Government representative, expressed the need for ITTO to explore new sources of funding. She acknowledged with appreciation the kind invitation by the US Government to host donors meeting to discuss the issue of new funding sources for the Organization.
243. Ms. Fukushima expressed her deep gratitude to the Chairperson for her dedication and excellent leadership. She congratulated Dr. Jürgen Blaser and Dato' Dr. Freezailah Bin Che Yeom on their election as Chairperson and Vice-chairperson respectively for the year 2002, and looked forward to a close working relationship with them. She thanked the spokespersons, the Committee Chairpersons, the Executive Director and staff of the Secretariat, the interpreters, translators and other support staff. Ms. Fukushima also expressed her sincere thanks to the City of Yokohama for their support to ITTO.
244. Dr. Fidel Reyes Lee (Guatemala) thanked the Chairperson, the Executive Director and staff of the Secretariat, the Government of Japan and the City of Yokohama for a successful Council Session. He mentioned that ITTO had made significant progress towards the conservation and sustainable management of tropical forests. He pledged that Guatemala would make extra effort to implement the Decisions adopted by the Council.
245. Mr. Jean Boniface Menvie (Gabon) thanked the Government of Japan and the City of Yokohama for the continued support and warm reception accorded to delegates. He pledged that Gabon would continue to be active in ITTO. He congratulated Dr. Jürgen Blaser (Switzerland) and Dato' Dr. Freezailah Bin Che Yeom (Malaysia) on their election as Chairperson and Vice-chairperson respectively for 2002. He expressed satisfaction with the decisions adopted by Council. He said that the new Action Plan, as a follow-up to the Libreville Action Plan, would consolidate the achievements made by ITTO.
246. Mr. Adêchessi Lanouzi Yakouza Lawani (Togo) thanked all donors, particularly Japan, Switzerland and USA. He also commended the Chairperson for her excellent leadership of the Council; and the Executive Director and staff of the Secretariat for the excellent support provided

to all delegations. He hoped that the decisions adopted would be implemented and that the ITTO would continue to deserve the respect of the international community.

247. Mr. Dike Kari (PNG) thanked the Chairperson for her able leadership of the Council. He also thanked the Executive Director and staff of the Secretariat for the support provided to delegates. He said ITTO had made a lot of progress during the Thirty-first Session especially in handling some of the difficult issues that had been discussed at previous Council Sessions. He thanked the Government of Japan and the City of Yokohama for their continued support to ITTO. He congratulated Dr. Jürgen Blaser and Dr. B.C.Y. Freezailah, the newly elected Chairperson and Vice-chairperson respectively.
248. Mr. Kari said that in terms of policy, ITTO was focusing its attention on bamboo and rattan, mangrove conservation and transboundary conservation which were new areas. He mentioned that ITTO's attention on these new areas proved that ITTO was looking at sustainable forest management in a broader context. He thanked all donors for their support to ITTO.
249. Mr. M.R. Bhadharajaya Rajani (Thailand) expressed his thanks and appreciation to the Government of Japan and the City of Yokohama for their kind hospitality. He also thanked the Executive Director and staff of the Secretariat for their support in organizing the Session. He commended the efficient leadership of the Chairperson.

Statement by the Producer Spokesperson

250. Dr. Untung Iskandar (Indonesia), on behalf of the Producer Group, expressed his sincere appreciation and gratitude to the Government and people of Japan for their hospitality and efficiency in hosting the Thirty-first Session of the ITTC. He also extended his appreciation to the City of Yokohama for the generosity and support to ITTO. He commended the competent leadership of the Chairperson, Dra. Josefina Takahashi Sato.
251. Dr. Iskandar welcomed the decision on forest law enforcement in the context of sustainable timber production and trade. He said the decision would allow Member Countries to concentrate on taking tougher measures to combat illegal logging and associated illegal trade and also whenever necessary to prepare project proposals to strengthen forest law enforcement in respective Member Countries. He said that the decision on guidelines for establishing auditing systems for ITTO's Criteria and Indicators for sustainable forest management provided opportunity to those countries that required assistance to establish credible auditing systems for ITTO's Criteria and Indicators. He further noted with satisfaction the decision on mangrove forest ecosystem work plan and indicated that countries with mangrove forest could rely on ITTO for further support to achieve sustainable forest management.
252. Dr. Iskandar mentioned that the decision to assist INBAR to establish a database of statistics of trade in bamboo and rattan indicated that ITTO was a highly reputable organization with significant amount of experience in data base management, data collection and data analysis pertaining to trade. He said that assistance to INBAR would expand the horizon of tropical forest management. He expressed his appreciation for the follow-up decision on the ITTO Technical Mission to Indonesia and indicated that such a decision would allow Indonesia to examine closely the recommendations of the Technical Mission. He also welcomed the ITTO Yokohama Action Plan.
253. Dr. Iskandar commended the Executive Director and staff of the Secretariat, the interpreters and translators. He also commended the dedication and hard work of Ms. Aulikki Kauppila (Finland), the Consumer Spokesperson. Dr. Iskandar extended a warm invitation to all delegates to attend the next Session of Council in Bali, Indonesia.

Statement by the Consumer Spokesperson

254. Ms. Aulikki Kauppila (Finland), on behalf of the Consumer Group, expressed her appreciation for the good spirit and constructive atmosphere that characterized the discussions at the Session. She was pleased with the ten Decisions adopted by the Council, especially the decision on Forest Law Enforcement in the Context of Sustainable Timber Production and Trade carried over from previous Sessions. She said both Producers and Consumers should realize that they were in the same boat and that it was important that they do not allow the boat to sink. She mentioned that the lack of discussions had in the past caused false expectations and misunderstandings that led to unnecessarily lengthy negotiations. Ms. Kauppila said that the decision on forest law

enforcement represented the beginning of a new era of cooperation between Consumers and Producers to combat the problems associated with illegal activities. She pledged the commitment of Consumers in checking irregularities created by consumer markets.

255. Ms. Kauppila welcomed the ITTO Yokohama Action Plan. She said discussing priorities and objectives in international organizations could take months or even years, and was pleased to note that ITTO managed to prepare the new Action Plan in time. She also welcomed the proposal to develop a long-term strategic plan for ITTO and suggested that the issue be placed on the Council agenda in future Sessions.
256. Ms. Kauppila expressed her appreciation and thanks to the Chairperson for her excellent skills in organizing the work of the Council under the stressing and easily confusing conditions. She thanked the Executive Director and staff of the Secretariat for the assistance provided to delegates. She expressed her personal thanks to Dr. Untung Iskandar (Indonesia), the Producer Spokesperson, for the spirit of cooperation and friendliness that characterized their discussions.

Closing Statement by the Chairperson

257. Dra. Josefina Takahashi Sato, Chairperson of the Council, in her closing address to Council noted with satisfaction the several far-reaching decisions approved by the Council during the Thirty-first Session of the ITTC. She was pleased with the adoption of the new Action Plan that will guide ITTO's work over the next five years. She particularly thanked the Vice-chairperson of the Council, Dr. Jürgen Blaser, and all the delegates who worked so hard to finalize the ITTO Yokohama Action Plan, 2002-2006. She urged the Council to follow up on its work on the Action Plan by turning its attention to the long-term strategic plan for the Organization, and proposed that the issue be included in the agenda for the next ITTC Session.
258. The Chairperson further noted that the decision on Forest Law Enforcement was a significant milestone for the Organization that would enhance sustainable forest management and sustainable trade in timber products. She thanked all delegations for their perseverance and spirit of cooperation that allowed Council to reach consensus on the decision.
259. The Chairperson expressed her appreciation to the spokespersons for their hard work and dedication. She also thanked the Executive Director and staff of the Secretariat, and the language team who worked tirelessly to serve the Council. She said she was proud to have served the Council over the last two years and was extremely pleased to end her term as chair with no pending decisions. She was very confident that ITTO would continue to prosper under the chairmanship of Dr. Jürgen Blaser and Dr. B.C.Y. Freezailah.
260. The Chairperson officially closed the Thirty-first Session of the ITTC.

ANNEX I

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Honorable Adviser
Executive Secretary
GLOMIS Assistant Coordinator
Assistant Secretary

INTERNATIONAL WOOD PRODUCTS ASSOCIATION (IWPA)

Ms. Wendy Baer

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Dato Sri Dr. Wong Yeon Chai
Datin Sri Loo Chooi Ting
Mr. Chong Wee Chong
Mr. Lathpi Ahmad
Mr. Loo Chee How

Chairman
Director
Chief Executive Officer
Director of Marketing & Sales
Executive

TROPICAL FOREST FOUNDATION

Mr. Keister Evans

Executive Director

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Dr. Cherukat Chandrasekharan	Consultant
Dr. Duncan Poore	Consultant
Dr. Marta Vannucci	Consultant
Dr. Arnold Egli	Project Coordinator

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Mrs. Odile Bertin-Faull
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Council

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Vice-Chairperson Dr. Jürgen Blaser

Economic Information and Market Intelligence

Chairperson Dr. Antonio Carlos do Prado

Reforestation and Forest Management

Chairperson Prof. Chen Xuhe

Forestry Industry

Chairperson Dr. Abdul Rashid Hj. Abdul Malik
Vice-Chairperson Ms. Candy Green

Finance and Administration

Chairperson Mr. Themotio Batoum
Vice-Chairperson Ms. Kayoko Fukushima

Spokespersons

Producers Dr. Untung Iskandar
Consumers Ms. Aulikki Kauppila

ITTO SECRETARIAT

- Dr. Manoel Sobral Filho
Executive Director
- Mr. Takeichi Ishikawa
Assistant Director, Management Services
- Mr. Amha Bin Buang
Assistant Director, Economic Information and Market Intelligence
- Mr. Emmanuel Ze Meka
Assistant Director, Forest Industry
- Dr. Eva Müller
Assistant Director, Reforestation and Forest Management
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Statistician
- Dr. Michael J. Adams
Market Information Service Coordinator
- Mr. Mahboob Hasan
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- Mr. Charas Mayura
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- Dr. Efransjah
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- Dr. Hwan Ok Ma
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- Dr. Douglas C. Pattie
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- Mr. Jairo Castaño Galvez
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- Mr. Edmond Collins Ahadome
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- Dr. Chisato Aoki
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Ms. Akemi Yamane
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Statistical Assistant

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Mr. Michiaki Fujimoto
Secretary

Ms. Naho Tamura
Secretary

Ms. Manako Hanawa
Secretary

Ms. Kayo Takahashi
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Ms. Akiko Yoshida
Secretary

Ms. Masako Sakai
Secretary

Ms. Maiko Miura
Secretary

Ms. Keiko Hamada
Secretary

Mr. Tomoya Inoue
Driver

* * *

ANNEX II

AGENDA

DOCUMENT: ITTC(XXXI)/1

Distr.
GENERAL

ITTC(XXXI)/1
16 August 2001

Original: ENGLISH

THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee
6. Distribution of Votes
7. Admission of Observers
8. Statement by the Executive Director
9. Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)
10. Annual Review and Assessment of the International Timber Situation
11. CITES Listing Proposals by Members – Decision 3(XVI)
12. Mangrove Conservation Programme – Decision 9(XXIX)
13. Report of the Expert Panel on New ITTO Action Plan – Decision 11(XXIX)
14. Revisiting draft Decision considered at the Thirtieth Session – Decision 12(XXX)
 - Guidelines for Establishing Auditing Systems for ITTO's Criteria and Indicators for Sustainable Forest Management.
15. Illegal Logging and Illegal Trade in Timber
16. Frequency and Duration of Council and Committee Sessions – Decisions 5(XXII), 4(XXVI) and 5(XXIX)
17. Strengthening Sustainable Forest Management in Indonesia – Decision 12(XXIX)
18. ITTO Annual Work Programme – Decisions 7(XXVII) and 10(XXIX)
 - (a) Progress Report on the Implementation of Work Programme for the Year 2001
 - (b) Draft Work Programme for the Year 2002

19. ITTO Objective 2000 – Decisions 2 (XXIX) and 9(XXX)
 - (a) Reports by Members on progress towards achieving ITTO Objective 2000
 - (b) Progress report on assistance provided to Producer Countries to identify factors limiting progress towards achieving Objective 2000.
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. ITTO Fellowship Programme – Decision 4(XXVII)
 - (a) Progress Report on the ITTO Fellowship Programme
 - (b) Report by the Chairperson of the Fellowship Selection Panel
22. Reports of the Associated Sessions of the Committees
23. Election of Chairperson and Vice-Chairperson of the Council for 2002
24. Dates and Venues of the Thirty-second, Thirty-third and Thirty-fourth Sessions of the Council and the Associated Sessions of the Committees
25. Other Business
26. Decisions and Report of the Session
27. Closing of the Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 - Opening of the Session

The Thirty-first Session will be opened by the Chairperson of the Council, Dra. Josefina Takahashi Sato (Peru).

Item 2 - Ascertainment of the Quorum

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

Item 3 - Adoption of Agenda and Organization of Work [Document ITTC(XXXI)/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 timetable daily and at more frequent intervals as necessary. Registration shall be during 14:30-17:00 hours on Sunday, 28 October 2001, at the ITTO Headquarters, and during 09:00-12:00 and 14:30-17:30 hours on Monday, 29 and Tuesday, 30 October 2001, in front of the Plenary Hall. The first Council meeting of the Session will convene at 10:00 hours on Monday, 29 October 2001. Please refer to the General Information Notes [Document ITTC(XXXI)/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(XXXI)/3]

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

Item 6 - Distribution of Votes [Document ITTC(XXXI)/1 Annex]

The distribution of votes for the year 2001 which was adopted by the Council, in accordance with Article 10(6) of the ITTA, 1994, at its Thirtieth Session, with the provision to revisit the issue at the Thirty-first Session, is shown in the Annex to these Annotations. In accordance with Article 19(4) of the ITTA, 1994, the approved distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for 2002. The votes for Producer Members have been redistributed as shown in the same Annex to include Guatemala as a new Member, in accordance with Article 10(7) of the ITTA, 1994, subject to the approval by Council.

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

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the Ninth Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 28 October 2001. The report will be presented by the Chairperson (Dra Josefina Takahashi Sato).

Item 10 - Annual Review and Assessment of the International Timber Situation
 [Document ITTC(XXXI)/4]

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

(i) Elements for the 2001 Annual Review and Assessment of the International Timber Situation

This is prepared by the Secretariat and comprises statistics and available data on production, imports and exports of timber products, emphasizing tropical timber products, and an analysis of economic and market developments. The Elements for the 2001 Annual Review will be partly based on information extracted from national responses to the 2001 ITTO/UNECE/FAO/EUROSTAT Joint Forest Sector Questionnaire and partly on other sources.

(ii) A General Introductory Statement by the Secretariat

Using various sources of information including the Elements for the 2001 Annual Review, the Statement will give an overview of the world economic situation as it relates to the tropical and international timber markets, including recent developments and the short-term outlook based on available forecasts.

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

Item 11 - CITES Listing Proposals by Members – Decision 3(XVI)

Pursuant to its Decision 3(XVI) the Council may arrange consultations on Members' proposals to list internationally traded tropical timber species in the CITES Appendices which have been reported to the Secretariat since the last Session. The Secretariat has officially received information from the Government of Colombia that it had proposed to CITES to place *Swietenia macrophylla* (caoba) and *Cedrela odorata* (cedro) in CITES Appendix III. The Secretariat has also received official information from the Government of Peru that it had proposed to CITES to include *Cedrela odorata* (caoba) in Appendix III.

Item 12 - Mangrove Conservation Programme – Decision 9(XXIX)
 [Document ITTC(XXXI)/6]

The Executive Director will report on the development of a workplan, including identification of funding requirements, to assist Members in the conservation, rehabilitation and utilization of mangroves, in particular to:

- Increase awareness among Members to promote the conservation of mangroves;
- Encourage cooperation among Members to intensify ITTO activities to conserve existing mangroves and rehabilitate degraded mangroves; and
- Promote the sustainable management and utilization of mangroves.

Item 13 - Report of the Expert Panel on New ITTO Action Plan – Decision 11(XXIX)
 [Document ITTC(XXXI)/7]

The Council may consider the report of the Expert Panel established under Decision 11(XXIX) to prepare a draft Action Plan for the period 2002-2006. The Panel met in Yokohama, Japan, from 30 July to 3 August 2001, under the chairmanship of Mr. Don Wijewardana (New Zealand).

Item 14 - Revisiting draft Decision considered at the Thirtieth Session – Decision 12(XXX)
[Document ITTC(XXXI)/8]

Pursuant to Decision 12(XXX) the Council may revisit the following draft Decision considered at the Thirtieth Session:

- Guidelines for Establishing Auditing Systems for ITTO's Criteria and Indicators for Sustainable Forest Management.

Item 15 - Illegal logging and Illegal Trade in Timber

The Council may continue discussions on the issue of illegal logging and illegal trade in timber, with a view to consider and decide on the Organization's work to address the problem.

Item 16 - Frequency and Duration of Council and Committee Sessions – Decisions 5(XXII), 4(XXVI) and 5(XXIX)
[Document ITTC(XXXI)/9]

The Council may wish to consider Documents ITTC(XXVI)/11, ITTC(XXVII)/5 and ITTC(XXIX)/8 prepared by the Secretariat to facilitate consideration of the issue by Members. The Council may therefore review the frequency and duration of Council and Committee Sessions.

Item 17 - Strengthening Sustainable Forest Management in Indonesia – Decision 12(XXIX)
[Document ITTC(XXXI)/10]

The Council may wish to consider the report on the work of the Mission established by Decision 12(XXIX) to assist strengthening sustainable forest management in Indonesia. An executive summary reporting on the Mission's work is reproduced in Document ITTC(XXXI)/10.

Item 18 - ITTO Annual Work Programme – Decision 7(XXVII)
[Documents ITTC(XXXI)/11 and ITTC(XXXI)/12]

The Council may consider (a) The Report on the Implementation of the Work Programme for 2001 [Document ITTC(XXXI)/11] (b) The Draft Work Programme for 2002 [Document ITTC(XXXI)/12].

Item 19 - ITTO Objective 2000 - Decisions 2(XXIX) and 9(XXX)

Under this agenda item, the Council may receive Members reports on progress towards achievement of ITTO Objective 2000. The Executive Director will also inform Council on implementation of work related to provision of assistance to Members to identify factors limiting progress towards achieving Objective 2000 and to formulate Action Plans to overcome these constraints.

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 (Information on the resources of the Bali Partnership Fund are contained in Document CFA(X)/5).

The Council may wish to 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.

- (c) Through Decision 4(XXX) Council established a Panel on Sub-Account B of the Bali Partnership Fund to consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B of the Bali Partnership Fund. The Council may consider the report of the Panel.

Item 21 - ITTO Fellowship Programme – Decision 4(XXVII)
[Documents ITTC(XXXI)/13 and ITTC(XXXI)/14]

The Council may consider: (a) the progress report prepared by the Secretariat on implementation of improvements to the ITTO Fellowship Programme, as called for in Decision 4(XXVII) [Document ITTC(XXXI)/13] and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(XXXI)/14]. The Council will announce the final selection of awards based on the Chairperson's report.

Item 22 - 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 23 - Election of Chairperson and Vice-Chairperson of the Council for 2002

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2002. Under Article 8 of the ITTA, 1994, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year. Under Article 8, paragraph 2, the Chairperson and the Vice-Chairperson, one from among the representatives of producing countries, and the other from among the representatives of the consuming countries, are required to alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election to either or both under exceptional circumstances by Special Vote of the Council.

Item 24 - Dates and Venues of the Thirty-second, Thirty-third and Thirty-fourth Sessions of the Council and Associated Sessions of the Committees

The Council has already approved the dates and venues of the Thirty-second and Thirty-third Sessions to be held in Bali, Indonesia from 13 to 18 May 2002 and Yokohama, Japan from 4 to 9 November 2002, respectively.

The Council may wish to confirm the proposed dates and venues of these two Sessions.

In order to maintain the established practice of setting Session dates and venue eighteen months in advance to facilitate logistical arrangements, the Council may also wish to set the dates and venue of the Thirty-fourth Session in 2003. The Council may note the intention expressed by Panama to host the Thirty-fourth Session.

Item 25 - Other Business

The Council may consider any matters raised under this item.

Item 26 - 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 27 - Closing of the Session

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

Annex

DISTRIBUTION OF VOTES FOR 2001

	No. of Votes	
	2000	2001 (Revised)
<u>PRODUCERS</u>		
Africa		
Cameroon	26	26
Central African Republic	25	26
Congo	25	26
Côte d'Ivoire	25	26
Democratic Republic of the Congo	26	26
Gabon	25	26
Ghana	25	26
Liberia	25	26
Togo	25	26
Asia & Pacific		
Cambodia	18	18
Fiji	14	14
India	25	25
Indonesia	136	143
Malaysia	130	118
Myanmar	27	27
Papua New Guinea	31	30
Philippines	15	15
Thailand	16	16
Vanuatu	14	14
Latin America/Caribbean		
Bolivia	26	24
Brazil	158	155
Colombia	24	23
Ecuador	16	15
Guatemala	-	12
Guyana	18	17
Honduras	13	12
Panama	13	12
Peru	29	29
Suriname	16	15
Trinidad and Tobago	12	11
Venezuela	22	21
Total:	1,000	1,000

	<u>No. of Votes</u>	
	2000	2001 Approved
<u>CONSUMERS</u>		
Australia	15	15
Canada	14	14
China	156	176
Egypt	15	15
European Community		
Austria	11	11
Belgium/Luxembourg	21	23
Denmark	12	14
Finland	10	10
France	33	31
Germany	27	28
Greece	11	11
Ireland	12	13
Italy	32	35
Netherlands	28	28
Portugal	20	19
Spain	28	27
Sweden	11	11
United Kingdom	37	39
Japan	323	287
Nepal	10	10
New Zealand	10	10
Norway	11	11
Republic of Korea	77	69
Switzerland	11	10
United States of America	65	83
Total:	<u>1,000</u>	<u>1,000</u>

* * *

ANNEX III

TEXT OF THE MAIN DECISIONS

ADOPTED BY THE COUNCIL AT ITS THIRTY-FIRST SESSION

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

THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

DECISION 1(XXXI)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Thirty-first Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM(XXIX)/5, CRF(XXIX)/9 and CFI(XXIX)/9; and the report of the First Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XXXI)/15 ;

1. Decides:

(i) to approve the following Projects:

- | | |
|---------------------|---|
| PD 41/99 Rev.4 (M) | Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) – Phase I (Philippines)
(\$261,081.00) |
| PD 56/00 Rev.3 (M) | Enhancement of the Forest Statistics Information and Management System (STATFOR) through the Integration of two Computer Modules:
(1) Compilation of Management Inventory Data; and
(2) Management of Export Log Lumberyards. (Gabon)
(\$261,608.00) |
| PD 52/98 Rev.4 (F) | Establishing a Network of Permanent Sampling Plots for Monitoring the Dynamics of Reforestation in Côte d'Ivoire (Côte d'Ivoire)
(\$420,066.00) |
| PD 14/00 Rev.5 (F) | Integrated Plan for the Consolidation of the Bagre Highlands Biological Corridor, Province of Darien (Panama)
(\$698,662.00) |
| PD 106/01 Rev.1 (F) | Increasing Genetic Diversity of <i>Shorea leprosula</i> and <i>Lophopetalum multinervium</i> for Breeding and Genetic Improvement (Indonesia)
(\$427,535.00) |
| PD 122/01 Rev.1 (F) | Support for the Establishment of a Cuttings Propagation Unit for the Production of Samba and Other Local Species (Togo)
(\$217,056.00) |

PD 68/01 Rev.2 (I)	Training in Reduced Impact Logging in Guyana (Guyana) (\$427,710.00)
PD 75/01 Rev.2 (I)	Nomenclature of African Tropical Timber (Congo) (\$89,835.00)

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

PD 56/00 Rev.3 (M)	\$261,608.00
PD 106/01 Rev.1 (F)	\$427,535.00
PD 122/01 Rev.1 (F)	\$217,056.00
PD 68/01 Rev.2 (I)	\$427,710.00

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

PD 73/89 (M,F,I)	\$100,000.00
PD 16/93 Rev.4 (M) Phase IV Year 2002	\$75,000.00
PD 60/99 Rev.1 (F)	\$20,945.00

- (iv) to authorize the balance of financing for immediate implementation of the following Projects from resources of the Sub-Account B of the Bali Partnership Fund:

PD 73/89 (M,F,I) Additional Balance Fund	\$100,000.00
PD 16/93 Rev.4 (M) Phase IV Year 2002 – Balance Fund	\$225,000.00

- (v) to authorize the release of additional funds for the continued implementation of the following Projects as soon as earmarked funds are available in the Special Account:

PD 34/99 Rev.2 (I)	\$35,648.00
PD 55/99 Rev.1 (M)	\$9,756.00

- (vi) to authorize the release of additional funds in the amount of \$190,000.00 for the continued implementation of the Freezailah Fellowship Fund;

- (vii) 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 41/99 Rev.4 (M)	\$261,081.00
PD 52/98 Rev.4 (F)	\$420,066.00
PD 14/00 Rev.5 (F)	\$698,662.00
PD 75/01 Rev.2 (I)	\$89,835.00

2. Decides:

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

PPD 32/01 Rev.1 (M)	Analysis of the Current Situation and Formulation of a Project Proposal for the Strengthening of the Forest Information and Statistics Centre of Honduras (Honduras) (\$29,786.00)
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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 (\$99,678.00)
PPD 18/01 Rev.1 (F)	Development of an Appropriate Substrate Based on Local Material in the Semi-Industrial Nursery Site of Ngondji (Congo) (\$82,638.00)
PPD 20/01 Rev.2 (F)	Participatory Rural Appraisal in the Planning and Establishment of Sustainable Community Based Forest Management Model (Indonesia) (\$51,081.00)
PPD 29/01 Rev.1 (F)	Development of Criteria and Indicators for Sustainable Forest Management in the Philippines (The Philippines) (\$88,646.00)
PPD 30/01 Rev.1 (F)	The Study and Demonstration of the Management of Secondary Forests in Tropical Regions for the Purpose of Enhancing Economic and Ecological Benefits (China) (\$81,031.00)
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) (\$29,998.00)
PPD 35/01 (I)	Assessment for the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries (\$130,980.00)

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

PPD 20/01 Rev.2 (F)	\$51,081.00
PPD 29/01 Rev.1 (F)	\$88,646.00
PPD 30/01 Rev.1 (F)	\$81,031.00
PPD 33/01 (F)	\$29,998.00

(iii) to authorize the release of unearmarked funds from the Pre-Project Sub-Account of an amount not exceeding \$270,000.00 to supplement the financing of two Regional Officers, one in Africa and one in Latin America, on a pilot programme;

(iv) to authorize the release of unearmarked funds from the Pre-Project Sub-Account to finance the following Activity:

- Adoption of the ITTO Yokohama Action Plan 2002-2006
Decision 2(XXXI) - \$50,000.00

(v) to authorize the release of additional funds for the continued implementation of the following Pre-Project and Activity:

PPD 15/98 Rev.2 (I)	\$100,000.00
PP-A/29-94 [Decision 2(XXIX) para 7]	\$190,000.00

- (vi) 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 32/01 Rev.1 (M)	\$29,786.00
PPD 18/01 Rev.1 (F)	\$82,638.00

3. Decides:

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

PD 22/99 Rev.1 (F) Phase II	\$327,050.00
PD 46/99 Rev.3 (I)	\$137,684.00
PD 17/99 Rev.3 (F)	\$397,777.00
PD 41/00 Rev.3 (F,M)	\$461,212.00
PD 66/01 Rev.1 (F)	\$770,751.00
PD 67/01 Rev.1 (F)	\$147,173.00
PD 12/99 Rev.3 (F) Phase III	\$966,700.00
PD 85/01 Rev.2 (I)	\$479,603.00

- (ii) to authorize the amendment in the budget and financing the immediate implementation of the following Project which was approved at an earlier Session:

PD 61/99 Rev.4 (I)	\$299,980.00
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- (iii) to authorize the amendment in the budget and the implementation as soon as earmarked funds are available in the Special Account, of the following Pre-Project which was approved at an earlier Session:

PPD 27/01 (M)	\$29,680.00
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- (iv) to authorize financing for immediate implementation of the following Pre-Projects which were approved at earlier Sessions:

PPD 5/00 Rev.1 (I)	\$64,522.00
PPD 7/00 (I)	\$57,986.00
PPD 22/01 (F)	\$49,100.00
PPD 25/01 (I,M)	\$169,065.00

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

- Guidelines for Establishing Auditing Systems for ITTO's Criteria and Indicators for Sustainable Forest Management [Decision 4(XXXI)] – \$280,000.00
- Strengthening Sustainable Forest Management and Controlling Illegal Logging in Indonesia [Decision 5(XXXI)] – \$52,000.00
- Forest Law Enforcement in the Context of Sustainable Timber Production and Trade [Decision 6(XXXI)] – \$426,200.00
- Mangrove Forest Ecosystem Workplan [Decision 7(XXXI)] – \$174,270.00

5. Decides to authorize the balance of financing for immediate implementation of the following Activity from resources of the Sub-Account B of the Bali Partnership Fund:

- Forest Law Enforcement in the context of Sustainable Timber Production and Trade [Decision 6(XXXI) Balance Fund - \$173,800.00

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

ITTO Information Network PD 13/99 Rev.2 (M,F,I) Phase II – Year 2002	\$531,912.00
Expert Panel for Technical Appraisal of Project Proposals, Twenty-third Meeting (28 January - 1 February 2002)	\$93,500.00
Establishment of Database on Statistics on Trade of Bamboo and Rattan Decision 8(XXXI)	\$38,850.00
Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries (ITTO) PPD 35/01 (I)	\$130,980.00
Assessing the Feasibility of and Support for a Tropical Timber Promotion Campaign (ITTO) PPD 26/01 (M)	\$47,600.00
Study to Identify Measures to Bring Increased Transparency to Tropical Hardwood Plywood Trade and Analyse the Causes of Market Fluctuation and Price Instability (ITTO) PPD 34/01 (M)	\$99,678.00

7. Urges Members to consider financing those approved Projects, Pre-Projects and Activities for which funds are not immediately available,
8. 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,
9. 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,
10. 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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Distr.
GENERAL

ITTC(XXXI)/17
3 November 2001

Original: ENGLISH

THIRTY-FIRST SESSION
29 October - 3 November 2001
Yokohama, Japan

DECISION 2(XXXI)

ADOPTION OF THE ITTO YOKOHAMA ACTION PLAN 2002-2006

The International Tropical Timber Council,

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

Reaffirming the overall aim defined in ITTO Objective 2000;

Recalling the ITTO Action Plan 1990 and the ITTO Libreville Action Plan (1998-2001);

Further Recalling Decision 11(XXIX) on the new ITTO Action Plan to succeed the ITTO Libreville Action Plan;

Welcoming the Report of the Expert Panel on the New ITTO Action Plan [Document ITTC(XXXI)/7];

Noting the comments made on the draft New ITTO Action Plan during the Thirty-first Session;

Recognizing the importance and urgency of adopting the New ITTO Action Plan to guide the work of the Organization;

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

Decides to:

1. Adopt the new Action Plan as the ITTO Yokohama Action Plan 2002-2006;
2. Request the Executive Director to arrange the publication and wide distribution of the Action Plan to Members and other interested parties as expeditiously as possible; and
3. Authorize the Executive Director to arrange funding for the publication and wide distribution of the Action Plan from the Special Account, and invite Members to contribute to the Special Account for this purpose.

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GENERAL

ITTC(XXXI)/18
3 November 2001

Original: ENGLISH

THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

DECISION 3(XXXI)

ITTO WORK PROGRAMME FOR THE YEAR 2002

The International Tropical Timber Council,

Recalling Decision 9(XXIV);

Taking note of Decision 2(XXXI) on the ITTO Yokohama Action Plan;

Appreciating the work of the Secretariat in its proposal to the Council on the Work Programme for the year 2002;

Decides to:

1. Endorse the Work Programme for the year 2002 as contained in the Annex to this Decision as modified by the Executive Director to incorporate consequential changes reflecting the Decisions by Council at its Thirty-first Session;
2. Urge Members to pay any arrears in the assessed contributions to the Administrative Account and encourage Members to contribute to the Special Account and to the Bali Partnership Fund to facilitate implementation of the Work Programme; and
3. Request the Executive Director to report to Council at its Thirty-second and Thirty-third Sessions on the progress in implementing the Work Programme.

ANNEX

ITTO WORK PROGRAMME FOR THE YEAR 2002

INTERNATIONAL TROPICAL TIMBER COUNCIL (ITTC)

ADMINISTRATIVE ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Continue and conclude the work on intellectual property rights [ITTC Decision 10(XXII)] and ITTC report contained in document ITTC(XXIV)19.	Regular Session's work. Council agreed to reconsider the matter after the issue is discussed by producer and consumer caucuses.
(ii) Hold two regular sessions (the Thirty-second in Indonesia, from 13 to 18 May 2002, and the Thirty-third in Yokohama, Japan from 4 to 9 November 2002 [ITTA, 1994, Article 9]).	Routine. Regular Session's work.
(iii) Consider and approve the Organization's administrative budget for the Year 2003, and assess the contribution of each Member [ITTA, 1994, Article 19 (3)].	Routine. Regular Session's work.
(iv) Appoint independent auditors for the purpose of auditing the accounts of the Organization for the 2002 financial year [ITTA, 1994, Article 23 (1)].	Routine. Regular Session's work.
(v) Consider the results of the work of the CFA on Members' arrears in contribution to the Administrative Account and, if appropriate, take follow-up action.	Routine. Regular Session's work.
(vi) Consider the progress of implementation of the ITTO Work Programme for the Year 2002.	Routine. Regular Session's work.
(vii) Consider the Draft Work Programme for the Year 2003 [Decision 7(XXVII)].	Routine. Regular Session's work.
(viii) Consider the work of the ad hoc Advisory Group on Matters Relating to hosting Sessions of Council as and when necessary [Decision 9(XXXI)].	Routine. Regular Session's work.

PROJECT ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Decide on eligibility of approved actions, projects and pre-projects for funding out of sub-accounts A and B of the Bali Partnership Fund [ITTA, 1994, Article 21, ITTC Decisions 6(XXVI) and 9(XXVII)].	Routine. Regular Session's work. The Panel established under ITTC Decision 4(XXX) advises the Council on eligibility of actions, pre-projects and projects for funding out of Sub-account B.
(ii) Decide on project work, including financing, taking into account the recommendations made by the Committees on project proposals and on-going and completed approved projects [ITTA, 1994, Articles 20, 21 and 25].	Routine. Regular Session's work.

Activity	Implementation Approach and Cost Implications
(iii) Make allocations from unearmarked funds available in the Bali Partnership Fund and/or Special Account to fund implementation of eligible approved actions, projects and pre-projects [ITTC 9(XXVII)].	Routine. Regular Session's work. The Panel established under ITTC Decision 4(XXX) advises Council on Sub-account B funding.

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Decide on format presentation and type of information Members shall furnish on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests [ITTA, 1994, Article 29 (a)].	Regular Session's work.
(ii) Promote the exchange of views among Member countries regarding: ➤ The status of sustainable management of timber producing forests and related matters in Member countries; ➤ Resource flows and requirements in relation to objectives, criteria and guidelines set by the Organization. [ITTA, 1994, Article 30 (4)]	Routine. Regular Session's work.
(iii) Continue to monitor developments related to the prevention and management of forest fire [ITTC Decision 8(XXIV)] and decide on follow-up actions as appropriate.	Regular Session's work. Eventual decision on follow-up actions may have additional cost implications.
(iv) Consider results of national training workshops on the "Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests" [ITTC Decision 9(XXX)].	Regular Session's work.
(v) Review the work on Guidelines for Establishing Auditing Systems for ITTO's Criteria and Indicators for Sustainable Forest Management [ITTC Decision 4(XXXI)].	Regular Session's work.
(vi) Review and update as needed the measures contained in Annex A and B of ITTC Decision 7(XXX) – The Role of ITTO in International and Regional Organizations and Fora [ITTC Decision 7(XXX)].	Regular Session's work. Council decided to undertake the review at its Thirty-third Session.
(vii) Consider the draft guidelines for the management of secondary tropical forests, tropical forest restoration and rehabilitation of degraded forest lands [ITTC Decision 6(XXX)].	Regular Session's work. Draft guidelines for Council consideration will be prepared with the assistance of international consultants and an expert panel.
(viii) Continue to review the progress made by: ➤ Member countries towards achieving the Year 2000 Objective; and ➤ The ITTO in enhancing the capacity of Member countries to implement a strategy for achieving the Year 2000 Objective. [ITTC Decisions 10(XXVI) and 9(XXX)]	Regular Session's work.

Activity	Implementation Approach and Cost Implications
(ix) Undertake the annual review and assessment of the international timber situation [ITTA, 1994, Article 30(a)].	Routine. Regular Session's work.
(x) Review the adequacy of the resources available in the Bali Partnership Fund and endeavour to obtain additional resources needed by producing Members to achieve the purpose of the Fund [ITTA, 1994, Article 21(5)].	Routine. Regular Session's work.
(xi) Arrange consultations on members' proposals to list internationally traded tropical timber species in the CITES Appendices that have been reported to the Secretariat since the last Session [Decision 3(XVI)].	Routine. Regular Session's work.
(xii) Consider measures to further encourage the participation of non-government stakeholders, including industry and trade associations, environmental organizations and indigenous groups, in the activities of the Organization [cross cutting strategies (section 2) in the Libreville Action Plan].	Regular Session's work.
(xiii) Consider the reports of the Informal Advisory Group (IAG), in order to organize Sessions work [ITTC Decisions 3(XXII) and 5(XXVI)].	Routine. Regular Session's work.
(xiv) Consider the progress reports on the implementation of the ITTO fellowship programme [ITTC Decision 4(XXVII)].	Routine. Regular Session's work.
(xv) Consider recommendations proposed in the reports of the Fellowship Selection Panel [ITTC Decision 4(XXVII)].	Routine. Regular Session's work.
(xvi) Review of Progress in the implementation of the ITTO Yokohama Action Plan 2002-2006.	Regular Session's work.
(xvii) Consider results of cooperation with FAO on the organization of an international conference on criteria and indicators for sustainable forest management [ITTC Decision 5(XXX)].	Regular Session's work.
(xviii) Review progress in the ITTO cooperation with IUCN [ITTC Decision 8(XXX)].	Regular Session's work.
(xix) Consider the results of the International Workshop on Comparability and Equivalence of Certification Schemes [ITTC Decision 10(XXX)].	Regular Session's work.
(xx) Consider the results of the technical mission established to strengthen sustainable management in Central African Countries [ITTC Decision 11(XXX)].	Regular Session's work.
(xxi) Consider the results of technical diagnostic and planning missions authorized under Decision 2(XXIX) [ITTC Decision 2(XXIX)].	Regular Session's work.

Activity	Implementation Approach and Cost Implications
(xxii) Finalize work on the Mangrove Forest Ecosystem Work Plan [ITTC Decision 7(XXXI)].	Regular Session's work.
(xxiii) Review progress in the work on forest law enforcement in the context of sustainable timber production and trade [ITTC Decision 6(XXXI)].	Regular Session's work.
(xxiv) Review progress in work on the establishment of database of statistics on trade in bamboo and rattan [ITTC Decision 8(XXXI)].	Regular Session's work.

ALL THREE TECHNICAL COMMITTEES

PROJECT ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise relevant committee project and pre-project proposals submitted by Member countries [ITTA, 1994, Article 27(4)].	Routine. Regular Session's work.
(ii) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the relevant Committees [ITTA, 1994, Article 27(4)].	Routine. Regular Session's work.
(iii) Review the results of project work in the relevant committees and make recommendations to Council on ITTO's Work Programme for the Year 2003 [ITTA, 1994, Article 27(4)].	Routine. Regular Session's work.
(iv) Select projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII).	Routine. Regular Session's work.
(v) Consider project ideas and provide guidance to Member countries for the formulation of relevant committee project proposals which meet the priorities set in the ITTO Yokohama Action Plan [CEM: Action Plan, section 3.1, goal 1 action 7 and goal 2, action 7,; CRF: Action Plan, section 3.2, goal 1, action 7 and goal 2, action 10 ; CFI: Action Plan, Section 3.3 goal 1, action 5 and goal 2, action 8,].	Routine. Regular Session's work.
(vi) Consider and, if appropriate, take action to disseminate information on projects findings and results [ITTA, 1994, Article 27(4), ITTO Yokohama Action Plan , section 2].	Routine. Regular Session's work.

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's Work Programme for the Year 2003 [ITTA, 1994, Article 27(4)].	Routine. Regular Session's work.

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(ii) 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]	Regular Session's work.
(iii) Continue to examine the role of Life Cycle Analysis as a potential tool for assessing the competitiveness of tropical timber in the market place. [ITTO Action Plan, Section, 3.1, Goal 2]	Regular Session's work.
(iv) In cooperation with industry and trade associations, organise and hold the ITTO 2002 Annual Market Discussion on the World Tropical Timber Trade – during the Thirty-second Session of the ITTC, Bali, Indonesia, 13-18 May 2001. [ITTO Action Plan, Section 3.1, Goal 1]	Regular Session's work. "Tropical Timber Trade: Review and Prospects" and "Creating Opportunities for the Trade from ITTO's Work" have been selected as the themes for the ITTO 2002 Annual Market Discussion.

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Continue to monitor progress in the application of criteria and indicators for sustainable forest management [ITTC Decisions 5(XXX) and 9(XXX)].	Routine. Regular Session's work.

COMMITTEE ON FOREST INDUSTRY

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Review of international wooden furniture markets [PPD 25/01 (I,M)].	The pre-project will build on the results and follow-up on the first study of major markets of wooden household furniture published in 1990. At its Thirtieth Session, the Council approved this activity, under pre-project PPD 25/01 (I,M). The Council approved the pre-project, which is awaiting financing (US\$169,065.00).
(ii) A study to clarify the benefits of funding downstream processing for high value, internationally competitive products [Action Plan: Goal 1, Action 5].	The Council may wish to request the Secretariat to prepare and submit the terms of reference for this study, and the budget for its implementation. Provided that these terms of reference and budget are approved by the Council, the study can be initiated as soon as the Council provides the funds for its implementation.
(iii) Further work in increasing utilization efficiency and reduction of losses and waste throughout the production chain [Action Plan: Goal 2, Action 1, 4].	The Committee on Forest Industry will continue discussion on utilization efficiency and reduction of losses and waste throughout the production chain at its Thirtieth Session in May 2002, in order to identify practical activities to further its work in this domain.

COMMITTEE ON FINANCE AND ADMINISTRATION

ADMINISTRATIVE AND FINANCE ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Review the independent audited statement for the 2001 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Session's work.
(ii) Make recommendations to Council on the appointment of auditors for the purpose of auditing the accounts of the Organization for the 2001 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Session's work.
(iii) Examine and make recommendations to Council regarding the approval of the Organization's administrative budget proposals for the year 2003 [ITTA, 1994, Article 27(6)].	Routine. Regular Session's work.
(iv) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work. [ITTA, 1994, Article 27(6)].	Routine. Regular Session's work.

Activity	Implementation Approach and Cost Implications
(v) Examine and make recommendations to the Council on the budgetary implications of the Organization's annual work programme, and the actions that might be taken to secure the resources needed to implement it [ITTA, 1994, Article 27(6)].	Routine. Regular Session's work.
(vi) 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 [CFA(X)].	Report to the Eleventh Session of the CFA and make recommendations to the Thirty-second Session of the Council.

SECRETARIAT

The Secretariat, through the Executive Director, is responsible for the day-to-day running and administration of the Organization and for preparation for meetings. The work for the Secretariat in 2002 is as follows:

- (i) Preparation for Sessions of Council and Committees, including the drafting and arrangements for translation and distribution of necessary documents.
- (ii) Service Council and Committees during Sessions scheduled in 2002.
- (iii) Organize and provide assistance to two meetings of the Expert Panel for Technical Appraisal of Project Proposals in 2002.
- (iv) Organize and assist the work of panels and working groups decided by the Council on an *ad hoc* basis.
- (v) Carry out statistical work and preparation of draft Annual Review and Assessment of the International Timber Situation.
- (vi) Carry out project monitoring and evaluation work needed to assist the ITTO Committees' task of ensuring appropriate monitoring/evaluation of ITTO financed pre-projects and projects (146 operational pre-projects and projects as of September 2001).
- (vii) Preparation of draft 2001 Annual Report of the Organization.
- (viii) Implementation of the Secretariat's part of the ITTO Work Programme for 2002.
- (ix) Develop a Draft Annual Work Programme for the Year 2003.
- (x) Prepare a proposal for the administrative budget for the Year 2003.
- (xi) Take necessary actions for printing, translation and dissemination of ITTO publications.
- (xii) Implement (or arrange for implementation as appropriate), pre-projects, projects and activities placed under the Secretariat's responsibility by the Council, including:
 - a. ITTO Fellowship Programme (Freezailah Fellowship Fund)
 - b. Project PD 73/89 (M,F,I)

- c. Assistance for Project Identification and Formulation
Project PD 13/99 Rev.2 (M,F,I)
ITTO Information Network and Project Support
 - d. Project PD 16/93 Rev.4 (M) Phase IV
Market Information Service for Tropical Timber and Timber Products
 - e. Project PD 58/97 Rev.1 (I)
The Establishment of the Database of Tropical Industrial Lesser-Used Wood Species
 - f. Project PD 25/95 Rev.1 (M)
Training Workshops on Tropical Forestry and Timber Trade Statistics
 - g. Pre-Project PPD 8/93 (F)
Demonstration Areas for Sustainable Management of Production Forests
 - h. Pre-Project PPD 50/91 (I)
Provision of Assistance for Reassessment and Reformulation of 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"
 - i. Pre-Project PPD 27/99 (M)
Medium and Long-term Outlook for the Tropical Timber Market.
 - j. PP-A/23-63
Activity to Facilitate Development of a Joint ITTO/ECE-FAO/EUROSTAT Forest Statistics Questionnaire (ITTO)
 - k. Pre-Project PPD 14/00 (M)
Strengthening the Market Discussion
 - l. PPD 26/99 (M)
The Competitiveness of Tropical Timber and Tropical Timber Products vis-à-vis Timber and Non-timber Substitutes
 - m. PPD 26/01 (M)
Assessing the Feasibility of and Support for a Tropical Timber Promotional Campaign
 - n. 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
 - o. PPD 25/01 (I,M)
Review of International Wooden Furniture Markets
 - p. PPD 35/01 (I)
Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries
- (xiii) Providing and facilitating access to relevant information and knowledge contained in ITTO publications and project findings.
- (xiv) Carrying out public relations, awareness and education activities in order to better inform people about the objectives and activities of the Organization.
- (xv) Encourage the participation of non-government stakeholders, including industry and trade associations, environmental organizations and indigenous groups, in the activities of the Organization, with a view to promoting transparency and dialogue.

- (xvi) Continue to improve use of the ITTO website as an outreach tool to ensure regular dissemination of information and linkages to relevant organizations.
- (xvii) Provide assistance to individual producer countries, on request, in setting up ITTO Objective 2000 Boards [ITTC Decision 2(XXIX)].
- (xviii) Render assistance to producer countries, on request, to identify in each country those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management, and to formulate an action plan to overcome these constraints [ITTC Decision 2(XXIX)].
- (xix) Continue work related to identification of messages on progress made to date and develop outputs that promulgate these messages, particularly those that address advances related to Objective 2000 [ITTC Decision 3(XXIX)].
- (xx) Arrange training workshops on criteria and indicators in ten producer countries [ITTC Decision 9(XXX)].
- (xxi) In cooperation with FAO, organize an international conference on criteria and indicators for sustainable forest management [ITTC Decision 5(XXX)].
- (xxii) Organize and convene an international workshop on comparability and equivalence of certification systems [ITTC Decision 10(XXX)].
- (xxiii) Organize and convene an expert panel to consider draft guidelines for the management of secondary tropical forests, tropical forest restoration and rehabilitation of degraded forest lands [ITTC Decision 6(XXX)].
- (xxiv) Implement international cooperation actions identified in Annexes A and B of ITTC Decision 7(XXX).
- (xxv) Work with the IUCN Secretariat to deepen cooperation between ITTO and IUCN with a view to:
- Improve awareness among the general public of those areas where the objectives, policies and activities of the two organizations coincide;
 - Strengthen cooperation between ITTO and IUCN in the formulation, implementation, monitoring, evaluation and co-financing of ITTO projects, pre-projects and activities, in areas where ITTO could benefit from IUCN's technical expertise;
 - Ensure the appropriate participation of ITTO in the 2003 IUCN World Parks Congress by, for example, convening a satellite meeting and displaying publications and posters to provide information on ITTO's programmes and activities; and
 - Convene an international workshop in order to share experiences gained in areas of common interest.
- [ITTC Decision 8(XXX)]
- (xxvi) Engage consultants to assist ITTO to prepare a report on the "Status of Tropical Forest Management" [ITTC Decision 9(XXX)].
- (xxvii) Organize a technical mission to assist the five ITTO Congo Basin nations [ITTC Decision 11(XXX)].
- (xxviii) Arrange for the publication and dissemination of the ITTO Yokohama Action Plan 2002-2006 [ITTC Decision 2(XXXI)].

- (xxix) Distribute report on Guidelines for Establishing Auditing Systems for ITTO's Criteria and Indicators for Sustainable Forest Management and assisting producing members upon request to establish credible auditing systems [ITTC Decision 4(XXXI)].
- (xxx) Arrange for the convening of a workshop to disseminate findings of ITTO Mission on Strengthening Sustainable Forest Management and Controlling Illegal Logging in Indonesia [ITTC Decision 5(XXXI)].
- (xxxi) Engage consultants and undertake case studies on Forest Law Enforcement in the Context of Sustainable Timber Production and Trade – Phase I and Phase II [ITTC Decision 6(XXXI)].
- (xxxii) Engage consultants to conduct a case study on assessing export and import data on tropical timber and timber products in the context of international trade [ITTC Decision 6(XXXI)].
- (xxxiii) Compile and analyze information on relevant issues affecting market access for tropical timber [ITTC Decision 6(XXXI)].
- (xxxiv) Convene workshop and expert panel on Mangrove Forest Ecosystem Workplan [ITTC Decision 7(XXXI)].
- (xxxv) Engage consultants on Establishment of Database on Statistics in Trade of Bamboo and Rattan [ITTC Decision 8(XXXI)].
- (xxxvi) Recruitment of ITTO's Regional Officers, (A) – Africa & (B) – Latin America
- (xxxvii) Carrying out any other tasks decided by Council on an *ad hoc* basis through Decisions adopted.

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THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

DECISION 4(XXXI)

GUIDELINES FOR ESTABLISHING AUDITING SYSTEMS FOR ITTO'S CRITERIA AND INDICATORS FOR SUSTAINABLE FOREST MANAGEMENT

The International Tropical Timber Council,

Reaffirming the commitment of Members to achieve ITTO's Objective 2000 through international collaboration and assistance and the references to lack of capacity related to auditing systems for sustainable forest management in the "Review of Progress Towards the Year 2000 Objective" by Prof. Duncan Poore and Mr. Thang Hooi Chiew [Document ITTC (XXVIII)/9];

Recognizing the Expert Panel Report on the Development of a Framework for an Auditing System for ITTO's Criteria and Indicators for Sustainable Forest Management [Decision 5(XXVIII)] and its recommendations for revisions to the draft working documents prepared by consultants pursuant to Decision 5(XXVIII);

Welcoming the final report prepared by consultants pursuant to Decision 5(XXVIII) [Document ITTC(XXIX)/16 Rev.1] that incorporates the recommendations for revision suggested by the Expert Panel and provides an excellent framework for auditing guidelines for ITTO's Criteria and Indicators for Sustainable Forest Management that will be of considerable use and interest to ITTO Member Countries;

Acknowledging the possible need for future revision of ITTO Criteria and Indicators for Sustainable Forest Management to enhance their relevance and effectiveness [Decision 9(XXX)];

Noting the growing market for certified timber and the need to promote and assist initiatives by Members to implement ITTO's Criteria and Indicators and build capacity to audit and assess sustainable forest management;

Underlining the importance of assisting countries to generate the capacity and resources to help implement national policies that promote sustainable forest management;

Aware of the need to provide guidance on various aspects of forest auditing as appropriate;

Decides to:

1. Take note of the final report prepared by consultants pursuant to Decision 5(XXVIII) [Document ITTC(XXIX)/16 Rev.1], and commend it to ITTO Member Countries for their use as appropriate;
2. Request the Executive Director to distribute the final consultants' report to ITTO Member Countries and to other interested parties upon request;

3. Request the Executive Director to provide assistance, upon request, to producer Member Countries that may wish to establish credible auditing systems for ITTO's Criteria and Indicators for Sustainable Forest Management; and
4. Authorize the Executive Director to seek voluntary contributions from Member Countries, not exceeding US\$280,000.00, to meet the funding required by this decision.

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Distr.
GENERAL

ITTC(XXXI)/20
3 November 2001

Original: ENGLISH

THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

DECISION 5(XXXI)

STRENGTHENING SUSTAINABLE FOREST MANAGEMENT AND CONTROLLING ILLEGAL LOGGING IN INDONESIA

The International Tropical Timber Council,

Reaffirming the commitment of Members to the achievement of ITTO Objective 2000;

Recalling Decision 12(XXIX) "Strengthening Sustainable Forest Management in Indonesia";

Further recalling Article 1(c), 1(d) and 1(l) of the ITTA, 1994;

Noting the Report of the ITTO Technical Mission: Achieving Sustainable Forest Management in Indonesia;

Recognizing the complexity of the problems faced by Indonesia and its determination to overcome them;

Decides to:

1. Express its deep appreciation to the members of the ITTO Technical Mission to Indonesia for the completion of the Technical Mission and the presentation of the Mission's Report;
2. Encourage Indonesia to submit project proposals implementing the recommendations of the Technical Mission, in particular those seeking to curb illegal logging, restructure forest industries, recalculate timber values, enhance the development of forest plantations for resource creation, and decentralize the forestry sector;
3. Disseminate the findings of the Technical Mission through a workshop for national, provincial and district officials of relevant ministries and departments; and
4. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirement of this decision not exceeding US\$52,000.00.

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THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

DECISION 6(XXXI)

FOREST LAW ENFORCEMENT IN THE CONTEXT OF SUSTAINABLE TIMBER PRODUCTION AND TRADE

The International Tropical Timber Council,

Recalling the relevant paragraphs of Articles 1, 27, 30 and 36 of the ITTA, 1994, and the Libreville Action Plan;

Affirming the sovereign right of governments over their natural resources;

Recognizing the increasing demand for timber harvest and trade from sustainably managed forests;

Also recognizing the complexity of the underlying causes of unsustainable timber production, and the need to promote sustainable production of timber and adequate access to consumer markets, aiming at a significant increase in the revenues and benefits for governments, forest owners, industry and local communities;

Further recognizing that the problem of unsustainable timber production, inadequate forest law enforcement, illegal trade and their impact on markets are of concern to producer and consumer countries of ITTO;

Further recognizing the desire of all Member Countries to work together to increase sustainable timber production and trade and ITTO's contribution to sustainable forest management practices;

Acknowledging that all countries and the ITTO have a role and responsibility in combating activities that undermine sustainable forest management;

Appreciating the progress made by ITTO Member Countries towards achieving Objective 2000;

Noting that it is in the interest of both producers and consumers to improve sustainable forest management and forest law enforcement and address illegal trade;

Acknowledging the lack of adequate financial resources for sustainable forest management and, in this context, the need to strengthen forest law enforcement;

Decides to:

1. Authorize the Executive Director to engage consultants to conduct, with producer and consumer countries interested in voluntarily participating, a case study on assessing export and import data on tropical timber and timber products in the context of international trade, with a view to improving the accuracy of ITTO's market and economic intelligence;

2. Encourage countries in need of ITTO assistance to voluntarily submit projects for the Organization's consideration which address unsustainable timber harvesting, forest law enforcement and illegal trade in tropical timber with a view to attracting increased funding from Members to develop domestic capacity to address these areas as a matter of priority;
3. Consider in future, in cooperation with other relevant international organizations, the implementation of a global study to assess the extent, nature and causes of illegal trade in timber and timber products and to make recommendations on its prevention in the context of the ITTA, 1994;
4. Request the Executive Director to compile and analyze information on relevant issues affecting market access for tropical timber and to present this to the Thirty-third Session for the Council's consideration and action as appropriate;
5. Authorize the Executive Director, upon request by producer countries, to engage consultants to conduct studies and to assist Producer Countries in devising ways to enhance forest law enforcement, taking into account, when necessary, illegal timber trade and its impacts;
6. Invite Members to include in their reports on Progress towards Objective 2000 information on the promotion of sustainable forest management and timber production and trade practices, including *inter alia* forest law enforcement as well as market access obstacles to tropical timber and timber products, and to share this information among Members;
7. Request the Executive Director to follow the work of international organizations in this area and to contribute as appropriate and to report to the Council; and
8. Request the Executive Director to seek voluntary contributions from Members to the Special Account to finance the implementation of this decision, understanding the need for existing and new resources to finance the objectives of this decision, and to arrange for financing from Sub-account B of the Bali Partnership Fund for activities under operative paragraphs 1, 4 and 5 in the event of insufficient earmarked pledges.

ANNEX I

Terms of Reference for Consultancy on Export and Import Data Case Studies

1. Review trade statistics for selected countries available from ITTO and other sources.
2. Prepare a brief report for each country outlining the nature and magnitude of discrepancies found from this initial review.
3. On the basis of the initial review, undertake missions to selected countries to investigate trade statistics reporting systems. These missions should involve:
 - Overall review of trade statistics reporting system(s) used including the level of reporting detail.
 - Review of individual products where substantial discrepancies discovered including analysis of individual customs records/reports.
 - Research on the effects of different measurement standards and reporting formats (e.g. scaling systems, notation systems, reporting periods, etc.).
 - Research on mis-classification by product and within product codes (e.g. sawnwood-mouldings, coniferous, non-coniferous).
 - Research on possible "triangular" trade, where the destination on bill of lading and/or customs report differs from actual destination.
 - Identification of possible transfer pricing through analysis of average unit values for shipments and other relevant data.
 - Comparison of conversion factors (weight/area/pieces volume).
 - Identification of areas for further research.
4. Prepare a report summarizing the problems identified and recommending actions to be undertaken by countries and ITTO to strengthen statistical reporting systems and deal with apparent instances of illegal trade.
5. Present the report to the Council at its Thirty-third Session.

ANNEX II

**Budget for Forest Law Enforcement in the Context of
Sustainable Timber Production and Trade**

A. CONSULTANCY ON EXPORT AND IMPORT DATA CASE STUDIES [PARA. 1]		
		<i>US\$</i>
1.	<u>INITIAL REVIEW</u>	
	(1) 2 man months	20,000.00
	(2) Travel to Yokohama for briefing (2 persons, 5 days)	10,000.00
		\$30,000.00
2.	MISSIONS TO 6-8 COUNTRIES	
	(1) 6 man months	60,000.00
	(2) Travel and DSA	40,000.00
		\$100,000.00
3.	PREPARE REPORT	
	(1) 1.5 man month	15,000.00
	(2) Printing and translation	5,000.00
		\$20,000.00
4.	PRESENT REPORT (travel and DSA)	\$10,000.00
5.	MISCELLANEOUS (Communications etc.)	\$10,000.00
6.	ITTO PROGRAMME SUPPORT COSTS (11%)	\$18,700.00
	TOTAL :	\$188,700.00
<hr/> <hr/>		
B. INFORMATION ON MARKET ACCESS [PARA. 4]		
		<i>US\$</i>
1.	PREPARE AND PUBLISH REPORT	\$45,000.00
2.	ITTO PROGRAMME SUPPORT COSTS (11%)	\$4,950.00
	TOTAL :	\$49,950.00
<hr/> <hr/>		
C. CASE STUDIES ON FOREST LAW ENFORCEMENT/ILLEGAL TRADE [PARA. 5]		
		<i>US\$</i>
1.	SIX CASE STUDIES @ \$50-60,000.00 EACH	\$325,540.00
2.	ITTO PROGRAMME SUPPORT COSTS (11%)	\$35,810.00
	TOTAL :	\$361,350.00
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	GRAND TOTAL :	\$600,000.00
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THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

DECISION 7(XXXI)
MANGROVE FOREST ECOSYSTEM WORK PLAN

The International Tropical Timber Council,

Recognizing the importance of the role played by mangrove forest ecosystems, including 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;

Reiterating the benefits to be derived from the sustainable management of mangrove forests to individual Members in assisting the achievement of the objectives of the ITTA, 1994;

Recalling Decision 9(XXIX) which requested the Executive Director to, *inter alia*, develop a workplan to assist Members in the conservation, rehabilitation, and utilization of mangroves;

Noting the draft workplan presented by the Executive Director at this session;

Further noting the statements of support from different Members on ITTO's initiative on mangroves;

Recognizing that the draft workplan provides a useful reference for Members considering mangrove projects;

Decides to:

1. Request the Executive Director to convene a workshop prior to its Thirty-Second Session, to bring together mangrove experts from a range of countries and relevant organizations based on the terms of reference, keeping in mind the following goals:
 - Share experiences in mangrove forest conservation, rehabilitation, and sustainable management;
 - Identify areas where other organizations are already working, and conversely, areas where ITTO could take action, taking into account its available resources, comparative advantage, and relevance to the Organization's goals; and
 - Assess the links of products from mangrove forest ecosystems with the objectives of the Organization as set out in the ITTA, 1994, Article 1, and the impact on international markets;
2. Encourage Member Countries to participate in this workshop to ensure ITTO's institutional capacity, constraints, goals and comparative advantages are taken into account; and, to enhance their understanding of sustainable mangrove forest management;

3. Convene an Expert Panel, with ten members, comprising four members each from producer and consumer Member Countries and representatives of two other organizations (NGOs, research, etc.) to be selected by the Executive Director, to modify the draft ITTO Mangrove Workplan taking into account all comments made by Members of this session, and the report of the workshop mentioned above; and to present to the Thirty-second Session of the Council the modified draft for consideration;
4. Assist Member Countries, as appropriate, on the sustainable management of their mangrove forests, *inter alia*, through the development of national mangrove forest policies, programmes and projects where appropriate, consistent with their national forest strategies, through the submission of proposals in the normal project proposal process; and
5. Authorize the Executive Director to seek voluntary contributions from Member Countries for the activities set out in paragraphs 1 and 3 in the amount of \$174,270.00, and to arrange for financing from Sub-account B of the Bali Partnership Fund if sufficient earmarked pledges are not received.

ANNEX A

BUDGET ESTIMATE FOR MANGROVE WORKSHOP AND EXPERT PANEL

Item	Estimated Amount
Workshop	
Moderator	\$2,000
DSA and travel for 20 invited participants *	\$70,000
Facilities, rental and host country services *	\$10,000
Interpretation	\$20,000
Printing and translation of final workshop report	\$10,000
Miscellaneous	\$10,000
Panel	
DSA and travel for 10 participants **	\$35,000
<i>Sub-Total</i>	<i>\$ 157,000</i>
ITTO Program Support Costs (11%)	\$17,270
Total	\$174,270
* Assumes a three-day workshop	
** Assumes a three-day panel	

ANNEX B

TERMS OF REFERENCE FOR WORKSHOP

- (a) The Secretariat will develop a program for the workshop. The purpose of the workshop shall be to:
- Share experiences in forest mangrove conservation, rehabilitation, and management;
 - Identify areas where other organizations are already working, and conversely, areas where ITTO could meaningfully contribute given its available resources, comparative advantage, and relevance to the organizations goals; and
 - Assess the links of products from mangroves forest ecosystems with the objectives of the organization as set out in the ITTA, Article 1, and the impact on international markets.
- (b) The duration of the workshop should be three days.
- (c) The workshop attendance should include:
- Member countries;
 - Relevant representatives from international organizations;
 - Relevant mangrove experts;
 - Relevant representatives from non-governmental organizations; and
 - Relevant representatives from private sector groups.
- (d) The workshop should result in a paper assessing current efforts on mangroves and relevant actors involved, gaps and opportunities, and the relationship of mangroves forest ecosystem to internationally traded products.

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THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

DECISION 8(XXXI)

ESTABLISHMENT OF DATABASE OF STATISTICS ON TRADE IN BAMBOO AND RATTAN

The International Tropical Timber Council,

Recognizing the great contribution that bamboo and rattan can make to achieving sustainable forest management by directly substituting for tropical timber and firewood use;

Noting that the Common Fund for Commodities recognized the International Network for Bamboo and Rattan (INBAR) as the International Commodity Body for Bamboo and Rattan in October 2000;

Welcoming the participation of INBAR's Director at this session of the Council and his presentation to Council on INBAR and bamboo;

Noting that ITTO has developed considerable expertise in the collection and management of trade data for tropical timber;

Further noting the substantive body of project work on bamboo and rattan funded by ITTO in several Member Countries;

Recalling that INBAR now has the responsibility to improve the quality of statistics relating to trade in bamboo and rattan;

Noting the necessity to avoid duplication of work between organizations;

Further noting that there is considerable common membership between INBAR and ITTO and that ITTO will benefit in its mission by sharing information with INBAR and vice-versa;

Decides to:

1. Request the Executive Director to bring ITTO's experience to bear in assisting INBAR to improve the quality of its statistics on trade in bamboo and rattan;
2. Authorize the Executive Director to employ consultants to work with INBAR and incur such other costs as necessary in order to harmonize the collection of statistics on bamboo and rattan with those of ITTO for tropical timber by 31 December 2002; and
3. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this decision, not exceeding US\$38,850.00. If sufficient contributions are not received by 31 January 2002, the Executive Director is requested to use funds from Sub-account B of the Bali Partnership Fund.

BUDGET

Item	Amount (US\$)
Consultant to assist with database construction, questionnaire and data handling	20,000.00
Field visits and collaborating institutions	10,000.00
Contingencies	5,000.00
ITTO Programme Support (11%)	3,850.00
TOTAL	38,850.00

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THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

DECISION 9(XXXI)

MATTERS RELATED TO HOSTING SESSIONS OF COUNCIL

The International Tropical Timber Council,

Appreciating the kind offers of Producer Members to host Sessions of the Council in their respective countries;

Noting the difficulties involved in holding Sessions of the Council when unexpected developments call for last-minute change in venue and/or rescheduling the dates of the Sessions;

Also noting the recommendations of the Committee on Finance and Administration (CFA) on issues related to hosting Sessions of the Council and Committees as contained in documents CFA(IX)/7 and CFA(XI)/9 Rev.1;

Recognizing the need for setting up of standard procedures to deal with situations possibly requiring rescheduling of dates and relocation of venue of Council Sessions, especially in case of Sessions to be held outside Japan;

Decides to:

1. Establish an *ad hoc* Advisory Group to be chaired by the Chairperson of the Council with members consisting of :
 - i. Spokespersons of the Producer and Consumer Groups,
 - ii. Representative of the Government of Japan as host country of ITTO,
 - iii. Original Host Member Government (if it has not officially withdrawn the offer), and
 - iv. Executive Director;
2. Authorize the Executive Director to consult with the *ad hoc* Advisory Group, in the event that circumstances require consideration of an alternative venue or change of dates of the Council Session;
3. Empower the *ad hoc* Advisory Group to take a decision regarding the change of venue, and/or dates of Council Sessions and to propose new dates and/or venue should it be necessary; and
4. Request the Executive Director to communicate the decisions of the *ad hoc* Advisory Group to all Members.

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ITTC(XXXI)/25
3 November 2001

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THIRTY-FIRST SESSION
29 October – 3 November 2001
Yokohama, Japan

DECISION 10(XXXI)
APPOINTMENT OF AUDITOR

The International Tropical Timber Council,

Noting Rules 7, 17 and 27 of the Financial Rules and Rules relating to Projects;

Noting also the recommendations of the Committee on Finance and Administration (CFA) at its Tenth Session on appointment of the same auditor to audit the accounts of the International Tropical Timber Organization (ITTO) for three consecutive financial years, for improved and efficient audit work;

Decides to:

1. Amend Rules 7, 17 and 27 of the Financial Rules and Rules relating to Projects as follows:

“The Council shall appoint an independent auditor of recognized standing for a term of three consecutive years, subject to satisfactory performance. This auditor should preferably be selected from among the auditing personnel who are nationals of the Members of the Organization. The same auditor shall not be appointed for the following term of three consecutive years.”
2. Authorize the Executive Director to engage the selected auditor on an annual basis. The re-engagement of the same auditor shall also be on annual basis subject to a maximum of three years in total as decided in the revised Financial Rules above; and
3. Appoint the firm “PriceWaterhouseCoopers, Tokyo” to audit the Accounts of the International Tropical Timber Organization (ITTO) for three consecutive years beginning with the accounts for the Financial Year 2001, and subject to the conditions under paragraphs 1 and 2 above.

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ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

Documents: CEM(XXIX)/5
CRF(XXIX)/9
CFI(XXIX)/9
CFA(X)/8 Rev.2

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CEM(XXIX)/5
2 November 2001

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TWENTY-NINTH SESSION
29 October - 3 November 2001
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

TWENTY- NINTH SESSION OF THE COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

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Report

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

Appendix B: Study to Identify Measures to Bring Increased Transparency to Tropical Hardwood Plywood Trade and Analyse the Causes of Market Fluctuations and Price Instability

Appendix C: Draft ITTO 2002 Work Programme for Economic Information and Market Intelligence

Appendix D: Statement of the Trade Advisory Group

REPORT

1. Opening of the Session

The Twenty-ninth Session of the Committee was opened on 29 October 2001 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 Mr. Chen Xuhe (China). The subsequent meetings of the Committee during its current Session were conducted by its Chairman, Dr. Antonio Carlos do Prado (Brazil). The list of participants is presented in document ITTC(XXXI)/Info. 2 Rev.1.

2. Adoption of Agenda and Organization of Work

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

3. Admission of Observers

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

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

Dr. Abdul Rahman Bin Abdul Rahim (Malaysia), Chairman of the Expert Panel, presented its report as contained in document CEM, CRF, CFI(XXIX)/1. Highlights of the general points of the report as presented included the following:

- (i) Member Countries should maintain the Organization's spirit of co-operation and submit high quality proposals to the ITTO Committees.
- (ii) Member Countries should formulate proposals according to the agreed standard format when seeking project assistance from ITTO.
- (iii) The Manual for Project Formulation needs to be revised, especially as regards budgetary information.
- (iv) Project Proposals should be endorsed by the National Focal Point before submission to the ITTO Secretariat.
- (v) Project Proposals should be tailored to the national priorities of the Project Formulator.
- (vi) General areas of weakness in proposals submitted:
 - Logical Frameworks were poorly conceptualized and constructed.
 - The Development Objective was often confusing and difficult to understand.
 - Activities were not sufficiently detailed to explicitly indicate what would be done.
 - Assumptions were not linked to risk.
 - Unit cost information was often inadequate and local cost contributions were not clearly addressed.
 - No indication of project sustainability after completion.
- (vii) When phased proposals are submitted, the evaluation of one phase must be completed and the results fed into the documentation of the subsequent phase.
- (viii) Guidance should be provided to the Panel on the arrangements for financing projects involving other international organizations.
- (ix) Some of the categories of Decision required modification.

5. Ex-post Evaluation

(A) Ex-post Evaluation

The Committee noted the actions that had been taken by the Secretariat in relation to 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). The implementation of this ex-post evaluation was expected to be completed in time for its report to be presented to the Committee at its next Session.

(B) Selection of Projects for Ex-post Evaluation

The Committee considered the list of two (2) completed projects as contained on page 5 of document CEM(XXIX)/1, and decided to defer consideration of projects for ex-post evaluation until its next Session.

6. 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(XXIX)/2. 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) Market Information Service for Tropical Timber and Phase IV, 2001 Timber Products (MIS) – Phase IV, 2001 (ITTO)**

The Committee noted the satisfactory progress in the implementation of this project and recommended its continuation. The Committee further recommended the provision of US\$300,000 to allow the project to continue through 2002.

Taking note of the views of the delegations of Japan and the USA that the project required permanent funding, the Committee requested that new options for financing of this important project in this regard be explored.

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

The Committee noted that the activities of this project were completed on 31 December 2000 and the final and audit reports were received on 9 October 2001. Copies of these reports were made available for review by the Committee members. A completion report would be presented to the Committee at its next session.

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

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

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

The Committee noted that the final audit on this project had been received and that a completion report would be presented at its next session.

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

The Committee noted the reports presented by the Secretariat and the delegate of Egypt on the monitoring mission which was undertaken in September 2001. During the mission, some guidelines were provided to the executing agency concerning improvements in the Joint Questionnaire response and the recruitment of international consultants. The executing agency was in the process of recruiting the consultants.

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

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

7. **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 satisfactory progress achieved in the implementation of this project and approved the request from the implementing agency for the project to be extended for a period of six months at no additional cost.

8. **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 that the activities of this project were completed and the final report and audit statement were received in July 2001. Copies of the report were made available for review by the Committee members. A completion report would be presented to the Committee at its next Session.

9. **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 satisfactory progress in the implementation of this project and that the additional funding (US\$7,300.00) earlier envisaged was no longer required. The Committee noted the comments of the delegation of Switzerland regarding the need for close monitoring of this project given its innovative approach and its potential to provide important outputs relevant to ITTO tropical producer member countries. The Committee recommended that a project monitoring mission be undertaken by ITTO early in 2002 to review progress in the implementation of this project.

10. **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 that additional information on the progress achieved in the implementation of the project including a financial report was received in October 2001. This pertained to activities relating to the finalisation of training in Canada and the selection of candidates for an international consultant.

11. **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 report by the delegation of Malaysia regarding the actions being taken towards the implementation of the project. These included the identification of candidates for the appointment of the coordinator and assistant coordinator of the project and the preparation of the inception report that would be submitted to the Secretariat in due course.

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

The Committee noted the satisfactory progress achieved in the implementation of this project and further noted the request for additional funding in the amount of US\$9,756.00 to employ correspondents in six border towns where the import of timber was also active. The Committee agreed to recommend the provision of an additional US\$ 9,756.00 to the funding of this project.

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

The Committee noted that the agreement of this project was signed in July 2001 and that the implementation of the project would start upon completion of project PD 1/97 Rev.1 (M) (item 6, Section A).

- 14. 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 agreement of this project was signed in September 2001 and appropriate action was being taken by the executing agency towards commencing the implementation of the project.

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

The Committee noted that the progress report on this pre-project was received from the implementing agency at the current Session.

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

The Committee noted that the final report and a project proposal with the same title were received in September 2001. The Committee further noted that the financial audit had yet to be submitted to the Secretariat.

- 17. 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 achieved in the implementation of this pre-project.

- 18. 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 that the final report of the study was received in October 2001. The highlights of the final report were presented under item 8 of the Agenda. Copies of the report as contained in document PPR 64/01 (M) were made available for review by the Committee members.

The Committee noted that the completion report of the study including the forecasting model would be presented at the next Session of the Committee for its consideration.

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

The Committee noted that the final report of the study and the accompanying forecasting model were received in October 2001. The highlights of the final report were presented under item 8 of the Agenda. Copies of the report as contained in document PPR 65/01 (M) were made available for review by the Committee members.

The Committee noted that the completion report of the study including the forecasting model would be presented at the next Session of the Committee for its consideration.

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

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

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

The Committee noted the satisfactory progress achieved in the implementation of this activity.

(B) Projects and Pre-Project Pending Agreement

1. **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 that the project agreement for Stage 2 was being finalized following the recent receipt of the financial audit for Stage 1 of the project (item 4, Section A).

2. **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 requested the Government of Peru and INRENA to undertake the signing of the pre-project agreement.

(C) Projects Pending Financing

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

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

2. **PD 52/97 Rev.3 (M) Phase II** **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)**

The Committee agreed to recommend the project to the Council for immediate financing with a view to implementing it as soon as the implementation of Phase I of the project had been completed.

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 agreed to recommend this project to the Council for immediate financing.

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 this pre-project to the Council for immediate financing.

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

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

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

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

7. 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 by Project Proposals. The technical appraisals of the projects and pre-project considered by the Committee are contained in Appendix A. In addition, the Committee considered one pre-project proposal emanating from its consideration of policy issues under item 8 of its Agenda.

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

The Committee noted that this project proposal was re-submitted following its revision by the government of the Philippines under the sunset provision of paragraph 2 of Annex 2 of Decision 2(X). The delegate of Japan highlighted the improvements of the revised version but stressed the need for a clarification in the activities and outputs of the proposal. The government of the Philippines presented a revised proposal incorporating these comments as a fourth revision (Rev. 4). The Committee approved the project as revised and agreed to recommend it to the Council for immediate financing.

- (ii) **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 most of the amendments proposed by the Panel had been incorporated into this revised project proposal. Some delegates expressed concern on the composition of the project steering committee and the need to incorporate the responses to the Expert Panel in the body of the document rather than as an Annex. The government of Gabon presented a revised proposal incorporating these comments as a third revision (Rev.3). The Committee approved the project as revised and agreed to recommend it to the Council for immediate financing.

- (iii) **PD 124/01 Rev.1 (M)** **Promotion of Sustainable Management of African Forests (ITTO)**

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.

- (iv) **PPD 32/01 Rev.1 (M)** **Development of the Forest Information and Statistics Center (Honduras)**

The Committee noted that most of the amendments proposed by the Panel had been incorporated into this pre-project proposal. The delegations of USA and Japan felt that a workshop to present the results of the evaluation of the current information system should involve a broader range of stakeholders such as relevant NGOs, Academia, etc. The government of Honduras presented a revised proposal incorporating their suggestions as a first revision (Rev.1). The Committee approved the pre-project proposal as revised and agreed to recommend it to the Council for immediate financing.

8. Policy Work

(i) **Market Access**

The Committee noted the latest developments surrounding the UK policy of avoiding the purchase of illegally harvested timber, the decision of the Danish Parliament to restrict the use of tropical timber by public institutions to legally and sustainably produced timber, the bill requiring compulsory labeling of all timbers based on certification being considered by the Dutch Parliament and the proposed legislation to set a purchasing preference for FSC certified wood being considered by the New York City Committee for Contracts.

The prospects for a new round of multilateral negotiations at the coming Fourth WTO Ministerial Conference in Doha and their implications on forest products were also discussed.

In light of the current and emerging challenges confronting tropical timber as indicated by the outcomes of the studies on competitiveness [PPD 26/99 (M)] and outlook [PPD 27/99 (M)] of tropical

timber, the Committee underlined the urgency of securing funding of PPD 26/01 (M) on Assessing the Feasibility of and Support for a Tropical Timber Promotional Campaign.

With regards to the request for urgent assistance by the delegation of Papua New Guinea (PNG) relating to the implementation of PPD 27/01 (M) on Review of PNG's Timber Treatment Processes, the delegation informed the Committee that the PNG Forest Industries Association was prepared to meet the costs pertaining to domestic travel, accommodation and holding of a workshop amounting to US\$17,400.00. The donor funding urgently required for the implementation of the project could hence be reduced to US\$29,680 for purposes of enlisting the services of a wood scientist/wood timber treatment specialist and an entomologist to undertake an urgent review of timber treatment processes in PNG.

(ii) Timber Certification

The Committee was briefed on the latest developments surrounding the issue of forest and timber certification including the outcome of the Seminar on Certification organized by the European Forest Institute on behalf of the European Commission in September 2001. It noted with concern that while the issue did emerge with an initial focus on tropical forest and timber, the actual progress being achieved on its implementation had been concentrated in developed non-tropical forest countries. The Committee also took note of the recent Market Discussion of the ECE Timber Committee which included consideration of timber certification.

The Committee was further informed of the preparations being undertaken by the Secretariat for the convening of the ITTO International Workshop on Certification scheduled to be held in an ITTO producing member country in March/April 2002, pursuant to ITTC Decision 10(XXX).

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

The Committee was informed that in light of the potential advantages for tropical timber in relation to the application of LCA, work on LCA had been included in the ITTO Work Programme for 2002 as well as in the new ITTO Action Plan (2002-2006) under the relevant goal and policy actions in the field of economic information and market intelligence.

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

The Committee noted that the Council had been informed of a number of notifications made by some member countries relating to the inclusion of *Gonystylus* spp., Ramin, *Swietenia macrophylla* and *Cedrela* spp. in Appendix III of CITES. The Committee also noted the far-reaching implications of these inclusions on the international trade in tropical timber. The Committee indicated the usefulness of formulating a study on the implications of the listing of tropical timber species in the Appendices of CITES on the international trade in tropical timber for its future consideration.

(v) Competitiveness of Tropical Timber vis-à-vis Competing Products and Substitutes

This item was considered at the joint session of the Committee on Economic Information and Market Intelligence and the Committee on Forestry Industry. The study reported the views of the industry in five producer and seven consumer member countries on six questions concerning the factors driving consumption of tropical timber products and the competitiveness of tropical timbers in various segments of the market.

The main macro-economic factors driving demand were identified as construction activity and housing. The exception was the market for decorative veneer, for which the most important driver was consumer spending on furniture. The responses of industry to the six questions were presented graphically in considerable detail and the report provided a very useful insight into the perceived competitiveness of tropical timbers in a variety of end-use sectors.

The consultants concluded that, while overall timber demand in the main markets of Asia would eventually recover, this was not to say that consumption of tropical timber products would return to what it was, with the same mix of products as there was before the downturn. The report indicated that most companies interviewed believed that there would be a continuing shift towards higher value added products in the future and this would require considerable investment in technology, training and market development.

(vi) The Medium and Long-Term Outlook for the Tropical Timber Market

This item was considered at the joint session of the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry. The Committee noted the presentation made by the Secretariat on the highlights of the final report of the outlook study submitted by LTS international Ltd. The consultants undertook data collection in 17 countries: Africa (Cameroon, Ghana, Gabon and Congo), America (USA, Brazil, Bolivia and Ecuador), Europe (Spain, Italy, Germany, Netherlands) and Asia (Japan, Malaysia, Indonesia, Thailand, India and China). According to the model results, by the year 2010 much of the log production by ITTO producers would be absorbed by domestic demand. Concurrently, imports of tropical timber products by consumers were likely to fall to 5% of their estimated consumption of all timbers in 2010. The report suggested three possible responses to declining supply: Improve efficiency of processing and reduce waste to increase output from the same volume logs; Adopt a selective strategy for processing in terms of the end-use according to species, quality and log size class, with the aim to maximise export value-added; and Evaluate more accurately domestic demand and develop a strategy for eliminating illegal logging in the short term.

The report presented a "sustainable supply" scenario, which would contemplate reducing overall tropical log production by 31.2 mill. m³, and an estimate of the possible scale of illegal logging in ITTO producer countries. A country case scenario was evaluated for China. The scenario was tested assuming an improvement in recovery in primary processing (from the current 33% to an international level of 45%) and assuming growing demand by the year 2010. The results of this scenario suggested that China would increase log production by 11% (up 14 mill. m³) and imports by 102% (up 235 mill. m³). The report concluded that the market prospects for tropical timber products were likely to be more dependent on the ability of producer countries to sustain/increase production and remain competitive, than on lack of demand. The Committee noted the comment by the delegate of Germany about the importance of lowering import tariffs for added-value timber products so as to promote further processing in producing countries and ameliorate the impact of declining timber supply.

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

This item was considered at the joint session of the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry. The final report of a study on the status of further processing of tropical timber in producing countries [PPD 25/99 (I)], incorporating the comments of members received since the draft report was presented at the last Session, was considered.

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

The Committee was informed of the outcomes of the First Session of the UNFF held on 11-22 June 2001 at the United Nations Headquarters, New York, including the adoption of its Multi-Year Programme of Work (MYPOW) and Plan of Action (PoA). The Committee noted that matters pertaining to trade would be considered by the UNFF as a common item to be addressed at each of its sessions under the theme "Trade and Sustainable Forest Management". Within the context of the work of the Collaborative Partnership on Forests (CPF) established to support the UNFF, the Committee further noted that ITTO had again been vested with the role of focal agency on matters relating to trade and sustainable forest management.

The Committee further noted that the Second Session of the UNFF had been scheduled to be held in San Jose, Costa Ricas on 3-14 March 2002.

(ix) Study on the Establishment of a Tropical Plywood Exchange

The delegation of Malaysia presented a consolidated proposal on the issue. Following discussion and further consolidation, the Committee agreed and approved PPD 34/01 (M) on a "Study to Identify Measures to Bring Increased Transparency to Tropical Hardwood Plywood Trade and Analyse the Causes of Market Fluctuations and Price Instability" as attached in Appendix B. It further agreed to recommend the pre-project to the Council for immediate financing.

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

The Secretariat briefed the Committee on the activities of the IWGFS including the results from the 2001 Joint Forest Sector Questionnaire (JQ). The Secretariat reported on the meeting of the IWGFS

in October 2001 where results of the 2001 JQ were reviewed and a study of EU countries' statistical reporting systems was presented. The Committee expressed its support for the work of the IWGFS and ITTO's on-going involvement.

(xi) ITTO Work Programme 2001

The Committee noted the progress made in the implementation of its project and strategic policy activities as contained in document ITTC(XXX)/8 "Progress Report on the Implementation of the ITTO Work Programme for the Year 2001".

(xii) Draft ITTO Work Programme 2002

The Committee considered and agreed to the project and strategic policy activities proposed to be undertaken by the Committee as contained in document ITTC(XXXI)/12 on the Draft Work Programme for the Year 2002 as a working document. The Draft ITTO 2002 Work Programme for Economic Information and Market Intelligence as approved is attached in Appendix C.

(xiii) Theme for the ITTO 2002 Annual Discussion

The Committee noted and endorsed the proposal made by the Trade Advisory Group (T-A-G) that the themes: "Tropical Timber Trade: Review and Prospects" and "Creating Opportunities for the Trade from ITTO's Work" be adopted for the ITTO 2002 Annual Market Discussion. The Committee agreed that presentations of the Annual Review and Assessment of the World Timber Situation 2001 and the Market Information Service (MIS) should be included in the discussion.

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

The Committee noted the Statement of the T-A-G before the Council as attached in Appendix D.

9. Election of Chair and Vice-chair for 2002

Following the usual consultations undertaken by the producer and consumer groups, Ms. Astrid Bergquist (Sweden) was elected Chair of the Committee and Dr. Gilbert Kaya (Republic of Congo) was elected Vice-chair for the year 2002.

10. Dates and Venues of the Thirtieth, Thirty-first and Thirty-second Sessions of the Committee

The Thirtieth Session of the Committee would be held in conjunction with the Thirty-second Session of the International Tropical Timber Council in Bali, Indonesia, on 13-18 May 2002.

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 May and/or June 2003.

11. Other Business

The Committee considered a project idea on Timber and Timber Products Trade Flow Study in the Philippines presented by the delegation of the Philippines. In welcoming the presentation, the Committee encouraged the delegation of the Philippines to develop and submit a project proposal to be submitted in accordance with the ITTO Project Cycle.

The Committee also noted the information provided by the representative of FAO regarding the implementation of its project entitled "Impact Assessment of Forest Products Trade in the Promotion of Sustainable Forest Management".

The Committee recommended that reports of studies on trade and marketing be posted on the ITTO website in a timely manner.

12. 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 41/99 Rev.4 (M)	Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) (Philippines) [US\$261,081]
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) [US\$261,608]
PPD 32/01 Rev.1 (M)	Development of the Forest Information and Statistics Center (Honduras) [US\$29,786]
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][US\$99,678]

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

PD 16/93 Rev.4 (M) Phase IV - 2002	Market Information Service for Tropical Timber and Timber Products (MIS) – Phase IV (ITTO Secretariat) [US\$300,000]
PD 52/97 Rev.3 (M) Phase II	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 (Ghana) [US\$180,994]
PD 55/99 Rev.1 (M)	Establishment of a Sustainable Tropical Forest Products Information System in China (China) [US\$9,756, additional funding]
PD 87/01 Rev.1 (M)	Development of the <i>Integrated Forestry Compendium: a Knowledge Base for Forest Management and the Forest Products Industry</i> (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 26/01 (M)	Assessing the Feasibility of and Support for a Tropical Timber Promotional Campaign (ITTO) [US\$47,600]
PPD 27/01 (M)	Review of PNG's Timber Treatment Processes [US\$29,680]

13. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX A

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

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

This project proposal is re-submitted to the Committee following its revision by the Government of the Philippines under the sunset provision of paragraph 2 of Annex 2 of Decision 2(X).

The Forest Management Bureau (FMB), a staff bureau of the Department of Environment and Natural Resources (DENR), is mandated to provide support for the effective protection, development, occupancy management, and conservation of forestlands and watersheds. In view of this mandate, the FMB provides technical support and assist in the monitoring of all forestry-related projects, programs and activities that the DENR is presently pursuing.

As a critical factor in the efforts of the FMB to support all these activities, there is a need to provide all the necessary information to all the different actors for the effective implementation of these projects. There is a need to manage the tremendous quantity of data that is generated from all of these activities and transform them into meaningful information that will provide support for the effective supervision and monitoring of all these projects and planning future interventions.

To address the issue, the FMB is undertaking the development and implementation of the Forestry Statistics Information System. This project will support all the information requirements to implement its mandate, ensure the timely flow of information within the organization to support policy decision makers, and optimize the use of available people and technology within the DENR.

This project proposal is the result of the ITTO funded pre-project on the development of the forestry statistics information system based on the FSIS Development Plan that recommends the improvement of the statistical data procedures and automation of the Philippine forestry sector.

Comments of the Seventeenth Expert Panel

The Panel noted that the project was well formulated and consistent with ITTO's objectives. However, it felt that further editing would help to clarify the statement of the problem to be addressed, activities/outputs, etc. It pointed out a discrepancy between the duration in the proposal (24 months) and that on the cover page (30 months). It felt that risks to project success should be clearly enumerated, and requested further explanation of the reason(s) for one apparent risk, the high turnover of field office staff. Terms of reference for employees should be given, and employees of the Forest Management Bureau to be utilized in the project should be identified as such. The Panel requested further details of steps to be taken by the Government of the Philippines to ensure sustainability of project activities after the cessation of ITTO funding. The Panel noted that the Government of the Philippines must include an activity providing for a thorough review of the project results before going further to an eventual second phase of the project. It felt that the budget was vague, and requested that much more detail on individual activities be given. The current budget was thought to be excessive compared to similar projects reviewed by the Panel, especially for a pilot project. It felt that the amounts allocated for national experts, fellowships/training, hardware/software, subcontract of system development and steering committee meetings could all be substantially reduced to allow an overall reduction of about 50% in the ITTO budget. ITTO administration should be calculated at 5.5% of the total prior to adding the cost of the pre-project which gave rise to the proposal to the revised budget.

Recommendations of the Seventeenth Expert Panel

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

1. edit the proposal for clarity;
2. ensure the duration is consistently stated;
3. enumerate risks and explain reasons for high staff turnover;
4. provide terms of reference for staff and identify where government employees will be utilized;
5. provide details of steps to ensure sustainability;
6. provide more detailed budget, with substantial reductions and revisions as outlined above; and

7. include a new activity intended to review project results prior to moving to an eventual phase 2.

Conclusion of the Seventeenth Expert Panel

The Panel concluded that the project 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.

Comments of the Eighteenth Expert Panel

The Panel noted that the revised proposal had taken account of most of the recommendations made at the previous session. However, there was still a need to further edit the proposal to ensure that the information was clearly presented with adequate cross-references. The root problems associated with forest management in the Philippines should be stated and an indication of how the system would help address these should be provided in the Project Justification, which should be laid out in the ITTO format. Details on the long-term future of the system should also be provided (e.g. who will be in charge of the system, who will coordinate between different departments / agencies, who will provide training, etc.). The training modules in Annex 8 should be referred to under the Activity for Output 2. Line 15 in the budget should be changed to read only "Training". The Panel felt that the ITTO budget should be further reduced to less than US\$500,000.00 by shifting a larger portion of the expenditures on Capital Items, Consumable Items and Miscellaneous to the government's contribution, as well as by calculating ITTO's administrative costs at 5.5% and reducing ITTO monitoring to US\$15,000.00. Finally, the pre-project costs of US\$63,200 need to be included in the budget as per ITTO's financial rules for projects. This amount is to be added after making the revisions suggested above, so that the total project cost to ITTO should not exceed US\$560,000.00.

Recommendations of the Eighteenth Expert Panel

The Panel recommends that:

1. the proposal be further edited with cross-references to the various annexes where appropriate;
2. the Project Justification section be laid out in the ITTO format and reference made to basic forest management problems in the Philippines;
3. further details on the long-term future of the system be given; and
4. the budget be reduced to less than US\$560,000.00 (including reimbursement to the pre-project sub-account), taking account of the above comments.

Conclusion of the Eighteenth Expert Panel

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

Assessment of the Committee at its Twenty-ninth Session

The Committee approved the revised proposal (fourth revision) prepared during this Session and agreed to recommend it to Council for immediate financing.

- (ii) **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 general aim of the project is to develop two computer modules to be integrated into the Forest Statistics Information and Management System (STATFOR): the first module will allow digital data input and processing for the compilation of management inventory data, and the second module digital data input and processing for the management of export log lumberyards.

In this respect, this computer development project is a logical follow-up in the establishment process of the new technologies launched under Project PD 15/98 Rev. 2 (M) «Development and Installation of a Computer Management System for the Control of Forest Production in Gabon», which aimed at integrating a computer module for the forest production management into the STATFOR Information

System developed in 1994 under Project PD 36/92 (M) « Collection and Computer Processing of Forest Statistics with a view to Improving the Management of the Forest Resources of Gabon »

Comments of the Twentieth Expert Panel

The Panel recognized the importance of introducing new technologies to make Gabon's statistical systems more efficient. It also felt the project activities were clearly described, although the formulation did not follow the new ITTO format and the logical framework matrix was not correct. The Panel examined these proposals together since it felt the two proposals were very similar and should be combined into a single project proposal. [Note: Proposal PD 57/00 (M) was considered together with the original version of PD 56/00 (M) by the 20th Expert Panel.] It requested more information on how the new systems will improve on the existing one. Data flow diagrams would be useful in this regard. Existing commercial software packages should be investigated and modified if possible, rather than developing software from scratch. The Panel recommended that a combined proposal should have two specific objectives relating to improvement of forest inventory and log export data handling and that the budget lines for vehicle, vehicle maintenance and international consultant should be reduced substantially from the totals in this proposal and PD 57/00 (M). The Panel also recommended that the combined proposal should incorporate the results of PD 15/98 Rev.2 (M).

Recommendations of the Twentieth Expert Panel

The Panel recommended that a revised proposal should:

1. follow the new ITTO format, including Logical Framework Matrix formulation;
2. combine the objectives/activities of this proposal and PD 57/00 (M);
3. provide information on the improvements the proposed system will make to the existing system;
4. investigate commercial software packages;
5. substantially reduce the combined budget lines for vehicle, vehicle maintenance and international consultant; and
6. the proposal should include an activity to undertake an evaluation of the achievements, lessons learnt and implications of PD 15/98 Rev.2 (M).

Conclusion of the Twenty-first Expert Panel

The Panel concluded that a re-formulation of the 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.

Comments of the Twenty-first Expert Panel

The Panel noted that an attempt had been made to merge the two proposals (PD 56/00 (M) and PD 57/00 (M)) considered at its last session, as per its recommendation. While the Objectives, Outputs and Activities had been combined satisfactorily, the rest of the document should attempt to better synthesize the merged proposals. The Panel agreed that while the two new statistical modules would complement the existing system, it required more explicit details on the outputs of previous work and how the new modules would improve on these. It also required more information regarding the sustainability and continuity of routine forestry statistical work in Gabon, given that this was the fourth project submitted to ITTO in this field. The Panel felt that the proposal should include a training component for staff who would enter data, as well as a description of data gaps and data requirements by various users and existing data flows. Without this information, it was difficult for the Panel to assess how the proposed hand-held computers would solve existing forestry data shortfalls.

The Panel requested a description of the responsibilities for database management and maintenance. It also reiterated its earlier recommendation that commercial software packages for forest inventory and/or log tracking be investigated. It noted that the budget for vehicles and international consultants had not been reduced and questioned the need for a vehicle given that vehicles had already been purchased through earlier statistical projects. In general, it felt that the budget was excessive given the on-going nature of this work and the relatively short duration of the project. It queried the major reduction in the Government of Gabon's contribution from the combined total of the two earlier proposals, especially the apparent withdrawal of SNBG from the project. In any case, a larger share of the local personnel costs (especially computer operators' salaries) should be borne by the Government of Gabon to ensure the on-going sustainability of the final system.

The Panel felt that the logical framework matrix was unclear and that the assumptions and means of verification for the Objectives and Outputs need to be reformulated. The environmental impact of the project should include information on its potential to contribute to timber certification via the proposed log tracking system. Finally, the Panel reiterated its request that an evaluation of the outputs of PD 15/98 Rev.2 (M) be undertaken and that the reformulated proposal take account of this evaluation.

Recommendations of the Twenty-first Expert Panel

The Panel recommended that a revised proposal should:

1. Provide more details on the outputs of previous statistical development projects, especially PD 15/98 Rev.2 (M);
2. Clarify how sustainability and continuity of Gabon's forestry statistical system will be achieved;
3. Include a training component for data entry staff;
4. Include descriptions of data gaps and data requirements by various users and flows;
5. Clarify responsibilities for database management/maintenance;
6. Investigate commercial software packages;
7. Substantially reduce the budget by, for e.g., removing the vehicle and reducing the international consultant inputs;
8. Amend the budget in respect to local staffing costs. The salary of computer input staff should be borne by the government of Gabon;
9. Reformulate the logical framework matrix; and
10. Incorporate the results of an ex-post evaluation of PD 15/98 Rev.2 (M).

Conclusion of the Twenty-first Expert Panel

The Panel concluded that the project proposal requires essential modifications and the Panel will need to assess the modified project proposal before it can commend it to the Committee for final appraisal.

Comments of the Twenty-second Expert Panel

The Panel noted that responses to its comments and recommendations on PD 56/00 Rev.1 (M) made at its previous session had been appended to what was essentially the same core project document. It felt that for adequate consideration of the revised proposal, these responses/revisions should have been incorporated into the actual body of the document rather than being appended. It also noted that no provision for an independent ex-post evaluation of PD 15/98 Rev.2 (M) had been incorporated in the proposal.

Recommendations of the Twenty-second Expert Panel

1. The Panel recommends that the proposal be revised to:
2. incorporate all revisions into the body of the proposal;
3. include an activity for an independent ex-post evaluation of PD 15/98 Rev.2 (M); and
4. 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 it could not commend the modified or revised project proposal and submits it to the Committee for further appraisal.

Assessment of the Committee at its Twenty-ninth Session

The Committee approved the revised proposal (third revision) prepared during this Session and agreed to recommend it to Council for immediate funding.

(iii) PD 124/01 Rev.1 (M) Promotion of Sustainable Management of African Forests (ITTO)

ITTC Decision 4(XXIX) called for the formulation of this project in order to develop a framework of cooperation between ITTO and ATO for the promotion and application of ATO/ITTO principles, criteria and indicators (PCI) for the sustainable management of African forests, which could eventually lead to credible assessment and certification systems. The specific objectives of the project are to:

Establish key elements of the adequate capacity to implement ATO/ITTO PCI at national level in the African Member countries of ITTO. These key elements include nationally applicable PCI, effective consultative mechanisms, awareness, knowledge and skills among decision-makers and stakeholders on SFM, and monitoring/auditing arrangements.

Establish key elements of adequate capacity for effective regional-level cooperation through the African Timber Organization to support individual Member countries to implement the ATO/ITTO PCI. These key elements include common instruments to develop and implement Principles, Criteria, Indicators and Verifiers for SFM at national and FMU levels, effective consultative and dissemination mechanisms to share knowledge and coordinate efforts, as well as a pool of regionally trained trainers.

The project will finalize the draft ATO/ITTO PCI for endorsement of both organizations. After developing national level PCI based on the ATO/ITTO PCI, the project will train at least 60 relevant forestry staff in each country in their implementation. It will also develop an auditing framework for African forests and train at least 60 trainers to conduct audits based on the ATO/ITTO PCI at the FMU level. The project will also promote periodic reporting by countries on the basis of national PCI, contributing to ITTO's information sharing objective.

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.**

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.

(iv) PPD 32/01 Rev.1 (M) Analysis of the Current Situation and Formulation of a Project Proposal for the Strengthening of the Forest Information and Statistics Centre of Honduras

This pre-project is submitted directly to the Committee following the recommendation of the Expert Panel after its review of the original project proposal [PD 90/01 (M)] submitted by Honduras. The following brief relates to the original project proposal.

This project will develop the Forest Information and Statistics Centre (CIEF) as the foundation for the country's sustainable forest development. The Centre aims to provide a computer network-based information service, with access to economic statistics, text and map image databases to enable users to establish links and obtain information from the data systems, thus increasing forest productivity and encouraging investment and income flow to the sector. In turn, this will lead to re-investment in the development of industrial plantations, sustainable forest management, research and technology transfer.

Furthermore, the CIEF will publish and disseminate timely and relevant information on the national forest sector.

Comments of the Twenty-second Expert Panel

The Panel recognized the problems Honduras faces in obtaining reliable statistics and noted that this proposal was a timely effort to rectify such problems. It felt that the scope of the project was ambitious for the proposed duration and suggested that a phased approach might be more feasible. It noted the reference to phases in the proposal, but it was unclear what these referred to, particularly the reference to the government taking over project financing after the "second phase" to ensure project sustainability. The Panel felt that more background information on the nature of the problems Honduras faced would be useful, including a comprehensive review of the existing system(s) for data collection. It felt that the strategy for obtaining timely and reliable data should be more clearly detailed in the proposal, including addressing the data needs of different levels of decision-makers/users. The risks associated with developing and implementing such a system should also be included in the proposal.

The Panel noted that the proposal did not completely adhere to the ITTO format. It felt that the development and specific objectives were lengthy and could be simplified, and that the links between these, the project outputs and activities should be shown more clearly. The budget by activities was missing, and the budgetary allocations for international experts in the "Payroll" table were obviously incorrect. Terms of reference should be included for these experts and the logical framework matrix should be completed in full.

The Panel recalled that a former Honduras statistical development project (PD 6/98 Rev.1 (M) "Establishment of a Forest Statistics and Information Center for the Implementation of Sustainable Forest Management in the Republic of Honduras") had been approved by Council but had lapsed under ITTO's sunset provisions due to lack of funding. The Panel also recalled that it had earlier developed Guidelines for Statistical Development Projects in liaison with the Secretariat. The Panel also noted that an ex-post evaluation of Latin American statistical development projects was about to be undertaken by ITTO and that any new projects should take account of the findings of this evaluation. Finally it noted that there were some related activities in PD 91/01 (F) and that these should be linked to the relevant activities in any revised version of this proposal. The Panel therefore concluded that the government of Honduras

should submit a pre-project to ITTO, seeking assistance to develop a project proposal incorporating the results of the ex-post evaluation of Latin American statistical projects, following the Guidelines referred to above, and taking into account the other comments made here.

Recommendations of the Twenty-second Expert Panel

The Panel recommends that the Government of Honduras should:

1. submit a pre-project to ITTO (maximum US\$30,000) to review the current Honduran forestry statistical system and develop a revised project proposal taking account of and, where appropriate, incorporating the comments made above; and
2. 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 a pre-project (not exceeding US\$30,000) 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 Twenty-ninth Session

The Committee approved the revised proposal (first revision) prepared during this Session. The Committee recommended that the pre-project proposal be approved as revised and agreed to recommend it to Council for immediate financing.

- (v) **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)**

This pre-project was developed by the Committee under item 8 of its agenda.

Assessment of the Committee at its Twenty-ninth Session

The Committee approved the proposal prepared during this Session. The Committee recommended that the pre-project proposal be approved and agreed to recommend it to Council for immediate financing.

APPENDIX B

PPD 34/01 (M)

STUDY TO IDENTIFY MEASURES TO BRING INCREASED TRANSPARENCY TO TROPICAL HARWOOD PLYWOOD TRADE AND ANALYSE THE CAUSES OF MARKET FLUCTUATIONS AND PRICE INSTABILITY

A. Compliance with ITTO Objectives

The proposed study on the international tropical plywood trade has direct relevance and contributes to the achievement of several ITTO objectives, including:

Objective (a): "To provide an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy"

Objective (h): "To improve market intelligence with a view to ensuring greater transparency in the international timber market, including the gathering, compilation and dissemination of trade related data, including data related to species being traded"

Objective (n): "To encourage information sharing on the international timber market"

B. Relationship with ITTO Libreville Action Plan

The work is also directly related to the three Action Plan goals in the field of Economic Information and Market Intelligence.

Goal 1: Improve transparency of the international timber market.
(Action 2, 3, 4)

Goal 2: Improve marketing and distribution of tropical timber exports from sustainably managed sources.
(Action 4)

Goal 3: Improve market access for tropical timber exports from sustainably managed sources.
(Action 4)

C. Relevance to Policies of other International Institutions

The proposed study is possibly relevant to the findings of a study by UNCTAD on the impact of Changing Supply and Demand Market Structures on Commodity Prices and Exports in 1999 to gauge the feasibility of establishing a Plywood Futures Market. The study concluded that a plywood futures contract was not only viable but would also provide solutions to several problems hampering the development of the international plywood trade.

D. Objectives of the Study

i) Development Objective

The overall objective of the study is to improve market intelligence and transparency of the international tropical hardwood plywood trade.

ii) Specific Objective

The main aim of the study is to recommend measures that could bring increased transparency to the international hardwood plywood trade and manage risks associated with market fluctuations.

E. Justification

i) Problems that need to be addressed

International trade in tropical plywood is estimated at US\$6 billion a year, more than twice the size of the world's market in tropical logs. ITTO producer countries contributed about 15 million m³ to the international plywood trade in 1999. Consumer members of ITTO import about 10.2 million m³ of plywood annually of which the major importers of tropical plywood are China, Japan, USA and Korea. The tropical hardwood plywood trade and industry currently relies on all types of information, ranging from formal to informal. There is a sore lack of reliable information about plywood prices in actual transactions and thus information on prices is prone to distortion.

The tropical plywood trade therefore stands to benefit from measures that would allow for more predictable and appropriate responses to changing supply and demand.

ii) Intended output of Study

The following results are expected to be achieved from the study's implementation:

- a) Information, data and experiences of producer and consumer countries as regards the volatility of international tropical plywood trade
- b) Information on the movement of prices and trends of tropical plywood hardwood trade over a period of time e.g. 5 to 10 years
- c) Recommendations of measures to bring increased transparency to international hardwood plywood trade with inputs from producer and consumer countries and manage risks associated with market fluctuations.

iii) Target Beneficiaries

- a) Consumer and producer countries involved in the tropical plywood hardwood trade will benefit from more transparent and reliable information on the movement and causes of (and response to) market fluctuations
- b) The development of these measures would allow for more predictable and appropriate responses to market fluctuations and price movements to assist consumer and producer countries for the mutual benefit of both exporters and importers
- c) Assist ITTO and other international organisations such as UNCTAD to respond actively to the effects of any economic crisis on the tropical plywood hardwood trade through the provision of reliable information on prices

F. Implementation of the Study

It is proposed that the study be undertaken by two consultants appointed by ITTO, within 6 months of duration.

The proposed Terms of Reference for the Study would comprise the following:

1. To assess the size, volume and value of the global panel products markets, in particular the tropical hardwood plywood trade and the future outlook for the market
2. To analyse, assess and discuss the underlying causes of market fluctuations and price instability in the tropical hardwood plywood trade
3. To assess and analyse the present situation of the tropical hardwood plywood trade in relation to market transparency and market risk associated with changes in supply and demand and price volatility
4. To investigate, explore and recommend a course of action to assist in enhancing market transparency and managing risks associated with fluctuations in the market
5. Prepare and present for the consideration of the Committee a preliminary report at its Thirtieth Session and a final report at the Thirty-third Session of the Council

Proposed Budget

Item	Quantity	Unit Cost US\$	Amount US\$	Total US\$
<i>Consultant</i>	2 persons	12,000	24,000	24,000
Travel				
Initial briefing	2 persons	5,000	10,000	10,000
Visit to selected countries	2 persons	8,000	16,000	16,000
Report coordination	2 persons	2,000	4,000	4,000
				30,000
Per Diem				
Initial briefing	2 x 3 days	300	1,800	1,800
Consumer countries	2 x 40 days	200	16,000	16,000
Council	2 x 5 days	300	3,000	3,000
				20,800
Communications		Fax/Telephone/Internet		5,000
Translation		French/Spanish/English		5,000
Contingencies				5,000
Sub-total				89,800
ITTO Programme Support Cost (11%)				9,878
TOTAL				99,678

APPENDIX C

DRAFT ITTO 2002 WORK PROGRAMME FOR
ECONOMIC INFORMATION AND MARKET INTELLIGENCE

ALL THREE TECHNICAL COMMITTEES

PROJECT ACTIVITIES

Activity	Implementation Approach and Cost Implications
(vii) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise relevant committee project and pre-project proposals submitted by Member countries [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(viii) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the relevant Committees [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(ix) Review the results of project work in the relevant committees and make recommendations to Council on ITTO's Work Programme for the Year 2003 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(x) Select projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII).	Routine. Regular Sessions' work.
(xi) Consider project ideas and provide guidance to Member countries for the formulation of relevant committee project proposals which meet the priorities set in the Libreville Action Plan [CEM: Action Plan, section 3.1, goal 1 action 6, goal 2, action 8, and goal 3, action 4; CRF: Action Plan, section 3.2, goal 1, action 7, goal 2, action 5 and goal 3, action 6; CFI: Action Plan, Section 3.3 goal 1, action 6, goal 2, action 3, and goal 3, action 5].	Routine. Regular Sessions' work.
(xii) Consider and, if appropriate, take action to disseminate information on projects findings and results [ITTA, 1994, Article 27(4), Libreville Action Plan, section 2].	Routine. Regular Sessions' work.

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(ii) Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's Work Programme for the Year 2003 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(v) 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]	Regular Sessions' work.
(vi) Continue to examine the role of Life Cycle Analysis as a potential tool for assessing the competitiveness of tropical timber in the market place. [ITTO Action Plan, Section, 3.1, Goal 3]	Regular Session's work.
(vii) In cooperation with industry and trade associations, organise and hold the ITTO 2002 Annual Market Discussion on the World Tropical Timber Trade – during the Thirty-second Session of the ITTC, Bali, Indonesia, 13-18 May 2001. [ITTO Action Plan, Section 3.1, Goal 2]	Regular Sessions' work. The theme for the Market Discussion will be finalised during the Twenty-ninth Session of the Committee (29 October-3 November 2001).

APPENDIX D

STATEMENT OF THE TRADE ADVISORY GROUP
Before the Thirty-first Session of the International Tropical Timber Council
By Barney Chan, T-A-G Coordinator

Madam Chairperson
Ladies and Gentlemen

I speak on behalf of the Trade Advisory Group (TAG).

Firstly, as members of an international trade, TAG would like to convey our sincere condolences to the families of those who died in the September 11th attacks in the United States. We know these families are from many nations and we know at least one family is from the Malaysian timber trade.

The attacks were on US soil but the aftershocks are being felt all over the world. Like other sectors of the economy, we also felt the impacts of the attacks on our trade. The tropical timber trade was already in the doldrums before the attacks; prices had been low and trading volumes small. The attacks made all these worse.

It is unfortunate that the TAG has to report today that the mood in the trade and industry is grim, with both consumers and producers suffering from the economic slowdown. However, the TAG recognizes the recent initiatives to curb illegal logging and illegal trade in timber will help to stabilize the market for legitimate timber. We are pleased to note that elements of this are reflected in the ITTO document "Achieving sustainable forest management in Indonesia".

The current low level of trade and even lower prices are putting the producers in a very precarious position with companies failing and jobs being lost. Some authorities in the producing countries are now worried that the lower level of timber trade will lead to a general decline in the revenue collection from the forestry sector. Lower revenues will, of course, in turn put pressure on the governments' operations.

We know that there is a global slowdown and many sectors of our economy are suffering. But the global timber trade is watching the 31st session of ITTC with more than the usual interest; the global trade is hopeful that you will be able to show leadership and guide our sector forward in these difficult times. Let us all be united too, in ITTO to strengthen the tropical timber trade and industry.

Here I like to remind everyone of what the Executive Director said in his opening address, he said: "I believe it is essential for the organization to embark on a continuous programme of market access studies in major importing countries, both in the consumer and producer groups". The trade urgently needs constructive and sustained support such as this.

TAG would like to see more actions and activities come out of project work and studies related to the trade and industry. Recently the studies on Competitiveness and Outlook were decided, commissioned, completed and reported. As a follow up, TAG would like to see ongoing work to ensure that recommendations were indeed acted upon.

TAG is very disappointed that two projects introduced by the trade cannot yet attract funding though they were approved in the last Session of ITTC. In light of the recent interventions on the need to broaden our line of donors, Council may like to re-look at PPD 26/01 (M) "Assessing the Feasibility of and Support for a Tropical Timber Promotion Campaign".

PPD 26/01 (M) was proposed by the TAG as we requested about US\$ 48,000 to work on a project proposal for a presentation to the Common Fund for Commodities. In an earlier discussion with the CFC, we were heartened that they, potentially, may finance our proposed tropical timber promotion campaign to the tune of around US\$ 2.0 million. Please help us to help the Organisation seek fundings beyond our usual generous donors.

TAG would like to urge the Committees and the Council to be more sensitive to project proposals involving the trade, such as this PPD 26/01 (M). Also, we ask for your considerations in all projects which are related to the trade. In this Session, we are hopeful that a project proposal, on a price discovery mechanism for the tropical hardwood plywood trade, will attract support. This mechanism will make tropical plywood prices more transparent in the international market.

Ladies and Gentlemen, the TAG has been active since its formation. Though our numbers are small here today, we have a very good communication system in place. In April, an electronic mailing list was started to circulate information and matters of interest to the trade of ITTO member countries. Currently, there are 420 people from the trade and industry on this e-list and we exchange information regularly. Council members may like to take this back to the trade in your own country, to encourage them to subscribe to the e-list. The trade can do so by sending an e-mail to TAGITTO@sta.org.my.

One of the functions of the TAG is to organize the Market Discussions for the May ITTC Sessions. Members of the TAG have agreed that next year, the Market Discussions will be in two parts, with these themes: "Tropical Timber Trade: Review and Prospects" and "Creating Opportunities for the Trade from ITTO's Work".

As we have stated many times before, members of the TAG feel it is important to involve more trade representatives from member countries in ITTC sessions. We need more participation of the trade in country delegations in order to reflect the geographical spread of the international trade. Next year, we will be asking the trade from member countries to participate actively in the Market Discussions as well as Council Session.

TAG feels that the lack of trade participation in some delegations has impacted badly on the trade in general. We cannot help but feel that other issues like environmental concerns are attracting attention than trade issues.

The small participation of the trade is an interesting statement to us all. The ITTA is a trade agreement, and the ITTO is here for the trade. But if the trade is not here, how can it be served? If the trade is not here, how can it learn the benefits of working with ITTO?

On the other hand, what if the trade is not here because it cannot see any benefits from such ITTC sessions? If this is the case, then we all need to look objectively at the workings of ITTO in order to enhance the relevancy to the trade.

Finally, Ladies and Gentlemen, we in the TAG pledge our support to the Council and we stand ready should you need consultation or clarification on any aspects of the tropical timber trade and industry.

Thank you for your attention.

* * *

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 41/99 Rev.4 (M)	a, h, l, n	a-c, f	b, g	261,081	24	Philippines	1
PD 56/00 Rev.3 (M)	c, d, h, k, l, m, n	a-c, f	b, g	261,608	18	Gabon	1
PD 124/01 Rev.1 (M)	a, b, c, d, e, f, g, h	a-c, f	b, g	5,666,472	72	ITTO	2a
PPD 32/01 Rev.1 (M)	a, h, l, n	a-c, f	b, g	29,786	6 weeks	Honduras	1
PPD 34/01 (M)	a, h, n	a-c, f	b, g	99,678	6 months	ITTO	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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29 October – 3 November 2001
Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM
THE TWENTY-NINTH SESSION OF THE COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
29 October – 3 November 2001**

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Report

Appendix I Technical Assessment of Project Proposals

**Appendix II Comments of the Gabonese Delegation on the
Ex-Post Evaluation Reports of
Projects PD 37/92 Rev. 1 (F) and PD 8/95 Rev. 1 (F)**

REPORT

Item 1 - Opening of the Session

The Twenty-ninth Session of the Committee was opened, on 29 October 2001, by the Chairperson of the Committee on Reforestation and Forest Management, Mr. Chen Xuhe (The People's Republic of China). The list of participants is reproduced in document ITTC(XXXI)/Info.2 Rev.1.

Item 2 - Adoption of Agenda and Organization of Work

At its first meeting in a joint session on 29 October 2001, the Committee formally adopted the Agenda of its Twenty-ninth Session as contained in document CRF(XXIX)/1.

Item 3 - Admission of Observers

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

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

Dr. Abdul Rahman Bin Abdul Rahim (Malaysia), Chairman of the Expert Panel, presented its report as contained in document CEM, CRF, CFI(XXIX)/1. Highlights of the general points of the report as presented included the following:

- (x) Member Countries should maintain the Organization's spirit of co-operation and submit high quality proposals to the ITTO Committees.
- (xi) Member Countries should formulate proposals according to the agreed standard format when seeking project assistance from ITTO.
- (xii) The Manual for Project Formulation needs to be revised, especially as regards budgetary information.
- (xiii) Project Proposals should be endorsed by the National Focal Point before submission to the ITTO Secretariat.
- (xiv) Project Proposals should be tailored to the national priorities of the Project Formulator.
- (xv) General areas of weakness in proposals submitted:
 - Logical Frameworks were poorly conceptualized and constructed.
 - The Development Objective was often confusing and difficult to understand.
 - Activities were not sufficiently detailed to explicitly indicate what would be done.
 - Assumptions were not linked to risk.
 - Unit cost information was often inadequate and local cost contributions were not clearly addressed.
 - No indication of project sustainability after completion.
- (xvi) When phased proposals are submitted, the evaluation of one phase must be completed and the results fed into the documentation of the subsequent phase.
- (xvii) Guidance should be provided to the Panel on the arrangements for financing projects involving other international organizations.
- (xviii) Some of the categories of Decision required modification.

Item 5 - Report on Completed Projects and Pre-Projects

5.1 Completed Projects

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

Group (A) listed the projects where the field activities had been completed, and the Final Report and other technical documentation had been submitted to the Secretariat as well as the Final Financial Audit Report of the project's accounts.

Group (B) listed the projects where the field activities had been completed, and the Final Report and other technical documentation had been submitted to the Secretariat but where the Final Financial Audit 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 14/92 Rev.2 (F) A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China - Phase I, II and III (China)**

The Committee noted that the Completion Report, the Final Financial Audit Report and the Final Technical Report had been submitted to ITTO. Copies of the reports are available upon request from the Secretariat. The Japanese delegation suggested that the project area should be maintained as a demonstration area. Project experiences would be extended to other tropical areas of China. The Committee decided that the project could be considered as completed upon submission of the Technical Publications published in English to the Secretariat.

- 2) **PD 27/96 Rev.1 (F) Forestry and Genetic Improvement of the Okoume (*Aucoumea Klaineana Pierre*) - Phase II (Gabon)**

The Committee took note that the Final Report, as well as a series of publications and technical reports describing in detail the results of the project had been submitted by the Executing Agency. Furthermore, the Final Financial Audit Report had been received by the Secretariat. The Gabonese Delegation stated the importance of continued research on genetic improvement of *Okoume* species and seeks further support for this initiative. The Committee decided to consider the project as completed.

- 3) **PD 45/97 Rev.1 (F) On-site Training for Tropical Foresters and Forestry Trainers (Brazil)**

The Committee took note that the Final Report, the Final Financial Audit Report, as well as a publication and a series of technical reports describing in detail the results of the activities of this project, had been submitted to the Secretariat. The Executing Agency provided a formal presentation of the project's accomplishments at this Session. The Final Report and the publication are available from the Secretariat upon request. The Committee decided to consider the project as completed.

- 4) **PD 57/97 Rev.1 (F) Establishment of Satellite Remote Sensing Monitoring and Geographic Information System for Tropical Natural Forests in Hainan Province (China)**

The Committee took note that the Final Report, as well as a series of publications and technical reports describing in detail the results of the project had been submitted by the Executing Agency. Furthermore, the Final Financial Audit Report had been received by the Secretariat. The Chinese Delegation informed the Committee that the Hainan Provincial Government has benefited from the project results. The Committee decided to consider the project as completed.

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

The Committee took note that the Final Report, as well as a series of publications and technical reports describing in detail the results of the project 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 52/89 Rev.4 (F) Forestry Treatment by Thinning-out in the Context of a Pilot Forest Development Scheme in the Reserve Forest of Sud-Bakundo (Cameroon)**

The Committee was informed by the Cameroonian Delegation that the Final Financial Audit Report and the Technical Reports would be submitted shortly to ITTO. The Committee will consider the project as completed upon receipt of these documents by the Secretariat.

- 2) ***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 Committee also took note of the information provided by the Brazilian Delegation concerning the organizational restructuring of the Executing Agency IBAMA and the backlog of internal audits this event had created. Moreover, the Brazilian Delegation mentioned this process is now almost completed and that it expected IBAMA would submit the project's Final Financial Audit Report to the Secretariat before the next Council Session. The Committee took note of the information.

- 3) ***PD 131/91 Rev.2 (F) Pilot Project for the Sustained Management of the So'olala Forest (Cameroon)**

The Committee took note that the Final Financial Audit Report has been submitted to the Secretariat. The Committee was also informed that the Secretariat recently received the final accounts for the contingency payment of US\$ 20,000 made by ITTO in March 1999 from the Executing Agency. The Committee decided that the project would be considered as completed, once the submitted accounts had been reviewed and found satisfactory by the Secretariat.

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

The Committee took note that the project was reported as completed in CRF(XXVI)/3, however the Final Financial Audit Report had not yet been submitted to the Secretariat. The PNG Delegation explained that the outstanding matter was being settled and verification was in progress, which might take another three months to be finalized. The Committee took note of the information.

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

The Committee took note that the project was reported as completed in CRF(XXVIII)/3, however the Final Financial Audit Report had not yet been submitted to the Secretariat. The Delegation from Côte d'Ivoire informed the Committee on technical difficulties to comply with the ITTO standard format for audit reports and requested consultation on this matter with the Secretariat. The Committee urged the Executing Agency to submit the Final Financial Audit Report without further delay.

- 6) ***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)**

This project was reported as completed during the Twenty-eighth Session as documented under CRF(XXVIII)/8. The Indonesian Delegation stated that the Government considered the National Guidelines, which resulted from the project as a main reference for further actions in forest fire management. The Committee took note of this information.

- 7) ***PD 22/93 Rev.4 (F) Forest Management, Community Participation and Sustainable Utilization in Si-Kop Forest Area, Coastal Province, Cameroon (Cameroon)**

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

8) *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)

The Committee noted that this project was reported as completed at the previous Session, pending the Final Financial Audit Report. The Committee further noted that the Executing Agency had subsequently submitted this Report. The Secretariat, however, informed the Committee that an amount of US\$ 12,000 was unaccounted for owing to a loss incurred by the closure of the Project's bank account at the Banco Republica due to the latter's liquidation. Moreover, the Committee recalled that the Peruvian Delegation informed it of this mishap at its XXIV Session in Chiang Mai, Thailand. The Peruvian Delegation further informed that to date it had partially recovered some funds but at the same time had exhausted all avenues available to recover the remaining US\$ 12,000 without any success and requested this amount be written off. In this light, the Committee decided to write-off the shortfall and considered this project as completed.

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

The Committee noted that this project was reported as completed at its XXVII Session, pending the Final Financial Audit Report. The Committee further noted that the Executing Agency had subsequently submitted the Report. The Secretariat, however, informed the Committee that the audit had flagged an amount of approximately US\$ 95,000 in unsubstantiated expenses and had further 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 Peruvian delegation informed the Committee that the Peruvian Government had already taken up the matter through INRENA and had given the Executing Agency "Bosques y Desarrollo" 30 days to substantiate the expenses with the auditors or face legal action. Moreover, the Peruvian Delegation assured the Secretariat that the Peruvian Government would inform it of the outcome in due course. The Committee took note of this information.

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

The Committee took note that the Final Report, as well as a series of publications and technical reports describing in detail the results of the project 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.

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

The Committee took note that the Final Report, as well as a series of publications and technical reports describing in detail the results of the project had been submitted by the Executing Agency. It further noted that the Final Financial Audit Report had not yet been received by the Secretariat. The Committee decided to consider the project as completed as soon as the Secretariat received and accepted the Final Financial Audit Report of the project.

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

The Committee took note that the project was reported as completed in CRF(XXVIII)/3, however the Executing Agency had not submitted the final account related to printing costs of the publication. The Committee urged the Executing Agency to settle the outstanding matter as soon as possible.

13) PD 41/95 Rev.1 (F) Piloting Collaborative Forest Management Systems for Off-Reserve Areas in Southern Ghana (Ghana)

The Committee took note that the Final Report, as well as a series of technical reports describing in detail the results of the activities of this project, had been submitted by the Executing Agency. The Final Report and the publications are available from the Secretariat upon request. Furthermore, the Final Financial Audit Report had been received by the Secretariat. The Committee decided to consider the project as completed.

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

The Committee took note that the Final Report, as well as a series of publications and technical reports describing in detail the results of the project had been submitted by the Executing Agency. It further noted that the Final Financial Audit Report had not yet been received by the Secretariat. The Committee decided to consider the project as completed as soon as the Secretariat received and accepted the Audited Financial Report of the project.

15) 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 Final Report, as well as the conference proceedings had been submitted by the Executing Agency. The final report and conference proceedings are available from the Secretariat upon request. It further noted that the Final Financial Audit Report had not yet been submitted to the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat received and accepted the Final Financial Audit Report of the project.

16) *PD 21/99 Rev.1 (F) International Conference on Timber Plantation Development (Philippines)

The Committee took note that the Final Report and the Proceeding of the Conference 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.

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

The Committee also took note of the request by the Secretariat that the Executing Agencies should submit Final Financial Audit Reports in a timely manner to facilitate the Secretariat's work.

5.2 Completed Pre-Projects

None

Item 6 - Ex-post Evaluation

(A) Ex-post Evaluation

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

- PD 37/92 Rev.1 (F) Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest (Gabon)
- PD 8/95 Rev.1 (F) Multiple Resource Stratification, Mapping and Inventory for the Management of the First Forest Zone in Gabon - Phase I (Gabon)

The consultant assigned to conduct the ex-post evaluation presented the report contained in CRF(XXIX)/7 to the Committee. The Gabonese Delegation provided the Committee with further explanations regarding the outcome of the ex-post evaluation, which are presented in Appendix II of this report. The Committee took note of document CRF(XXIX)/7 and the additional information. Furthermore, the Committee supported the recommendation of the Consultant for a second phase of PD 37/92 Rev.1 (F), in order to provide the necessary follow-up proposed in the report.

The Secretariat further informed the Committee that the selection of consultants was underway for the ex-post evaluations of the following groups of completed projects selected by the Committee at its Twenty-eighth Session. It was expected that the results of the ex-post evaluation would be presented to the Committee during its Thirtieth Session.

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 (Completed), Phase II (Completed) (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.

(B) Selection of Projects for Ex-post Evaluation

The Committee took note of the need to select completed projects for ex-post evaluation in accordance with Decision 4(XXV), Annex A, Section VII "Evaluation", point 2.

However, the Committee decided that in view of the large number of ex-post evaluations still being implemented, it would refrain from selecting further projects for ex-post evaluation during the current Session. The Committee further 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 and send it to Committee members in advance as document CRF(XXX)/5.

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

7.1 Project Work in Progress

The Committee took note of a status report [document CRF(XXIX)/4] by the Secretariat on the 94 projects, in the field of Reforestation and Forest Management, that had been approved by the Council, and which were either: A) in the process of implementation (71), B) awaiting the signing of an Agreement (11), C) pending finance (7), or D) falling under the sunset provision since the last Session (5).

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 were:

- 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.

However, time should also be allocated, where possible, to brief presentations on important project results and lessons learned.

Considering the large number of projects for which the Implementing Agencies had requested for extension in time in order to complete the project activities and reporting, the Committee urged the Implementing Agencies to implement the projects smoothly in accordance with the approved work plan and budget. Should extension in time be required, such request must be properly justified and supported by an updated work plan and budget for the extension in cooperation with the Secretariat for final approval by the Committee.

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

(A) Projects under implementation

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

The Brazilian Delegation assured the Committee that IBAMA would present the modified workplan and budget for the remaining project timeframe and further clarify any issues as regards the outstanding audits of the early years of the project at its upcoming Steering Committee meeting, to be held in early 2002. The Committee took note of the information.

- 2) **PD 185/91 Rev.2 (F) Sustainable Forest Management and Development in Peninsular Malaysia, Phase I (Completed), Phase II (Operational) (Malaysia)**

In response to a question raised by the Japanese Delegation, the Secretariat informed the Committee on the latest work in progress under the project, which included the recruitment of a consultant and initiation of nursery maintenance in Johor Bahru, Peninsular Malaysia. The Committee took note of this information.

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

The Delegation of Cameroon informed the Committee that the Completion Report and the Final Financial Audit Report would be finalized within a month. The Committee urged the Executing Agency to submit these reports to ITTO without further delay.

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

The Malaysian Delegation requested an extension of project duration to allow further analysis of data gathered on growth and yield and to conduct an international workshop on the subject. In response to a question by the Swiss Delegation, the Delegation further explained the progress made in data analysis, which involved two sponsored post-graduate students and informed the Committee that the international workshop had now been scheduled for April 2002. The Committee took note of the information and agreed to grant the project an extension until June 2002 without additional funds.

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

The Ghanaian Delegation assured the Committee that the Executing Agency would submit the Project's Completion Report and the Final Financial Audit Report before the end of the year. The Committee took note of the information.

6) PD 3/95 Rev.2 (F) Conservation and Provenance Plantings and Integrated Pest Management to Sustain Iroko Production in West Africa (Ghana, Côte d'Ivoire, Cameroon)

The Delegations from Ghana, Cameroon and Cote d'Ivoire assured the Committee that the Executing Agency jointly with the Collaborating Agencies would submit the Project's Consolidated Completion Report and the Consolidated Final Financial Audit Report as soon as possible. The Committee took note of the information.

7) PD 44/95 Rev.3 (F) Management and Conservation of Mangroves in the Gulf of Fonseca, Honduras Phase I (Operational), Phase II (Pending Agreement) (Honduras)

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 and the entailing budget modifications until the end of December 2001, without additional funds. However, the Committee also took note that the Year 1999 and the Year 2000 audits of the project's finances submitted to the Secretariat had flagged a total amount of approximately US\$ 62,500 in unsubstantiated expenses and requested the Executing Agency to provide a clarification in this respect. The Honduran Delegation mentioned that the Executing Agency had already taken up the matter and had prepared an internal report substantiating these expenses, and that these new figures would be further corroborated by the independent auditors in due course. The Committee recommended that the Executing Agency should submit the independent auditors corroboration report to the Secretariat as soon as possible.

8) 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 would be carried out during the first semester of next year.

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

The Delegation of Congo requested a three-month extension of the project in order to finalize the Technical Report and to carry out the Final Financial Audit. The Committee agreed to grant the project the requested extension until January 2002 and urged the Executing Agency to submit the outstanding reports to ITTO without further delay.

10) PD 30/96 Rev.3 (F) Project for a 2,500 ha Timber Production Plantation in the Reserved Forest of Haho-Baloe (Plateaux Region - Togo)

In response to a question by the Japanese Delegation, the Togolese Delegation explained the targets achieved in plantation establishment and regeneration, as well as the proposal for Phase II which resulted from the workshop organized by the Project. Furthermore, the Delegation requested an extension of project to finalize the remaining activities. The Committee took note of the information and agreed to grant the project an extension until June 2002 without additional funds.

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

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

12) PD 14/97 Rev.1 (F) Global Mangrove Database and Information System (GLOMIS) – Phase I & Addendum/Phase II (Global)

The Committee took note of the recently published CD-ROM "Introduction to Global Mangrove Database and Information System (GLOMIS)", which is available upon request from the Secretariat.

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

The Secretariat informed the Committee on the latest monitoring visit to the project. The Delegation from the Philippines explained the outputs achieved and the remaining work to be finalized and reported that an unspent balance of funds amounting to US\$ 50,000 was expected upon completion of the current activities. The Executing Agency had requested a project extension and the authorization of the Committee to use the estimated balance for dissemination of project results (US\$ 20,000) and donation to the Federation of People's Organizations working with the Project for the purpose of strengthening community enterprises and for initial implementation of the Community Forests/Biodiversity Management Plan (US\$ 30,000). The Committee agreed to grant the project an extension until June 2002 and authorized the Executing Agency to use the estimated unspent funds amounting to US\$ 50,000 for the purposes as described above.

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 December 2001, without additional funds, as per the written request and justification, including budgetary modifications, submitted by the Executing Agency.

15) PD 2/98 Rev.2 (F,I) Management and Utilization of Paca (*Guadua Sarcocarpa*) (Peru)

The Peruvian Delegation reiterated that the bamboo shoot canning component of the project was not feasible to implement due to the fact that the species in question was unfit for human consumption and due to the distance from markets. It requested the Committee's approval to substitute this component for one that would study the production of bamboo charcoal and chemical extractives and its use in housing constructions, among other related activities, as per the written request and justification, including budgetary modifications, submitted to the Secretariat. The Committee took note of the Executing Agency's request for the substitution of this project component in order to successfully achieve the project's objectives and further approved the aforementioned component substitution, including the entailing budget modifications, as per the document submitted to the Secretariat.

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

The Delegation from Côte d'Ivoire explained the work in progress under the project and requested a one-year extension in order to ensure maintenance of 300 ha of teak plantations and finalize the relevant publication. The Committee agreed to grant the project an extension until December 2002 without additional funds.

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

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 2001, without additional funds, subject to the submission of the Yearly Plan of Operations for the year 2002 including budget modifications if necessary to the Secretariat.

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

The Committee urged the Implementing Agency to submit project progress reports and Annual Financial Audit Reports to the Secretariat as per the required formats and in a timely fashion. The Ghanaian Delegation assured the Committee that the Executing Agency would submit the pending Project's Progress Report as soon as possible.

- 19) 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 urged the Implementing Agency to adhere to its commitment of placing counterpart staff to the project in order not to hamper its probabilities of achieving its objectives. The Panamanian Delegation assured the Committee that most counterpart staff were already in place and were currently receiving the required training.

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

The PNG Delegation requested an extension of six months in order to finalize the pending work. The Committee agreed to grant the project an extension until June 2002 without additional funds.

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

The Committee urged the Implementing Agency to accelerate the required inception activities of the project in order not to delay the project start-up any further.

- 22) PD 60/99 Rev.1 (F) **Optimum Utilization of RADARSAT SAR Data in Conjunction with Enhanced FCD Model to Monitor Change in the Status of Forest Resources (Regional Asia)**

The Committee was informed that the Executing Agency requested additional funds for the project amounting to US\$ 20,945.00, as documented in CRF(XXIX)/8. The Committee approved the request for additional funding made by the Executing Agency and recommended to the Council to allocate US\$ 20,945.00 of additional funds for this project.

- 23) PD 3/00 Rev.2 (F) **Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Peruvian Component)**

The Committee noted that the agreement had been finalized on 15 December 2000 and urged the Implementing Agency to accelerate the required inception activities of the project in order not to delay the project start-up any further.

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

The Committee was informed that the first Project Steering Committee meeting had been scheduled to take place on 15-17 January 2002. The Swiss Delegation requested information on the integration of the project area in the newly established joint forest management zone between Congo, Cameroon and the Central African Republic. The Congo Delegation informed the Committee that negotiations regarding the implementation of this tri-national agreement were still at an early stage and no decisions had yet been taken in this respect. The Committee took note of this information.

(B) Projects awaiting implementation agreement

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

The Committee noted that the agreement had been finalized in March 2001 and urged the Executing Agency to accelerate the required inception activities of the project.

- 2) PD 49/99 Rev.2 (F) Pilot Plan for the Sustainable Management of 10,000 Hectares of Secondary Forest in San Lorenzo, Esmeraldas (Ecuador)

The Committee noted that the agreement had been finalized on 19 October 2001.

- 3) PD 2/00 Rev.2 (F) Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Ecuadorean Component)

The Committee noted that the agreement had been finalized on 23 August 2001 and urged the Executing Agency to accelerate the required inception activities of the project.

- 4) PD 15/00 Rev.2 (F) Management of the Phatam Protected Forests Complex to Promote Cooperation for Trans-Boundary Biodiversity Conservation Between Thailand, Cambodia and Laos (Phase I) (Thailand)

The Committee noted that the agreement had been finalized in 13 September 2001 and requested the Executing Agency to accelerate the required inception activities of the project.

- 5) PD 44/00 Rev.3 (F) The Implementation of a Community-based Transboundary Management Plan for the Betung Kerihun National Park, West Kalimantan, Indonesia, Phase II (Indonesia)

The Committee noted that the agreement had been finalized in 21 September 2001 and requested the Executing Agency to accelerate the required inception activities of the project.

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

- 1) PD 52/98 Rev.3 (F) Establishing a Network of Permanent Sampling Plots for Monitoring the Dynamics of Reforestation in Côte d'Ivoire (Côte d'Ivoire)

In accordance with the Decision 2(X) Annex 2 Point 2 "Sunset Provision", the Government of Côte d'Ivoire revised the proposal to include a budget reduction and submitted it to the Committee for consideration. The Committee decided to approve project PD 52/98 Rev.4 (F) and recommended the Council to allocate US\$ 420,066 for its immediate implementation.

- 2) PD 56/98 Rev.2 (F) Criteria and Indicators for the Sustainable Development of Venezuelan Forests (Venezuela)

- 3) PD 42/99 Rev.1 (F) Support for Forestry Research, Monitoring of the Timber Industry and Training of Forest Managers in the Central African Republic (Central African Republic)

- 4) PD 47/99 Rev.2 (F) Restoration of High-Value Timber Supply in the Colombian Pacific Region through Environmentally Sustainable Community Systems in Cabo Corrientes, Choco Bio-Geographical Region, Colombia (Colombia)

- 5) PD 63/99 Rev.2 (F) Integrated and Participatory Management of Ottotomo Forest Reserve (Cameroon)

7.2 Pre-Project Work in Progress

Twenty pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XXIX)/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 Rev. 1 (F) Demonstration Areas for Sustainable Management of production Forests (Global)**

The Consultant's report and the revised project proposal [PD 88/01 Rev.2 (F)] have been presented to the Committee. Further information is provided in the section on Policy Work (Item 9, point 2).

- 2) **PPD 4/96 Rev.1 (F) Development of a Master Plan for Forest Management in Congo (Congo)**

The Congolese Delegation informed the Committee that, due to difficulties related to the availability of the consultant, the final workshop had not yet been conducted and the Master Plan had yet to be finalized. It therefore requested a project extension of three months. The Committee approved the project extension of three months until January 2002 as requested.

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

The Committee reiterated that the Executing Agency should present without further delay the pre-project's final report, the Final Financial Audit Report and the project proposal to the Secretariat. The Brazilian delegation mentioned it would immediately take up the matter and would inform the Secretariat of the outcome in due course.

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

The Committee reiterated that the Executing Agency should present without further delay the pre-project's final report and the Final Financial Audit Report to the Secretariat. The Brazilian delegation assured the Committee that the Executing Agency would submit the outstanding documents to the Secretariat in time to consider this pre-project as completed at the Committee's next session.

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

Pursuant to a request by the Committee during its Twenty-eighth Session, the Secretariat informed the Committee about the status of this pre-project. With the approval of the Secretariat, the Executing Agency selected a consulting firm to carry out an assessment of the forestry sector in Liberia and develop a full project proposal. However, the consulting firm subsequently withdrew from the assignment and negotiations were currently underway with independent consultants. The Committee took note of this information.

- 6) **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 was informed that all pre-project activities had been completed, however, the Final Financial Audit Report had not yet been received by the Secretariat. The Committee requested the Executing Agency to submit the Final Financial Audit Report to ITTO without further delay.

- 7) **PPD 19/99 Rev.1 (F) Strengthening Sustainable Management of Natural Forests I Asia-pacific (Indonesia and Australia)**

The Secretariat informed the Committee that it had not received any information about the pre-project for this Session. The Indonesian Delegation expressed regret for the outstanding report and briefed the Committee on the achieved outputs and the remaining work, which would be completed by February 2002. The Committee took note of the information.

(B) Pre-Projects awaiting implementation agreement

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

The Committee noted that the agreement had been finalized in March 2001 and urged the Executing Agency to accelerate the required inception activities of the project.

- 2) PPD 24/01 (F) Development of National Criteria and Indicators for Sustainable Forest Management in the Congo Based on the ITTO Criteria and Indicators (Congo)

The Committee noted that the agreement had been finalized on 9 October 2001.

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

None

7.3 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 12/99 Rev.4 (F) Model Forest Management Area (MFMA) – Phase III (Pending Finance) (Malaysia)
- 2) PD 17/99 Rev.3 (F) National Forest Inventory and Forest Resources Monitoring Program in Bolivia (INFOBOL-2001) (Pending Finance) (Bolivia)
- 3) PD 41/00 Rev.3 (F,M) Model Development to Establish Commercial Plantation of Dipterocarps (Pending Finance) (Indonesia)
- 4) 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)
- 5) PD 66/01 Rev.1 (F) Establishment of the Mengamé-Minkébé Transboundary Gorilla Sanctuary (MMGS) at the Cameroon-Gabon Border (Pending Finance) (Cameroon)
- 6) 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 (Pending Finance) (Panama)
- 7) PD 86/01 Rev.1 (F) SAR Systems for Operational Forest Monitoring in Indonesia (Pending Finance) (Indonesia)

(B) Pre-Projects Pending Finance

- 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)
- 3) 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)

- 4) PPD 22/01 (F) Tropical Forest Fire Monitoring and Management System based on Satellite Remote Sensing Data in China (Pending Finance) (China)

* To be sunset before the Thirty-second Session of the Council if full financing was not secured before January 2002.

Item 8 - Consideration of Project and Pre-Project Proposals

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

The Secretariat clarified that these categories were 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, six project proposals were considered by the Committee; similarly five pre-project proposals were considered.

• PROJECTS ASSESSED BY THE COMMITTEE

Project No.	Title
PD 52/98 Rev.4 (F)	Establishing a Network of Permanent Sampling Plots for Monitoring the Dynamics of Reforestation in Côte d'Ivoire (Côte d'Ivoire)
PD 14/00 Rev.5 (F)	Integrated Plan for the Consolidation of the Bagre Highlands Biological Corridor, Province of Darien (Panama)
PD 30/00 Rev.2 (F)	Fire, Logging and Site Interactions in the Management of Lowland Tropical Forests (PNG)
PD 88/01 Rev.2 (F)	ITTO's Networking on Demonstration Area for Sustainable Management of Tropical Production Forests, Phase I (Global)
PD 106/01 Rev.1 (F)	Increasing Genetic Diversity of <i>Shorea leprosula</i> and <i>Lophopetalum multinervium</i> for Breeding and Genetic Improvement (Indonesia)
PD 122/01 Rev.1 (F)	Support for the Establishment of a Cuttings Propagation Unit for the Production of Samba and other Local Species (Togo)

Details of the technical evaluation of these proposals are presented in Appendix 1 of this report. The Committee's recommendations regarding approval of these proposals are presented in Item 13 (A) below.

• PRE-PROJECTS ASSESSED BY THE COMMITTEE

Pre-Project No.	Title
PPD 18/01 Rev.1 (F)	Development of an Appropriate Substrate based on Local Material in the Semi-Industrial Nursery Site of Ngondji (Congo)
PPD 20/01 Rev.2 (F)	Participatory Rural Appraisal in the Planning and Establishment of Sustainable Community based Forest Management Model (Indonesia)
PPD 29/01 Rev.1 (F)	Development of Criteria and Indicators for Sustainable Forest Management in the Philippines (Philippines)
PPD 30/01 Rev.1 (F)	The Study and Demonstration of the Management of Secondary Forests in Tropical Regions for the Purpose of Enhancing Economic and Ecological Benefits (China)
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)

Details of the technical evaluation of the proposal are presented in Appendix 1 of this report. The Committee's recommendations regarding approval of the proposal are presented in Item 13 (B) below.

Item 9 - Policy Work

ITTC policy work instructions to Committees, according 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 2001, the Committee considered the two items on the agenda.

1. In continuation of the work 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], the Committee considered the following specific issues:
 - 1.1 Guidelines for establishing auditing systems for ITTO's Criteria and Indicators
 - 1.2 Guidelines for management of secondary forests and restoration of degraded forests and forest lands
 - 1.3 Guidelines, criteria and indicators for sustainable utilization of mangrove forests.

Under Item 1.1, the Committee commented on the draft decision considered at the Thirtieth Council Session on "Guidelines for establishing auditing systems for ITTO's Criteria and Indicators for sustainable forest management". Committee members from Japan and Switzerland suggested that training workshops on the application of auditing systems should be conducted at the regional level. Participants should be selected according to their previous experience in the application of Criteria and Indicators, preferably from countries, which were applying ITTO Criteria and Indicators for the assessment of the status of SFM, thus responding to the specific needs of these countries. The Committee supported the suggestion made by the Delegates of Japan and Switzerland.

Under Item 1.2, the Committee recalled Decision 6(XXX) on the development of guidelines for the management of secondary tropical forests, restoration of degraded tropical forests and restoration of degraded forest lands. The Committee was informed that the Executive Director had engaged two consultants, one from a consumer country and one from a producer country, to develop draft guidelines. One of the Consultants, Dr. Jürgen Blaser was attending this Council Session, and he would greatly appreciate any comments, suggestions or information the delegates of the Committee might have which might help guide his work. The Committee was further informed that the Expert Panel on the guidelines was scheduled to be held from 18 to 22 February 2002 and that member countries from the producer and consumer caucus were called upon to nominate candidates for the Panel during this Council Session. The Committee took note of the information.

Under Item 1.3, the Committee discussed the Mangrove Work Plan [ITTC(XXXI)/6], and in particular one of the proposed activities of this Plan: "Indicators for sustainability", which called for the formulation and testing of guidelines, criteria and indicators for monitoring and assessing the status of mangrove forest conservation and sustainable utilization.

The Committee recognized the need for the establishment of criteria and indicators for monitoring and assessing the status of mangrove forests and of guidelines for their conservation and management. Before proceeding to establish new guidelines, the potential application of the existing ITTO guidelines to mangrove forests should be tested. The Committee decided that this issue should be further discussed at a workshop to be organized in the first half of 2002 as a follow-up to the presentation of the Mangrove Work Plan.

2. The consultant, Dr. Arnold Egli, presented the report on the status of the implementation of pre-project PPD 8/93 (F): "Demonstration Areas for Sustainable Management of Production Forests" [document CRF(XXIX)/6] and the revised project proposal [PD 88/01 (F)], developed under PPD 8/93 (F). After a

lengthy discussion of the report, the Committee agreed that several demonstration areas (DAs) were already being implemented under ITTO projects and the development of new DAs should not be a priority. Instead, networking between the existing DAs should be improved to capitalize on the achievements so far; concepts needed to be clarified and common guidelines should be established for the management of the existing DAs. The Committee decided to establish a small informal working group to explore further actions and ITTO's potential role.

The working group met on 1 November 2001 chaired by the delegation of the Philippines and attended by the delegations from U.S.A., the Netherlands, Japan, Malaysia, the Secretariat and the consultant. The working group discussed different views expressed by the delegations during the Committee Session, and felt that a technical workshop by experts relevant to the issue was necessary in order to advise on future work to be considered by the Committee. The workshop should discuss the following: (a) the conceptual framework of demonstration areas for sustainable forest management and possible networking between 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 would be a set of recommendations for concrete possible actions to be considered by the Committee in its future work. In this respect, the working group also felt that the workshop should be carefully prepared to fully reflect the views of the member countries on this matter.

The Committee agreed to conduct the workshop as recommended by the working group, subject to the terms of reference and other details to be considered by the Committee during its Thirtieth Session. For this purpose, the Committee requested the Secretariat (if necessary, with the assistance from a consultant) to prepare a workshop proposal detailing the terms of reference and including a budget estimate for consideration by the Committee during its next session.

Item 10 - Election of Chairperson and Vice-chairperson for 2002

Dr. Angela Andrade Pérez of Colombia was elected as Chairperson for 2002. Mr. Henri-Félix Maître of France was elected as Vice-Chairperson for 2002.

Item 11 - Dates and Venues of the Thirtieth and Thirty-first Sessions of the Committee

The Committee decided that the dates and venues of its Thirtieth and Thirty-first Sessions of the Committee would be determined in relation to the Council's decision on the dates and venues of its Sessions.

The Thirtieth Session of the Committee would be held in conjunction with the Thirty-second Session of the International Tropical Timber Council in Bali, Indonesia, on 13 - 18 May 2002.

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.

Item 12 - Other Business

(a) Project Ideas

1. "Community-Based Rehabilitation and Restoration of Degraded Mangrove Ecosystems in the Eastern Gulf of Thailand through Participatory Sustainable Economic Utilization, Reforestation, Environment-Friendly Silvo-Fisheries & Aquaculture, and Promotion of Eco-Consciousness", submitted by the Government of Thailand [CRF(XXIX)/5a]
2. "Establishment of multi-site conservation plots for fast growing forest species"
3. "Rehabilitation of the Mayombe forest reforestation area through the establishment of multi-specific plantations of indigenous species for sustainable timber production"
4. "Establishment of community forest plantations in the Bouenza, Pool and Plateaux regions, seriously threatened with savannization"

5. "Establishment of community forest plantations at Ignié and Mabenga to slow down the progression of erosion on forest land in the process of complete degradation".

Project ideas 2-5 were submitted by the Government of the Republic of Congo [CRF(XXIX)/5b]. The Congolese Delegation provided some further clarifications on the project ideas and the Committee took note of both the documents and the information provided.

(b) Presentations of Project and Pre-Project Results

A special presentation was made by the Brazilian Delegation on the achievements of project PD 45/97 Rev.1 (F) during the Committee Session. The results of PPD 8/93 (F) were presented by the consultant (see Item 9).

(c) Mailing of project proposals to member countries

The Delegation of the USA requested that project and pre-project proposals be sent to members in electronic form to facilitate the further distribution of the documents within the member countries. The Committee took note of this request and informed the Delegation that this issue should be further discussed in the CFA.

(d) Discussion of the draft work programme for 2002

The Japanese Delegation proposed the following additions to the draft work programme in Reforestation and Forest Management:

- Training on reduced impact logging
- Mangroves
- Monitoring of progress in the use of auditing of criteria and indicators
- Demonstration areas for sustainable forest management.

The Committee took note of the suggestions and forwarded them to the Chairperson's Bureau.

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 52/98 Rev.4 (F) and allocate US\$ 420,066 for its implementation.
2. The Committee recommended that the Council approve PD 14/00 Rev.5 (F) and allocate US\$ 698,662 for its implementation.
3. The Committee recommended that the Council approve PD 106/01 Rev.1 (F) and allocate US\$ 427,535 for its implementation.
4. The Committee recommended that the Council approve PD 122/01 Rev.1 (F) and allocate US\$ 217,056 for its implementation.

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

1. The Committee recommended that the Council approve PPD 18/01 Rev.1 (F) and allocate US\$ 82,638 for its implementation.
2. The Committee recommended that the Council approve PPD 20/01 Rev.2 (F) and allocate US\$ 51,081 for its implementation.
3. The Committee recommended that the Council approve PPD 29/01 Rev.1 (F) and allocate US\$ 88,646 for its implementation.

4. The Committee recommended that the Council approve PPD 30/01 Rev.1 (F) and allocate US\$ 81,031 for its implementation.
 5. The Committee recommended that the Council approve PPD 33/01 (F) and allocate US\$ 29,998 for its implementation.
- (C) The Committee made the following recommendations regarding Additional Funding:**
1. The Committee recommended that the Council approve the request for additional funding for PD 60/99 Rev.1 (F) and allocate US\$ 20,945 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

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. **PD 52/98 Rev.4 (F)** **Establishing a Network of Permanent Sampling Plots for Monitoring the Dynamics of Reforestation in Côte d'Ivoire** (Côte d'Ivoire)

Conclusion of the Twenty-ninth Committee

In response to a question by the Japanese Delegation, the Delegation from Côte d'Ivoire explained that the number of permanent plots was related to the statistical analysis requirements. Furthermore, the Delegation affirmed that the Government would take over the maintenance and further monitoring of the established permanent plots. The Committee took note of the information and, in accordance with Decision 2(X) Annex 2 Point 2 "Sunset Provision", decided to approve project PD 52/98 Rev.4 (F). The Committee also recommended the Council to allocate US\$ 420,066 for its immediate implementation.

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

Conclusion of the Twenty-ninth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 14/00 Rev.5 (F) and recommended the Council to allocate US\$ 698,662 for its immediate implementation.

3. **PD 30/00 Rev.2 (F)** **Fire, Logging and Site Interactions in the Management of Lowland Tropical Forests** (PNG)

Conclusion of the Twenty-ninth Committee

The Committee noted that the Expert Panel could not commend the proposal for approval. The Japanese delegation suggested that the proposal be revised again taking into consideration the following: a) to elaborate more on the current situation in PNG which includes the capacity in place to carry out the proposed project activities and its potential for sustainability; b) to give more emphasis to the application of the results in forestry practice rather than focusing on a research programme; c) to reconsider and justify the need for inclusion of logging impact monitoring as it may broaden the project's scope. The Committee decided that the proposal should be revised again taking into account the above comments and be submitted directly to the next Committee Session for its consideration.

4. **PD 88/01 Rev.2 (F)** **ITTO's Networking on Demonstration Area for Sustainable Management of Tropical Production Forests, Phase I** (Global)

Conclusion of the Twenty-ninth Committee

The Committee noted that the proposal originated from the pre-project PPD 8/93 Rev.1 (F). The revised proposal was presented to the Committee by the consultant, Dr. Arnold Egli. After a lengthy discussion, the Committee decided not to approve the project proposal (see also Item 9, Point 2). The Committee expressed its appreciation of the work of the consultants and the presentation made by Dr. Arnold Egli.

5. **PD 106/01 Rev.1 (F) Increasing Genetic Diversity of *Shorea leprosula* and *Lophopetalum multinervium* for Breeding and Genetic Improvement (Indonesia)**

Conclusion of the Twenty-ninth 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 106/01 Rev.1 (F) and recommended the Council to allocate US\$ 427,535 for its immediate implementation.

6. **PD 122/01 Rev.1 (F) Support for the Establishment of a Cuttings Propagation Unit for the Production of Samba and Other Local Species (Togo)**

Conclusion of the Twenty-ninth 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 122/01 Rev.1 (F) and recommended the Council to allocate US\$ 217,056 for its immediate implementation.

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS

1. **PPD 18/01 Rev.1 (F) Development of an Appropriate Substrate Based on Local Material in the Semi-Industrial Nursery Site of Ngondji (Congo)**

Conclusion of the Twenty-ninth 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 18/01 Rev.1 (F) and recommended the Council to allocate US\$ 82,638 for its immediate implementation.

2. **PPD 20/01 Rev.2 (F) Participatory Rural Appraisal in the Planning and Establishment of Sustainable Community Based Forest Management Model (Indonesia)**

Conclusion of the Twenty-ninth 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 20/01 Rev.2 (F) and recommended the Council to allocate US\$ 51,081 for its immediate implementation.

3. **PPD 29/01 Rev.1 (F) Development of Criteria and Indicators for Sustainable Forest Management in the Philippines (Philippines)**

Conclusion of the Twenty-ninth 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 29/01 Rev.1 (F) and recommended the Council to allocate US\$ 88,646 for its immediate implementation.

4. **PPD 30/01 Rev.1 (F)** **The Study and Demonstration of the Management of Secondary Forests in Tropical Regions for the Purpose of Enhancing Economic and Ecological Benefits (China)**

Conclusion of the Twenty-ninth 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 30/01 Rev.1 (F) and recommended the Council to allocate US\$ 81,031 for its immediate implementation.

5. **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)**

Conclusion of the Twenty-ninth 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 33/01 (F) and recommended the Council to allocate US\$ 29,998 for its immediate implementation.

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

PROJECT DOCUMENT	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (months)	RECOMMENDATION*	
				22nd EP	29th CRF
PD 52/98 Rev.4 (F)	420,066	Côte d'Ivoire	36	-	1
PD 14/00 Rev.5 (F)	698,662	Panama	36	2a**	1
PD 30/00 Rev.2 (F)	839,415	Papua New Guinea	60	5	2a
PD 88/01 Rev.2 (F)	853,731	ITTO	24	5	5
PD 106/01 Rev.1 (F)	427,535	Indonesia	36	1	1
PD 122/01 Rev.1 (F)	217,056	Togo	36	1	1
PPD 18/01 Rev.1 (F)	82,638	Congo	12	2a**	1
PPD 20/01 Rev.2 (F)	51,081	Indonesia	12	1	1
PPD 29/01 Rev.1 (F)	88,646	The Philippines	12	1+BPF	1
PPD 30/01 Rev.1 (F)	81,031	China	12	1+BPF	1
PPD 33/01 (F)	29,998	Honduras	1.5	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 22nd Expert Panel	Categories of Recommendation from 29th CRF to the Council
<p>1. The Panel concluded that, with the incorporation of (any minor) (the) amendments noted, the (pre-) project proposal could be commended to the Committee for final appraisal. (In the view of the Panel, this (pre-) project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).)</p> <p>2. The Panel concluded that the (pre-) project proposal requires essential modifications (which are necessary for the project to succeed) and the Panel will need to assess the modified (pre-) project proposal before it can commend it to the Committee for final appraisal.</p> <p>3. The Panel concluded that a re-formulation of the (pre-) project proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal.</p> <p>4. The Panel concluded that a pre-project (not exceeding US\$) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal.</p> <p style="padding-left: 20px;">a: (Such a pre-project proposal could be commended to the Committee for final appraisal.)</p> <p style="padding-left: 20px;">b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.)</p> <p>5. The Panel concluded that it could not commend the modified or revised (pre-) project proposal and submits it to the Committee for further appraisal.</p> <p>6. The Panel concluded that the (pre-) project proposal (, in its present form,) is not sufficiently relevant to the mandate of ITTO. (The Panel encourages the submitting agency to seek other sources of project support.)</p> <p>7. The Panel concluded that there is insufficient information to assess the (pre-) project proposal adequately.</p> <p>(Text in Parentheses is optional.)</p>	<p>1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.</p> <p>2. Recommend to the ITTC that the proposal be revised and resubmitted:</p> <p style="padding-left: 40px;">a) directly to the relevant Committee, or</p> <p style="padding-left: 40px;">b) to the Expert Panel.</p> <p>3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994.</p> <p>4. Recommend to the ITTC that a decision on the proposal be deferred until the next session.</p> <p>5. Recommend to the ITTC that the proposal should not be further considered by ITTO.</p>

Appendix II

COMMENTS OF THE GABONESE DELEGATION ON THE EX-POST EVALUATION REPORTS OF PROJECTS

PD 37/92 Rev. 1 (F) and

PD 8/95 Rev. 1 (F)

I. PD 37/92 Rev. 1 (F)

Following the evaluation carried out by the Consultant, the Gabonese Delegation stressed the relevance of the shortcomings noted after the technical implementation of this project. It also acknowledged that these shortcomings were due to the fact that it was the very first ITTO financed project implemented by Gabon.

Nevertheless, the technical implementation of this project provided Gabon with numerous of benefits:

- The project enabled the country to develop draft forest management inventory standards, which currently serves as a technical basis for the National Forestry Administration.
- The Forest Management Plan developed for the Bokoue Forest provides a model for forest operators wishing to implement their management plans. In reply to a question on the official non-approval of the Bokoue Forest Management Plan by the Government of Gabon, the Gabonese delegation reassured the Committee (CRF), explaining that the situation was mainly due to the great length of time devoted by the two- (2) chamber Parliament, to the adoption and promulgation of the new Forestry Code of the Gabonese Republic, before the end of 2001.

A regulation referring to the new law (e.g. a Decree) would then be introduced to govern the technical specifications of the Bokoue Forest under sustainable management.

The delegation then expressed its strong support for certain recommendations made by the consultant and emphasized the appropriateness of implementing a second (2nd) phase of the project, in order to deal in greater depth with the activities given little or no attention by the first assessed project phase.

Particular attention was given to the establishment of model forest inside the Bokoue Forest, which would be easily accessible (to all the actors in the forestry sector) and located less than 200 km from the country's capital.
(See Item II)

II. PD 8/95 Rev. 1 (F)

Following the presentation of the results of the ex-post evaluation of this project, the Gabonese Delegation provided more detailed information, in particular:

- The non-approval of the zoning plan implemented in Forest Area 1 (5 million hectares); and
- A number of recommendations made by the Government.

The non-approval of the land allocation proposal in Forest Area 1 is the result of several factors, the most important of which are the following:

- * The fact that the stratification of Area 1 was carried out in 1996 with a GIS that is now incompatible with the more modern system used for Area 2 (i.e. 10 million of 17 remaining hectares) led decision-makers to begin by linking both techniques in order to standardize zoning at national level.

- * Furthermore, the delay in the publication of the new forestry code also contributed to the development of new foundations for forest management in Gabon.
- * Finally, the Interministerial Technical Committee which was to bring together the different departments of the forestry sector, such as Agriculture, Housing, Public Works, Mining and the Ministry of Town and Country Planning had been unable to meet to date for the reasons mentioned above, and the Ministry officially responsible for this type of zoning was preceded by the Forestry Ministry, requiring greater technical consultation before the official approval of a proposal laying down the levels of intervention of all these sectors.

Athanase BOUSSENGUÉ

Yokohama, 29 October 2001

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Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

TWENTY-NINTH SESSION OF THE COMMITTEE ON FOREST INDUSTRY

Table of Contents

Report

Appendix I	Technical Evaluation of Project Proposals
Appendix II	PPD 35/01 (I)

REPORT

1. Introduction

The Twenty-ninth Session was opened on 29 October 2001 by Dr. Abdul Rashid Hj. Ab. Malik (Malaysia), the Chairperson of the Committee. The List of Participants is reproduced in Document [ITTC(XXXI)/Info.2 Rev.1].

2. Adoption of Agenda and Organization of Work

At its first meeting on 29 October 2001, the Committee adopted the agenda of its Twenty-ninth Session as contained in Document CFI(XXIX)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document [ITTC(XXXI)/Info.3 Rev.1].

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

Dr. Abdul Rahman Bin Abdul Rahim (Malaysia), Chairman of the Expert Panel, presented its report as contained in document CEM, CRF, CFI(XXIX)/1. Highlights of the general points of the report as presented included the following:

- (i) Member Countries should maintain the Organization's spirit of co-operation and submit high quality proposals to the ITTO Committees.
- (ii) Member Countries should formulate proposals according to the agreed standard format when seeking project assistance from ITTO.
- (iii) The Manual for Project Formulation needs to be revised, especially as regards budgetary information.
- (iv) Project Proposals should be endorsed by the National Focal Point before submission to the ITTO Secretariat.
- (v) Project Proposals should be tailored to the national priorities of the Project Formulator.
- (vi) General areas of weakness in proposals submitted:
 - Logical Frameworks were poorly conceptualized and constructed.
 - The Development Objective was often confusing and difficult to understand.
 - Activities were not sufficiently detailed to explicitly indicate what would be done.
 - Assumptions were not linked to risk.
 - Unit cost information was often inadequate and local cost contributions were not clearly addressed.
 - No indication of project sustainability after completion.
- (vii) When phased proposals are submitted, the evaluation of one phase must be completed and the results fed into the documentation of the subsequent phase.
- (viii) Guidance should be provided to the Panel on the arrangements for financing projects involving other international organizations.
- (ix) Some of the categories of Decision required modification.

5. Report on Completed Projects and Pre-Projects

The Committee took note of the work completed under the following pre-project:

COMPLETED PRE-PROJECT

PPD 24/99 (I) Increasing Utilization Efficiency and the Reduction of Losses and Waste Throughout the Production Chain (Global)

The Secretariat reported on work carried out under this pre-project. Activities included a comprehensive review of previous work related to increasing timber utilization efficiency with a focus on sawmilling and plywood manufacturing processes and products. A field survey of mills in Ghana, Malaysia and Brazil was carried out to determine conversion efficiency in a representative sample of producers' tropical timber-based export sawmilling and veneer/plywood industries. The survey revealed that mills and manufacturing plants which have been operating for ten years or more tend to be encumbered with disadvantages arising from obsolescence that include shortage of spare parts, high waste factors and poor product quality. Many production and maintenance problems at sawmills result, at least partially, from a scarcity of skilled personnel at all levels.

Major factors considered for influencing efficiency in sawmilling were breakdown of equipment; shortage of spare parts; land use planning; controlling personnel performance; cooperative ownership of logging and sawmilling operations; national, regional, or local harvesting codes; reduced impact timber harvesting; control of insect infestations; increasing demand for lesser-used species; integrated forest products manufacturing; and training. One of the most apparent shortcomings in sawmills in developing countries in comparison to those in developed countries is the lack in application of computer technology to enhance recovery. The operational strategies for influencing efficiency include the possible computerization of bucking, log breakdown, and defect-sensing operations which are not commonly used in developing countries, but are essential for improving product yield.

A number of policy and legislative implications related to utilization efficiency were studied and include the establishment and implementation of policies to increase efficiencies and reduce wastage in sawmilling and plywood manufacture. The Committee at its Twenty-seventh session had encouraged the consultant to develop draft guidelines. These guidelines are contained in the final report of the pre-project [PPR62/01 (I)]. The principles and recommended actions of the draft guidelines represent the two broad areas – policy and legislative implications; and strategies for factors influencing efficiency – and incorporate all of the major factors as noted above.

The Government of Japan commended the pre-project and noted the importance of the policy work of the Committee as it related to utilization efficiency and the reduction of waste. The Committee was satisfied with the pre-project results and recommended that the pre-project be considered as complete. The final report of the pre-project is contained in CFI(XXVIII)/5.

6. Ex-Post Evaluation

A. Ex-Post Evaluation Missions

PD 109/90 Rev.4 (F,I) Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Côte d'Ivoire (Côte d'Ivoire)

The Committee reviewed the ex-post evaluation report on project PD 109/90 Rev. 4 (I) "Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Cote d'Ivoire (Cote d'Ivoire)", which was presented by Dr. Jean Bakouma (Democratic Republic of Congo). During the presentation of the report, the consultant highlighted the following two aspects: (i) the executing agency (SODEFOR) had successfully evaluated the timber resources available to the industry, analyzed its problems of supply, and developed software for the management of timber production and consumption, as well as the monitoring of export markets; and (ii) the impact of the project extended to adaptation of Forest Logging Areas (PEF) which are reform measures to ensure the restoration of the forest canopy and sustainability of forest production potential.

The consultant noted that the project's weakness was its failure to respect deadlines. This was due to turnover in project personnel and the insufficient appraisal of tasks during the design and development stage, as well as the failure to plan for contingencies during its execution. However, the precise nature of the information on wood-based industries in the country, the status of the resource and its processing and markets constituted a major contribution and a necessary component of the long-term development process which requires the following further actions:

- (i) government should support the modernization of the timber industry by using the results of the project and adapting the current Forestry Code to the industrial situation highlighted by the project;
- (ii) seek better consultation between the different stakeholders involved in the reforestation process; and
- (iii) the executing agency, SODEFOR, should provide guidance and technical support to the reforestation operations of timber enterprises.

The Committee expressed its satisfaction with the work carried out under the ex-post evaluation and commended the consultant for his presentation. The Committee further instructed the Secretariat to widely disseminate the ex-post evaluation report to interested parties, including the members of the Expert Panel for Technical Appraisal of Project Proposals, and to include it on the ITTO website.

B. Selection of Projects for Ex-Post Evaluation

No project was selected for ex-post evaluation, as no project was reported as completed at this Session. The Committee was informed that many projects may be reported as completed at the next Session, and the Committee will then have the opportunity to select projects for ex-post evaluation.

7. 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:

PROJECTS

A. Projects under implementation:

PD 73/89 (M,F,I)	Assistance for Project Identification and Formulation (Global)
PD 94/90 Rev.3 (I)	Integration of Forest-Based Development in the Western Amazon - Phase II –Technology for Sustainable Utilization of Raw Forest Materials (Brazil)
PD 209/91 Rev.2 (I)	Study of Zairian Timber with a View to Promoting Certain Species (Democratic Republic of Congo)
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)
PD 7/94 Rev.3 (M,I)	Information and Technical Assistance for Production and Trade of Tropical Timber (Brazil)
PD 37/94 Rev.3 (I)	Strengthening of the Forest Products Laboratory of IBAMA (Brazil)
PD 47/94 Rev.3 (I)	Industrial Utilization of Lesser-Known Forest Species in Sustainably Managed Forests (Honduras)
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)

- PD 15/96 Rev.2 (M,I) Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines (Philippines)
- PD 31/96 Rev.2 (M,F,I) Introducing Myanmar's Lesser-Known Timber Species to the World Market (Myanmar)
- PD 46/96 Rev.2 (I) Establishment of a Wood Workers and Craftsmanship Village (Ghana)
- PD 46/97 Rev.3 (I) Community Forest Products Processing in the Puerto Dias Extractive Reserve (Brazil)
- PD 58/97 Rev.1 (I) The Establishment of the Database of Tropical Industrial Lesser-Used Wood Species (Japan)
- PD 12/98 Rev.2 (I) Technical Manpower Development for the Ghana Wood Industry Training Center (WITC) (Ghana)
- 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)
- PD 13/99 Rev.2 (M,F,I) ITTO Information Network and Project Support (Global) (Phase I and Phase II)
- PD 31/99 Rev.3 (I) Non-timber Production and Sustainable Development in the Amazon (Brazil)
- PD 34/99 Rev.2 (I) Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (Philippines)
- PD 36/99 Rev.4 (I) Processing and Utilization of Almaciga (*Agathisphilippinensis* Warb.) Resin as Source of Industrial Chemicals (Philippines)
- PD 52/99 Rev.2 (I) Development and Extension of Preservation Technology of Tropical Plantation Timber (China)
- PD 56/99 Rev.1 (I) Promotion of the Utilization of Bamboo from Sustainable Sources in Thailand (Thailand)
- PD 58/99 Rev.1 (I) Introduction of a Village Industry in the Community Around an Industrial Forest Plantation in Indonesia (Indonesia)
- PD 10/00 Rev.2 (F,I) Sustainable Management and Utilization of Sympodial Bamboos in South China (China)
- PD 20/00 Rev.1 (I) Training Workshop on Further Processing of Tropical Timber in the Asia-Pacific Region (Korea)
- PD 24/00 Rev.1 (I) Promotion of Sustainable Utilization of Rattan from Plantation in Thailand (Thailand)

B. Projects awaiting implementation agreement:

- PD 35/99 Rev.4 (I) Performance Evaluation of Export Wood Furniture in Relation to Strength and End-Use Applications Using Established Test Standard (Philippines)
- PD 51/00 Rev.2 (I, M) Improvement of Rubberwood Utilization and Marketing in Thailand (Thailand)
- PD 65/01 Rev.2 (I) Training in Reduced Impact Logging in Cambodia (Cambodia)

- PD 69/01 Rev.1 (I) Improved and Diversified Use of Tropical Plantation Timbers in China to Supplement Diminishing Supplies from Natural Forests (China)
- PD 77/01 Rev.2 (I,F) Contribution to the Development of Skills and Technical Training Structures at the Mbalmayo National School of Forestry (Central Province - Cameroon)

C. Projects awaiting financing:

- 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)
- PD 61/99 Rev.4 (I) Increasing the Efficiency in the Tropical Timber Conversion and Utilization of Residues from Sustainable Sources (Brazil)
- PD 40/00 Rev.2 (I) Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)
- PD 85/01 Rev.2 (I)* Strategies for the Development of Sustainable Wood-Based Industries in Indonesia (Indonesia)

PRE-PROJECT WORK IN PROGRESS

A. Pre-projects under implementation:

- PPD 50/91 (I) Provision of Assistance for Reassessment and Reformulation of Zairian Project Proposals PD 205/91 (I) "National Saw Maintenance Centre" and PD 209/91 (I) "Study of Zairian Timber with a View to Promoting Certain Species" (Democratic Republic of Congo)
- PPD 13/98 Rev.2 (I) Assessment of Forest Industry Training Needs (Fiji)
- PPD 15/98 Rev.2 (I) Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (Gabon)
- PPD 1/99 Rev.2 (I) Human Resources Development for the Improvement of Forest Industry in Cambodia (Cambodia)
- PPD 6/99 Rev.3 (M,F,I) Promotion of Non-Timber Forest Products in Terai Region of Nepal (Nepal)
- PPD 11/99 Rev.1 (I) Development of the Rubberwood Industry in Côte d'Ivoire – Phase I (Côte d'Ivoire)

B. Pre-projects awaiting implementation agreement:

- PPD 15/99 Rev.2 (I) Pre-Project for the Ecuadorian Tropical Timber Industry Environmental Management (Ecuador)
- PPD 1/00 Rev.1 (I) Improvement of Sustainable Management and Utilization of Tropical Non-Timber Forest Products (NTFPs) in Cambodia (Cambodia)
- PPD 6/00 Rev.1 (I) Formulation of a Project Proposal to Support the Sustainable Development of Small Forest Industrialist (Peru)
- PPD 16/01 Rev.1 (I) Timber Enhancement through Mechanical Processing (Congo)

C. Pre-projects awaiting financing:

- PPD 5/00 Rev.1 (I) Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India (India)

- PPD 7/00 (I) Feasibility Study for the Production of Sawnwood from Tropical Forest Using Appropriate Technologies (Ecuador)
- 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)
- PPD 25/01 (I,M) Review of International Wooden Furniture Markets (Global)

D. Pre-projects falling under sunset provisions

- PPD 17/99 Rev.1 (I) Efficient Utilization of Bamboo in India (India)
- PPD 20/99 Rev.2 (I) Study on Utilization of Plantation Teak (Myanmar)

The Committee had detailed discussions on:

PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (Global)

The Secretariat recalled that the objectives of this project are to assist producer Members in project identification and formulation through (i) the organization of regional project formulation training workshops and (ii) the individual consultancy services. The Committee noted that four workshops are being organized in Myanmar, Guatemala, Surinam and Côte d'Ivoire for December 2001 and December 2002. The Committee also noted that arrangements for the second mid-term evaluation of the project are being made. It was recommended that an emphasis should be given to a comprehensive analysis of the impacts of the training workshops conducted from 1997 to 2000. Recalling that this project provides important regular services of interest to all Members of the Organization, the Committee noted that there is the need for continued technical assistance in project formulation and reformulation through individual consultancy services. In order to facilitate the work of consultants in the formulation of project proposals, which are strategically important for the Organization, the Committee decided to recommend to the Council the approval of additional funds of US\$200,000.00 to finance up to 13 missions for 2002 and 2003.

PD 94/90 Rev.3 (I) The Integration of Forest-Based Development in the Western Amazon – Phase II: Technology for Sustainable Utilization of Raw Forest Materials (Brazil)

Discussing developments related to project PD 94/90 Rev.3 (I), the representative of the Government of Brazil updated the Committee on project activities accomplished since the last Session of the Committee. She also informed the Committee that ITTO funds mistakenly used to finance project activities under the responsibility of the Government of Brazil have been reimbursed.

The Committee also discussed the timeframe to complete remaining project activities. Although recognizing that the main focus should be on the achievement of approved project objectives, and that bad weather conditions have prevented the steady progress of harvesting activities, which are a key element for the consolidation of sustainable forest management activities in the forest area, the Committee requested the Executing Agency to put efforts in order to achieve the remaining outputs within one or two years.

PD 209/91 Rev.2 (I) Study of Zairian Timber with the View to Promoting Certain Species (Democratic Republic of Congo)

The Secretariat recalled that the contractual arrangements for project implementation were finalized in February 1993, but field implementation has never started because of difficult working conditions in the country. The Secretariat further informed the Committee that communications with the Democratic Republic of Congo are very difficult and at this time it is difficult to get an idea on the conditions in the country, or to have continued contacts with authorities in the DRC. The Committee requested the Secretariat to try to pursue contacts with the authorities in the DRC and to report on the situation at the next Session of the Committee. The Secretariat is also requested to keep close contacts and to inform the Government of Japan, the donor of this project, of any new development.

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)

In the review of project PD 39/93 Rev.4 (I), the Secretariat informed the Committee that the Executing Agency (FRIM-Malaysia) and the Collaborating Agency (IRGM-Cameroon) had requested an extension of one year in order to complete project activities related to direct combustion. Project delays in Malaysia were due to the patent process, as FRIM has been seeking rights to an innovative suspension burning technique employed in direct combustion of sawmill waste. At the most recent Steering Committee meeting (October 2001) the donor (Common Fund for Commodities) was agreeable to granting the extension and to allocating an additional US\$ 15,000 to cover monitoring and evaluation costs during the one year period. The Committee supported the idea and urged the Executing Agency to complete discussions with commercial collaborators as soon as possible.

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

The Secretariat informed the Committee that the second phase of the project, which started in July 2000 for 14 months, was co-financed by the Government of Japan and the Government of Finland on an almost equal basis of US\$220,000 for the Government of Japan and US\$222,261 for the Government of Finland. The contribution of the Government of Japan was transferred to ITTO, but the contribution of the Government of Finland was used to meet project expenses upon submission of bills by the Executing Agency.

The Executing Agency (FTP – International of Finland) has requested a 6-month extension of the project, without additional costs, in order to allocate more time to national institutions and to assist them to improve the implementation of project activities. The ITTO Secretariat found no objection to this request. However, the Government of Finland, on the grounds that the implementation of the project has not been satisfactory so far and that there is no evidence that the requested additional time will improve the situation, has informed the ITTO of its unwillingness to extend the project, which should therefore be terminated at the original approved end of the project (September 2001). Therefore, the Government of Finland will not continue to support the project after the end of September 2001, and has requested the project final report.

The Committee requested the Secretariat to continue consultations with donor countries (Japan and Finland) on this situation and to report at the next Session of the Committee.

PD 46/97 Rev.3 (I) Community Forest Product Processing in the Puerto Dias Extractive Reserve (Brazil)

The Committee noted the changes proposed by the Executing Agency and agreed that these changes are necessary in order to streamline project implementation and improve the project's objectives and achievements. The Committee decided to agree on the proposed changes as included in Document CFI(XXIX)/6 Rev.1 (I).

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

The Committee underscored the importance of this project, the objective of which is to collect and disseminate information, and to support the production and distribution of the Tropical Forest Update (TFU). The Secretariat informed the Committee that by end of year 2001, funds to support the production of the TFU will be exhausted. The Committee agreed to recommend to Council to provide additional funds (US\$531,912) to cover project costs for the year 2002.

PD 31/99 Rev.3 (I) Non-Timber Production and Sustainable Development in the Amazon (Brazil)

The Secretariat informed the Committee that since the Project Agreement was signed in December 2000, no disbursement has been effected because of difficulties faced by the Executing Agency to open a bank account for the project following changes in the host Government (Brazil) regulations regarding the management of funds provided by international organizations. The representative of the Government of Brazil informed the Committee that consultations are underway with the Secretariat to investigate options to overcome the problem. One possible option mentioned is to identify a local NGO, through

which the ITTO contribution could be channeled to the Executing Agency. Should that option prove feasible, the Project Agreement would be amended accordingly.

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

The representative of the Philippines reported on progress of the work carried out under Project PD 34/99 Rev.2 (I). Work has successfully established a framework for addressing the technical, economic, marketing and training components for introducing stress graded timber in the Philippines. The project is scheduled for completion late in 2002, but the opportunity exists to expand this experience to other countries through a Consultative Meeting to be held some time in April 2002. The proposed Consultative Meeting and budget is presented in CFI(XXIX)/7 as an Addendum to the project. Presentations will be made by key staff involved with the project and the foreign consultants. Topics for the proposed meeting include stress-grading concepts; establishing an experimental design for stress grading; grading procedures; conducting destructive tests on full-size lumber; data analysis; modelling lumber strength; surveying lumber producers; market assessment, and financial analysis; establishing a training program; and promotion and education. The Committee decided to recommend to the Council the addendum to the project, with an additional allocation of funds amounting to US\$ 35,648.

PD 61/99 Rev.4 (I) Increasing the Efficiency in the Tropical Timber Conversion and Utilization of Residues from Sustainable Sources (Brazil)

The representative of the Government of Brazil proposed some changes in the project budget with the view to transferring the financing of certain project activities to the Executing Agency (FUNPAR), thus reducing the contribution requested from ITTO. The Committee decided to approve the proposed changes, as included in the budget section of project PD 61/99 Rev.4 (I).

PD 40/00 Rev.2 (I) Utilization of Small Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)

The Secretariat presented additional information on PD 40/00 Rev.2 (I), "Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products" (Indonesia) which was approved at the Twenty-ninth Session of the ITTC and is currently pending finance. The Executing Agency (Bogor Agricultural University) has proposed that additional technology transfer and dissemination work be included in the project design and work plan. The proposed activities include two training courses and one workshop for scientists and crews from Indonesia, Malaysia and PNG. The proposed training courses (10 days/course) would bring together 20 scientists and researchers and 20 private sector wood processors from Indonesia, Malaysia and Papua New Guinea. The three-day workshop has been designed to attract sixty participants. The Committee was supportive of these additional activities and encouraged the Executing Agency and the Secretariat to continue its dialogue with the Common Fund for Commodities regarding possible funding opportunities for the project. The Committee decided to recommend the approval of PD 40/00 Rev.2 (I) containing these additional dissemination and technology transfer activities.

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 Secretariat recalled that an international consultant traveled to the DRC in May 2000 to collect baseline information for assisting in the reformulation of project PD 205/91 (I) "National Saw Maintenance Centre". Efforts by the consultant to try to get additional information from officials in the DRC in order to complete the assignment have been to no avail because of difficulties of communications. The Secretariat indicated that the consultant cannot complete his assignment because of this situation and he cannot be paid his remaining fees. The Secretariat commented that this situation seems unfair to the consultant. The Committee discussed this unusual situation and deferred its decision until the next Session. In the meantime, the Secretariat is requested to pursue contacts with authorities in the DRC and the consultant, and to report any development at the next Session of the Committee.

PPD 13/98 Rev.2 (I) Assessment of Forest Industry Training Needs (Fiji)

In its review of the implementation of pre-project PPD 13/98 Rev.2 (I), the Committee was informed by the delegate from Fiji that the pre-project activities could begin soon with the release of the pre-project funds from the Fiji Ministry of Finance to the Executing Agency after a long delay in pre-project implementation. The Committee was pleased to learn that the Executing Agency had submitted a revised work plan and that the selection of international consultants is being discussed between the Executing Agency and the Secretariat. The Committee urged the Executing Agency to facilitate the full implementation of the pre-project based on the revised work plan.

PPD 15/98 Rev.2 (I) Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (Gabon)

When reviewing activities implemented under pre-project PPD 15/98 Rev.2 (I), the representative of the Government of Gabon informed the Committee on the organization, conduct and outcome of the ATO/ITTO Further Processing of African Timber. He highlighted that the Conference was attended by about 80 experts coming from ATO/ITTO Central African member countries and regional and international organizations. The activities were punctuated by two keynote addresses delivered by the chairperson of the ATO Ministerial Conference and by the Executive Director of ITTO, and by papers presented by well known international experts and covering such aspects as:

- Markets and marketing of African further processed wood products;
- Policy and legislation to promote further processing of African timber;
- Infrastructures, supply and sustainability of timber resources; and
- Training, research and development and transfer of technology.

Further discussions were pursued in three technical working groups. The Conference made seven recommendations, including the formulation by each member state of an industrialization strategy for timber processing, which takes into consideration available resources.

The Committee also recalled and discussed the proposition made by H.E. Henri Djombo, Minister of Forest Economy of the Republic of Congo and Chairman of the ATO Ministerial Conference, on the need to follow-up this Conference, which was of a technical nature, with a high-level Conference involving Central African Ministers in charge of forestry, heads of funding institutions in the region and heads of timber companies in the region, in order to build on the results of the Conference and secure a strong commitment to promote further timber processing at the highest level. The follow-up Conference would also involve high-ranking officials from certain African countries which represent potentially important markets for further process wood products produced in Central African countries.

The Committee commended the idea and agreed that a follow-up Conference, along the lines suggested by the Chairperson of the ATO Ministerial Conference, should be organized by ITTO in cooperation with ATO and the Government of Gabon. With regard to the budget to finance the follow-up Conference, the Committee agreed that the remaining resources of PD 15/98 Rev.1 (I) be used to that effect, and recommended that additional funds (\$100,000) should be made available by the Council in order to fully cover the costs to be contributed by ITTO to organize the follow-up Conference.

PPD 6/99 Rev.3 (M,F,I) Promotion of Non-Timber Forest Products in Teari Region of Nepal (Nepal)

The Committee noted the difficulty that PPD 6/99 Rev.3 (M,F,I) was experiencing in implementation of pre-project work. The Secretariat reported that while the project agreement had been signed in January 2000, repeated efforts to obtain a workplan had not been successful, and replies to general correspondence from the Secretariat related to normal implementation activities had not been forthcoming. The Committee urged the Secretariat to continue its efforts to contact the Executing Agency (Ministry of Forests and Soil Conservation) in order to implement the pre-project.

PPD 1/00 Rev.1 (I) Improvement of Sustainable Management and Utilization of Tropical Non-Timber Forest Products (NTFPs) in Cambodia (Cambodia)

The Committee noted that pre-project PPD 1/00 Rev.1 (I) "Improvement of Sustainable Management and Utilization of Tropical Non-Timber Forest Products (NTFPs) in Cambodia" is awaiting the transfer of funds pledged by one donor country (France – US\$77,648.00) at the 28th session of the ITTC. The Committee urged the French Government to expedite the release of the pledged funds to allow the prompt implementation of the pre-project.

8. Consideration of Project and Pre-Project Proposals

Three project proposals were submitted to the Committee for final appraisal:

PROJECTS

- | | |
|--------------------|---|
| PD 68/01 Rev.1 (I) | Training in Reduced-Impact Logging in Guyana (Guyana) |
| PD 70/01 Rev.1 (I) | Rehabilitation and Conservation of the Nus River Watershed, Northeastern Antioquia, through Protection Reforestation with Natural Rubber (<i>Hevea brasiliensis</i>) (Columbia) |
| PD 75/01 Rev.2 (I) | Nomenclature of African Tropical Timber (Congo) |

The Committee considered in detail the results of the evaluation of earlier versions of these projects carried out by the Twenty-first Expert Panel for Technical Appraisal of Project Proposals [PD75/01 Rev.2 (I)] and the Twenty-second Expert Panel [PD 68/01 Rev.1 (I), PD 70/01 Rev.1 (I)], as contained in document CEM,CRF,CFI(XXVIII)/1 and CEM,CRF,CFI(XXIX)/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.

9. Policy Work

Utilization Efficiency and the Reduction of Losses and Waste

The Joint Committee considered the recommendations and policy-oriented outputs from pre-project PPD 24/99 (I) "Increasing Utilization Efficiency and the Reduction of Losses and Waste Throughout the Production Chain". Following the request from the Twenty-eighth session, the Committee considered the draft guidelines on utilization efficiency as contained in the Annex to PPR 62/01 (I). Following the Secretariat's presentation of the principles and coverage of the draft guidelines, the Committee discussed various strategies to achieve higher levels of efficiency in forest industry operations.

The representative of Germany noted the importance of promoting policies that include joint ventures and investment strategies that foster the development of efficient forest-based industries. The representative of PNG stressed the potential value of the pre-project report and supported many of the recommended actions as contained in the draft guidelines. A regional training workshop for South Pacific millers with experts attending from New Zealand and Australia was suggested as an important first step

to raising the current recovery rates in processing. The Committee was also reminded that current recovery rates were too low and insufficient within the South Pacific region. It was further discussed that any joint ITTO proposal submission (PNG, Fiji and Vanuatu) should examine the problem of lack of investment in new products and the product development process, as this was seen as critical to achieving a desired level of efficiency and reducing waste. The delegate from PNG also informed the Committee that a forest investment seminar was scheduled to take place in March 2001 in PNG and results and recommendations could be useful in the development of a regional program for the reduction of waste as an attempt should be made to move to a 40% recovery rate among the second grade timbers of the region.

The delegate of the USA and of Vanuatu both supported the idea that a workshop on sawing procedures throughout the South Pacific region would be beneficial and expressed the need for training that would upgrade the current levels of recovery in the industry. The representative from Fiji informed the Committee on the state of processing in Fiji and that discussions were taking place related to a joint submission between Fiji, Vanuatu and PNG on a regional program that would focus on processing technology and increasing recovery rates. It was noted that the Fiji recovery targets are 50-60%. The delegate also informed the Committee that the government had budgeted funds for a timber training center that would promote upgrading higher utilization efficiency for sawmillers. Fiji was also pursuing discussions with companies in Malaysia, Singapore and China on technology transfer over the next two years to further assist the sawing procedures and techniques in Fiji.

The representative of the FAO noted that a number of technical manuals and other background material on saw doctoring and equipment maintenance have been published by the FAO and were widely available. He also informed the Committee that there were several operational regional training centers throughout the world that address problems in sawing procedures.

The Committee requested the Secretariat to collaborate with Asia-Pacific members and develop a proposal that would promote increased utilization efficiency and further training in sawing procedures and that contained a product development orientation with an emphasis on technology transfer and joint venture possibilities between companies within the region.

The Committee recommended that the discussion and further work on utilization efficiency and reduction of waste be continued as part of policy work for CFI for the year 2002.

Review of the Status of Further Processing of Tropical Timber in Producing Countries

The Secretariat informed the Committees of the progress of the publication of the report on the status of further processing of tropical timber in producing countries, which was presented as a technical report [PPR 63/01] at the last session of CFI, and of follow-up work to the main recommendations included in this report. The Committees were pleased to learn that a joint publication of the report between ITTO and International Trade Centre (ITC) is being arranged. The representative from the ITC informed the Committees that the report is in the process of final editing with the inclusion of trade data for year 1999. It is expected that the report will be published in three languages (English, French and Spanish) in early next year.

While reviewing the future work to promote further processing of tropical timber in producing countries, the Secretariat highlighted the importance of (i) organization of a regional conference on pertinent aspects of further processing in ITTO producer or consumer countries, and (ii) production of a series of market research reports on further processed wood products in the main consumer markets. With regard to the regional conference on further processing of tropical timber, the representative from the republic of Korea introduced the main outcomes of the workshop on further processing of tropical timber in the Asia-Pacific Region held from 28 August to 1 September 2001 in Seoul, Korea. Highlights of the main recommendations of the workshop included assessment of the supply and demand situation in respect of raw material supplies; research and development work to facilitate the efficient and diversified utilization of plantation timbers and other fiber sources (e.g. oil palm stems); training in reduced impact logging and for designers of wooden, rattan and bamboo furniture; adoption of appropriate and environmentally acceptable technology and techniques and development of a market research methodology for value-added wood products. He also informed the Committees that another workshop would be organized next year.

The Committees noted that, as a follow-up to the recommendations of this policy study, PPD 25/01 (I,M) "Review of International Wooden Furniture Markets" was prepared and approved at the last Session of the ITTC. It was also noted that this pre-project could provide an assessment of the outlook for wooden

furniture, including bamboo and rattan, into 21st century, along with a view of products and markets where tropical timber producing countries are likely to be competitive. In this connection, the Committees recommended the implementation of PPD 25/01 (I,M) as part of policy work for CFI for the year 2002.

Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries

Pursuing its discussion on policy work, the Committee recalled that a study to clarify the benefits of downstream processing of tropical timber in producer countries was included in the draft work programme of ITTO for the year 2002 in the field of Forest Industry. The Committee discussed the merits of this study and recognized that it will contribute to promote timber further processing. The Committee decided to recommend to the Council the implementation of the study as included in Appendix II [PPD 35/01 (I)].

10. Election of Chairperson and Vice-Chairperson for the year 2002

The Committee elected Ms. Candy Green (United States of America) as the Chairperson and Dr. Fidel Reyes Lee (Guatemala) as the Vice-Chairperson for 2002.

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

The dates and venues of the thirtieth, thirty-first and thirty-second sessions of the Committee are in practice determined in relation to the dates and venues fixed by the Council for its thirty-second, thirty-third and thirty-fourth sessions.

12. Other Business

No other business was discussed under this agenda item at this Session.

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 68/01 Rev.2 (I)	Training in Reduced-Impact Logging in Guyana (Guyana) [US\$427,710.00]
PD 75/01 Rev.2 (I)	Nomenclature of African Tropical Timber (Congo) [US\$89,835.00]
PPD 35/01 (I)	Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber in Producer Countries (Global) [US\$130,980.00]
2. To recommend to Council approval for additional funding of following projects and pre-project:	
PD 73/89 (M,F,I)	Assistance for Project Identification and Formulation (Global) [US\$200,000.00]
PD 13/99 Rev.2 (M,F,I)	ITTO Information Network (Global) (Phase II) [US\$531,912.00]
PD 34/99 Rev.2 (I)	Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (Philippines) [US\$35,648.00]
PPD 15/98 Rev.2 (I)	Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (Gabon) [US\$100,000.00]

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 46/99 Rev.3 (I)	Pre-Feasibility Study for the Industrial Utilization of Rubberwood (<i>Hevea brasiliensis</i>) Including the Formulation of a Pilot Case Study for Implementation in a Specific Area of Colombia (Colombia)
PD 61/99 Rev.4 (I)	Increasing the Efficiency in the Tropical Timber Conversion and Utilization of Residues from Sustainable Sources (Brazil)
PD 40/00 Rev.2 (I)	Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)
PD 85/01 Rev.2 (I)	Strategies for the Development of Sustainable Wood-Based Industries in Indonesia (Indonesia)
PPD 5/00 Rev.1 (I)	Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India (India)
PPD 7/00 (I)	Feasibility Study for the Production of Sawnwood from Tropical Forest Using Appropriate Technologies (Ecuador)
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)
PPD 25/01 (I,M)	Review of International Wooden Furniture Markets (Global)

14. Report of the Session

The Committee adopted this report for submission to the Council.

Appendix I

Technical Evaluation of Project Proposals

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

The delegate from Guyana introduced the objectives and outputs of the project, and the main amendments made in the revised proposal, based on the recommendations of the Twenty-first Expert Panel for Technical Appraisal of Project Proposals. The Committee noted the importance of the project to provide training in reduced impact logging (RIL) for 120 foresters, supervisors, managers and trainers from the Guyana Forestry Commission and the private timber industry sector to enhance capacities at all levels. The Committee also noted that the Tropical Forest Foundation (TFF) would assist in the implementation of this project for effective implementation of RIL.

The delegate from Japan raised the possibility of duplicated work on RIL between the proposed project and the on-going ITTO project PD 10/97 Rev.1 (F) "A Sustainable Management Model in the Iwokrama Rain Forest" (Iwokrama project). The delegate from Guyana clarified that there would be no duplicated work between the two projects as the current project is focused on providing training in RIL in concession areas while PD 10/97 is helping Iwokrama produce a forest management plan for multiple products and services and feasibility studies for harvest although RIL techniques will be applied as part of research activities. The delegate from Guyana also provided clarification on the unit costs used for training per person and the number of participants in the proposed training courses. He reiterated that there is a need for on-site RIL training in Guyana using the experience from the RIL training program in Brazil.

The Committee was satisfied with the revised project proposal, which had fully addressed the Expert Panel's recommendations. Considering that the project would support human resource development in Guyana for the implementation of RIL, which is strategically important for the organization, the Committee decided to recommend to the Council the approval and implementation of the project proposal [PD 68/01 Rev.2 (I)].

PD 70/01 Rev.1 (I) Rehabilitation and Conservation of the Nus River Watershed,
Northeastern Antioquia, through Protection Reforestation with Natural
Rubber (*Hevea brasiliensis*) (Columbia)

The Committee noted that the Panel of Experts at its Twenty-second meeting, did not commend the proposal, but decided to forward it to the Committee for final appraisal. The Committee also noted that the proposal did not fully address the comments and recommendations made by the Panel of Experts at its Twenty-first and Twenty-second meetings. The Committee decided to recommend to the Council that the proposal be revised and resubmitted directly to Committee for appraisal at its next Session.

PD 75/01 Rev.2 (I) Nomenclature of African Tropical Timber (Congo)

The project is concerned with the revision of the Nomenclature of Tropical Timber which was published in 1965. The revised Nomenclature will focus on African tropical timbers with a view to improve their utilization and trade.

The Committee also noted, and expressed satisfaction over the revisions made by the Government of Congo in the first version of the proposal in order to address the comments and recommendations made by the Expert Panel. The Committee decided to recommend the proposal [PD 75/01 Rev.2 (I)] to Council for approval and implementation.

**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 68/01 Rev.2 (I)	f,j,l,m	Training	443,100	24 months	Guyana	1
PD 70/01 Rev.1 (I)	c,f,j,l	Rubberwood plantation	324,940	60 months	Columbia	2 (a)
PD 75/01 Rev.2 (I)	e,f,h,k,n	Dissemination of information on tropical timber	84,975	13 months	Congo	1
PPD 35/01 (I)	c,e,f,i	Promotion of further processing	130,980	12 months	Global	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.

Pre-Project Study PPD 35/01 (I)

**Assessment of the Multiple Benefits of Downstream Processing of Tropical Timber
in Producer Countries**

1. Introduction

Wood processing industries have the potential to contribute to developing economies. As the sector progresses further into added value production, the benefits multiple. They create employment, which in turn expands the tax base in the country, they create a trained workforce, they contribute through consistent demand to the development of physical and institutional infrastructure (e.g. roads, power and water supplies, banking facilities, R&D capacity generation etc.). They also contribute to foreign exchange earnings and they stimulate investment in a whole range of secondary support industries (e.g. from cutter blade manufacturers to stationery suppliers). This suggests that production and trade in wood based products can produce significant economic benefits and play a significant role in promoting economic growth. Unfortunately, there is very few data to substantiate the considerable role the secondary wood processing industries play in this regard. As some producing countries are yet to fully embark on the development of downstream timber processing, the time is right to quantify the contribution the sector could make to developing economies and to make this information widely available. This, in turn, would assist member countries in quantifying the contribution that wood processing industries – and therefore the forest – make to strengthen national economic growth.

2. Terms of Reference

- A. Describe the range of benefits accruing to the national economy from the primary and secondary wood processing industries in selected producing countries.
- B. Quantify the contribution the forest industry sector is making to the national economy in selected countries, which exhibit a range of stages in the development of primary and secondary wood processing industries.
- C. Provide guidelines on the methodology followed to assess the contribution of the forest industry sector to national economies, which can be used by other countries in assessing the contribution of their own forest industry sectors.
- D. Consider possible actions that ITTO, member governments and the trade and industry sectors could take to enhance the contribution of the secondary wood processing industries to the national economy.
- E. Prepare and present for the consideration of the Committee a preliminary report at its Thirtieth session and a final report at its Thirty-first session.

3. Duration

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

4. Budget

Budget Components	Total (US\$)
10. Project Personal - International Consultants (US\$10,000x3 months x 2 consultants) - Component Total	60,000 60,000
30. Duty Travel - Daily Subsistence Allowance (US\$200X50 days X 2 consultants) - International Travel (to Yokohama and selected member countries- US\$3,000 x 3 trips x 2 consultants) - Component Total	20,000 18,000 38,000
60. Miscellaneous - Translation and Publication - Component Total	20,000 20,000
Subtotal	118,000
80. ITTO Monitoring, Evaluation and Administration - Programme Support Costs (11%) - Component Total	12,980 12,980
GRAND TOTAL	130,980

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TENTH SESSION
29 October – 3 November 2001
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

TENTH SESSION OF THE COMMITTEE ON

FINANCE AND ADMINISTRATION

(29 October – 3 November 2001, Yokohama, Japan)

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
TENTH SESSION OF THE
COMMITTEE ON FINANCE AND ADMINISTRATION

Item 1: Opening by the Chairperson

1. The Session was opened by the Chairperson, Mr. Batoum Thémotio (Cameroon), who welcomed all delegates to the Tenth Session.

Item 2: Adoption of Agenda and Organization of Work

2. The Committee adopted its agenda as presented in document CFA(X)/1. The Chairperson drew the attention of the Committee to the work of the Panel on Sub-Account B of the Bali Partnership Fund (BPF) for the allocation of funds under Sub-Account B of the BPF, created under Council Decision 4(XXX), and chaired by the Chairperson of the Committee. The Panel will report directly to the Council. He informed that the selection of the members of the Panel is to be finalized with a view to commence its work. He also drew the attention of the Committee to item 9 of the Agenda "New and Increased Funding to the Organization" and informed the Committee about the formation of a Working Group for this purpose, as well as the selection of its members which has to meet during the current Session of the Committee. He requested the Vice-Chairperson to chair the Working Group. Earlier, it was envisaged at the Ninth Session that the Working Group would meet preferably one-half day prior to the commencement of the Council Session, to deliberate on the suggestions of the Inter-Sessional Working Group regarding item (b) "New and Increased Funding to the Organization".

Item 3: Report of the Expert Panel for Technical Appraisal of Project Proposals

3. The Chairperson advised the Committee that the Report of the Twenty-second Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI(XXIX)/1] was discussed in the joint Session of the Committees on 29 October 2001, 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 4: Draft Administrative Budget for the Financial Year 2002

4. The Secretariat introduced document CFA(X)/2, which had been distributed to Members in August 2001 in accordance with Rule 3 of the ITTO's Financial Rules and Rules Relating to Projects. Following the instructions made at the Second Session of the Committee that the proposed budgets "should always be constructed using the current official U.N. exchange rate for the month of the Session in which it was considering the budget proposals", and as was done in previous years in the preparations of the proposed administrative budgets for 2000 and 2001, the Secretariat made amendments to the draft budget for 2002 as presented in document CFA(X)/2/Amend.1, dated 23 October 2001, by applying the exchange rate of 120 Yen to US\$1.00 against the rate of 124 Yen to US\$1.00 which was used in the original proposal in July 2001. The Secretariat explained that the revised proposed budget for 2002 amounted to US\$4,472,867 against the approved budget for 2001 of US\$4,635,373 (or a decrease of 3.51% against the approved budget for 2001) and that the decrease was due primarily to the change in the exchange rate as the approved budget for 2001 was calculated on the basis of 107 Yen to US\$1.00, although minor increases were included to take account of salary increment of staff, etc.

5. The delegate from Japan informed the Committee that Japan welcomed the budget proposals for year 2002, which represented a decrease of 3.51% from the amount approved for 2001. Japan appreciated the Secretariat's efforts in the preparation of this budget which resulted in a significant reduction from the one in 2001.

6. The delegate from the U.S.A., requested for further information regarding the budget variations in the amended proposed budget [document ITTC(X)/2/Amend.1] with that of the earlier proposal [document

ITTC(X)/2], the adequacy of the Special Reserve Fund which currently amounts to US\$600,000 and Auditor's comment regarding its adequacy for an eventual liquidation of the Organization should it materialize. The Secretariat advised that the comparison between two versions of the proposed budget was not included. However, in preparation of a revised budget in future, an additional column could be added to show the relevant changes which may be useful for comparison purpose. With regard to the Special Reserve Fund, the Secretariat informed that an amount around US\$1,500,000 is considered appropriate to cover relevant expenses for liquidation of the Organization. The Committee, after discussion, decided to recommend to the Council to authorize the transfer of an amount of US\$900,000 from the Working Capital Account to the Special Reserve Fund to increase its current level of US\$600,000 to US\$1,500,000.

7. The Secretariat also stated that the proposal for the appointment of two Regional Officers, one each in Latin America and Africa, in the total amount of \$400,000 was proposed to be funded from the resources of the Working Capital Account which currently had a credit balance of \$4.14 million, and therefore will not represent an increase in the proposed budget for 2002.

8. The Chairperson recommended the adoption of the budget as proposed since the issue of the two Regional Officers had no financial consequences in the proposed budget and pointed out that this issue would be further discussed under item 10 of the Agenda.

9. The Committee decided to recommend to the Council to approve the Administrative Budget for the Financial Year 2002 in the amount of US\$4,472,867.00. This amount will be further increased by US\$88,726.00 to take account of the discount to be granted to Members for early payment of their contributions in 2001 (in accordance to Rule 4, paragraph 3, of the Financial Rules and Rules relating to Projects), but at the same time, will be reduced by US\$161,593.00 by utilizing the bank interest earned in 2001 (in accordance to Rule 5, paragraph 3, of the Financial Rules and Rules relating to Projects). The net amount to be assessed from Members towards the Administrative Budget for the Financial Year 2002 is therefore US\$4,400,000.00 as presented in the document CFA(X)/2/Amend.2 (entitled "Approved Administrative Budget for the Financial Year 2002"). The assessed contributions from Members to the budget for 2002 is shown in this document and the Secretariat will be sending invoices to Members for payment in accordance to the Financial Rules.

Item 5: Review of Contributions to the Administrative Budgets

10. The Secretariat introduced document CFA(X)/3, prepared on 23 October 2001 which details the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2001, including assessments, receipts, interest, and arrears. Assessed contribution for the financial year 2001 also included the contribution from Guatemala as a new member and was assessed by the Council at this Session in the amount of \$18,320.00.

11. The delegate from the European Community (EC) expressed concern at the large arrearages of members to the Administrative Budgets and urged the Committee to take action to resolve the problem. The Secretariat recalled that the matter was discussed as an agenda item of the Inter-Sessional Working Group of the CFA on Financial and Administrative Matters which was held in early February 2001 in Yokohama. Various suggestions, including a proposal for a procedural writing off of the arrearages based on prompt payment of current contributions, were suggested by the Working Group.

12. The Secretariat also distributed to the Committee copies of the "Report of the Inter-Sessional Working Group of the CFA on Financial and Administrative Matters" [Document CFA(IX)/7] for ready reference.

13. The Committee acknowledged that the matter needs to be addressed urgently.

Item 6: Current Status of the Administrative Account

14. The Secretariat presented document CFA(X)/4 reporting the current status of the Administrative Budget for 2001 (as of 23 October 2001) with estimated expenditures for the current year. The Secretariat advised the Committee that with the contributions already received from Members as well as those anticipated to be paid to the Organization before the end of the current financial year, plus funds already authorized by Council for use in 2001 of \$127,924.00 from interest earned in 2000, it is anticipated that the estimated expenditures for current year will be \$762,035.00 less than the total amount approved in the budget for 2001. This was due mainly to various cost saving efforts exercised by the Secretariat and that

one post of Projects Manager which was budgeted for the whole year was not recruited until later this year. Additionally, the approved budget was calculated last year at Yen 107 to US\$1.00 but since the beginning of this year, the exchange rates have been around Yen 120 to US\$1.00 and hence expenditures in U.S. dollars are less than budgeted. However, as it cannot be guaranteed that all assessed contributions will be paid in full, a savings in the amount of \$132,285.00 would be expected.

15. The Secretariat also informed the Committee that payments had been received from Members of arrearsages in contributions in previous years as well as payments of interest charges, the balance of the Working Capital Account has increased to \$4,144,550.15.

16. The Committee took note of the report.

Item 7: Resources of the Special Account and the Bali Partnership Fund

17. The Secretariat presented document CFA(X)/5, which is a comprehensive listing of expenditures on, and contributions to, the two sub-accounts of the Special Account, namely Pre-Project and Project Sub-Accounts, and the Bali Partnership Fund (BPF). A list of completed Pre-Projects, Activities and Projects was also included 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 is 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, amounts to US\$724,777.11. The donors are also informed about the other remaining funds.

18. The Secretariat added that on 29 October 2001, voluntary contributions amounting to US\$522,370.00 were received from the Government of the United States of America to finance their pledges made at the Thirtieth Session of the Council held in Yaoundé, Cameroon.

19. 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 Activities and two 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 amounted to US\$3,977,803.40. It was pointed out that the Panel on Sub-Account B of the BPF will be working during this Session of the Committee on identification of pre-projects, activities and projects that are to be financed from these resources.

20. The Secretariat also advised that since this document serves as an information and reference document, Members are invited to contact the Secretariat for further information or clarifications on the details either during the course of this Session or by correspondence at a later date.

21. The Committee took note of the document.

Item 8: Appointment of Auditor for 2001

22. The Secretariat introduced document CFA(X)/6 and advised the Committee that, as in the past, three audit firms had been invited to submit quotations to audit the accounts of the Organization for the financial year 2001. These are: (a) Arthur Andersen & Co., Tokyo; (b) Deloitte Touche – Tomatsu & Co., Tokyo; and (c) PriceWaterhouseCoopers, Tokyo. Quotations were submitted in either Japanese Yen or U.S. dollar, ranging from US\$37,500 to US\$55,000, not including provisions for out-of-pocket expenses. All three firms have had experience of auditing the Organization's accounts.

23. The Secretariat also added that in accordance with the suggestion made at the Eighth Session, invitation for bids for auditing the accounts of the Organizations had been made for three consecutive years. Accordingly, amendments to the Financial Rules and Rules Relating to Projects with regard to engaging auditors for three consecutive years are required.

24. The delegate from the U.S.A., while concurring with the proposal to appoint auditor for consecutive period of three years, pointed out the need to engage the services of the auditor on an annual basis and to be re-engaged only on the completion of satisfactory performance.

25. The Committee recommended to the Council the selection of the firm "PriceWaterhouseCoopers, Yokohama" to audit the accounts of the Organization for the financial year 2001, 2002 and 2003, noting that

PriceWaterhouseCoopers had submitted the lowest bid for that work, and that the firm appeared to meet all statutory requirements. The Committee also decided to recommend amendments to the Financial Rules and Rules Relating to Projects with regard to engaging auditors for three consecutive years.

Item 9: New and Increased Funding to the Organization

26. The Vice-Chairperson informed the Committee that in view of the time constraints and technical problems, a Working Group to deal with the issues under this Agenda item could not be established. She further informed the Committee that the Government of the United States of America has invited current and prospective donors to meet in USA in the following year.

27. The delegate of the USA stated that her government would host in the year 2002, an informal open-ended inter-sessional meeting of current and prospective donors including relevant institutions, to have a focused discussion on attracting additional financing for the Organization. She added that while her government would be providing the facilities, the donors would finance their own traveling and other costs.

28. The delegate further stressed the need for the formation of 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 a number of issues viz., 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 - more specifically with regard to the appointment of the Regional Officers, and other pertinent issues.

29. The delegate of the EC informed the Committee that at present it is not possible to confirm as to whether himself or any of Member Governments of EU would participate in the donors' meeting to be held in the USA.

30. The delegate from the Switzerland endorsed the proposal for the donors' meeting in the USA and pointed out that the details regarding the meeting are yet to be worked out and he encouraged other prospective donors to come forward.

31. The Chairman expressed appreciation for the forthcoming meeting of the donors at the invitation of the Government of the USA, which he hopes will be a successful one.

32. The Committee concurred with the formation of 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 - more specifically with regard to the appointment of the Regional Officers, and other pertinent issues.. It decided that the 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) shall be the members of this Working Group.

Item 10: Support for the Secretariat and Efficient Use of its Resources

33. The Secretariat introduced document CFA(X)/7 on the Current Staffing Situation of the Secretariat and on the Implementation of the Current Work Programme. It was pointed out that while the work programme of the Organization has expanded considerably, the corresponding expansion in the staff strength has not materialized likewise. The staff strength of the Secretariat currently numbers 35 staff members, comprised of 17 in the Professional and Higher Categories, 15 in the General Service Category and 3 staff members are provided by the City of Yokohama. Attention of the Committee was drawn to the work programme of the Secretariat as has been summarized under paragraph 9 of the document, which is considerable.

34. With regard to the implementation of the work programme, it was pointed out that the Secretariat lacks the ability to monitor effectively all the operational pre-projects and projects. The ITTO presence in remote regions like Africa and in Latin America is becoming essential, primarily to assist in implementing project monitoring and evaluation work as well as to strengthen relationship between ITTO and its members and relevant organizations operating in these regions.

35. The Secretariat referred to the earlier discussions during the consideration of the budget proposal for the year 2002, under the Agenda item 4, and requested the Committee to recommend to the Council to

authorize the Executive Director to appoint qualified persons to the two posts of Regional Officers - one each for Africa and for Latin America - for an initial period of one year and to charge the associated costs of these positions not exceeding US\$200,000.00 per post, to the Working Capital Account of the Administrative Account, as contained in the proposed Administrative Budget for the year 2002 [document CFA(X)2/Amend.1].

36. The delegate of the European Community also requested for further information regarding the proposal for the appointment of the two Regional Officers and enquired whether there will be additional costs involved in addition to the proposed expenditure of \$200,000.00 for each posts.

37. The delegate from Japan stated that Japan supported the Secretariat's proposal to engage two regional officers in the two remote regions for a period of one year, with costs not exceeding \$200,000 per post, from the resources of the Working Capital Account. Japan appreciated that this will not result in any increase in the Administrative Budget. However, with regard to the future assignment, the financial sustainability of this arrangement should be considered. It was noted that the average current annual increase of the Working Capital Account, which is approximately \$200,000, is obviously insufficient to cover the annual cost of these two posts. Although some reduction in travel expenses of the Secretariat could be expected, however, the exact figure remained unclear. Therefore, Japan proposed to review the overall financial implications and cost-effectiveness of this arrangement at the completion of the one-year period when discussing the possibility of extension.

38. The Executive Director explained that the proposal is to engage two highly qualified professionals to facilitate the work of the Organization in these two remote regions, based on offices of organizations cooperating with ITTO in these regions. The Officers will primarily assist in implementing project monitoring and evaluation work in these regions. In addition, this regional presence will also strengthen relationship between ITTO and its members and relevant organizations operating in Africa and Latin America. The new positions are necessary to improve the effectiveness and impact of ITTO activities within producer countries of these two regions, while avoiding setting-up costly branch offices in these remote regions. Regular field visits to projects in countries located in the African and in the Latin American regions from the Secretariat Headquarters based in Yokohama, Japan, are time consuming and cannot be effectively carried out, with the present limited number of staff members without neglecting a number of pre-projects/projects. The Executive Director stated that the Working Capital Account had regularly been utilized to cover the shortfall in the Administrative Budget contributions from the Members to meet the regular expenditure of the Organization including personnel costs. He further added that recovery of the arrears of contributions in the Administrative Budget from the Members had recently improved and had increased funds availability in the Working Capital Account. In addition, a Job Description for these positions along with a breakdown of the costs was made available to Members of the Committee.

39. The delegate from the USA stated that her delegation was not able to accept any proposal to create new positions in the Organization, but supported the proposal for a pilot arrangement. She stated that her Government could not agree to the financing the pilot exercise from the funds of the Working Capital Account and requested the Secretariat to suggest some other alternate sources of financing.

40. The delegate from Gabon expressed the view that placement of the Regional Officer as proposed would be helpful to Members, to facilitate closer contacts with the Organization and to assist in project formulation and implementation. Later on, the delegate from Brazil also joined in and expressed the same view with regard to this arrangement for the Latin American region.

41. In response to the queries from the delegates of the EC and the USA, the Secretariat confirmed that these positions would be for a one-year period on pilot scheme, the savings that are realized under the Administrative Budget are added to the Working Capital Account and that potential savings under the travelling expenditure through the appointment of the Regional Officers would reduce the Project Monitoring Costs which are financed through the Special Account.

42. The Committee, after thorough deliberations, and noting that this arrangement is a pilot exercise, decided to recommend to the Council to authorize the Executive Director to proceed with the pilot arrangement to engage the two Regional Officers, as discussed, and to utilize the anticipated savings emanating from the current Administrative Budget for 2001 and an amount not exceeding US\$270,000.00 from the un earmarked funds of the Pre-Project Sub-Account in the Special Account to finance the costs for this arrangement.

Item 11: Work Programme of the Committee for the Year 2002

43. The Committee noted that the Work Programme for the Year 2002 of the Committee of Finance and Administration which was presented in document ITTC(XXXI)/12 had been considered by the Council. The Committee took note of the Work Programme for the Year 2002 which is shown in Annex I to this Report.

Item 12: Election of Chairperson and Vice-Chairperson for 2002

44. The Vice-Chairperson of the Committee for 2001, Ms. Kayoko Fukushima of Japan, was elected as Chairperson of the Committee for 2002. Mr. Pravit Chittachumnonk of Thailand was elected as Vice-Chairperson of the Committee for 2002.

Item 13: Dates and Venue of the Eleventh, Twelfth and Thirteenth Sessions

45. The Committee agreed that the Eleventh, Twelfth and Thirteenth Sessions would be held on the same dates and at the same venues as the Thirty-second, Thirty-third and Thirty-fourth Sessions of the Council.

Item 14: Other Business

46. The delegate from the USA reiterated an earlier request that all project proposals be posted on the ITTO's website for Members to facilitate access and internal distribution by Members instead of the current method of distributing them in hard copies. The Secretariat confirmed that actions had already been initiated to make the project proposal documents available in electronic format. However, it was stressed that the preparation and the submission of the project proposal documents in electronic format to the Secretariat should be the responsibility of the submitting agencies to facilitate the process of posting project proposals on the website. The Committee urges Members to strictly adhere to this.

47. The Secretariat further informed the Committee that currently a large number of project proposals were being received very late, mostly on the final date of the deadline for submission. In addition, almost 40% of the documents were received in hard copy while a large number of documents although received in electronic format, were scattered in numerous files which were not suitable for posting on the website. The Secretariat advised that it would provide as many project proposals on the website for Member review as possible. However, noting some of the obstacles identified earlier, it also was made clear that it was unlikely to be able to provide all project proposals in this form.

Item 15: Recommendations to the International Tropical Timber Council

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

- (1) To accept the revised Administrative Budget for the Financial Year 2002 of the amount of US\$4,472,867.00 as presented in document CFA(X)/2/Amend.2. The assessed contributions from Members will be US\$4,400,000.00 to take account of the discount to be given to Members for timely payment of their contributions in 2001 and to utilize part of the bank interest earned in the same year;
- (2) To authorize the transfer of an amount of US\$900,000.00 from the Working Capital Account to the Special Reserve Fund of the Administrative Account to increase the Fund to US\$1,500,000.00;
- (3) To amend the Financial Rules and Rules Relating to Projects with regard to engaging auditors for three consecutive years and authorize the Executive Director to engage the selected auditor on annual basis with re-engagement to be subject to satisfactory performance;
- (4) To appoint the firm "PriceWaterhouseCoopers, Tokyo" to audit the accounts of the Organization for the financial years 2001, 2002 and 2003;
- (5) To authorize the Executive Director, as a pilot exercise, to engage two qualified professionals as Regional Officers representing ITTO in Africa and Latin America and to utilize the anticipated

savings emanating from the current Administrative Budget for 2001 and an amount not exceeding US\$270,000.00 from the unearmarked funds of the Pre-Project Sub-Account in the Special Account to finance the costs for this arrangement; and

- (6) 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 will 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).

Item 16: Report of the Session

The Committee adopted this report as amended.

Annex I

**WORK PROGRAMME FOR YEAR 2002
COMMITTEE ON FINANCE AND ADMINISTRATION**

ADMINISTRATIVE AND FINANCE ACTIVITIES

Activity	Implementation Approach and Cost Implications
(vii) Review the independent audited statement for the 2001 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(viii) Make recommendations to Council on the appointment of auditors for the purpose of auditing the accounts of the Organization for the 2001 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(ix) Examine and make recommendations to Council regarding the approval of the Organization's administrative budget proposals for the year 2003 [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(x) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work. [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(xi) Examine and make recommendations to the Council on the budgetary implications of the Organization's annual work programme, and the actions that might be taken to secure the resources needed to implement it [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.

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ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

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29 October – 3 November 2001
Yokohama, Japan

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

**28 October 2001
Yokohama, Japan**

**Ninth Meeting of the Informal Advisory Group (IAG)
Yokohama, Japan, 28 October 2001**

Report of the Chairman

The Ninth Meeting of the IAG was convened on Sunday, 28 October 2001 at the ITTO Secretariat Conference Room at 10:00 a.m. chaired by Dra. Josefina Takahashi Sato (Peru), Chairperson of the Council. The meeting was attended by Dr. Jürgen Blaser (Switzerland), Vice-Chairman of the Council, Mr. Chen Xuhe (People's Republic of China), Chairman of the Committee on Reforestation and Forest Management, Dr. Abdul Rashid Hj. Abdul Malik (Malaysia), Chairman of the Committee on Forest Industry, Mr. Batoum Themotio (Cameroon), Chairman of the Committee on Finance and Administration, Ms. Kayoko Fukushima (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 Eighth Meeting, 27 May 2001;
 - ii. ITTO Strategic Plan;
 - iii. UNFCCC developments related to forests;
 - iv. Enhancing ITTO presence and action in Africa and Latin America;
 - v. Frequency and duration of Council and Committee Sessions; and
 - vi. Illegal logging and illegal trade.
2. In its deliberation, the IAG noted and made reference to Decision 5(XXVI) and the Report of the Informal Advisory Group (IAG) at its Eighth Meeting held on 27 May 2001 in Yaoundé, Cameroon as contained in document ITTC(XXX)/2 dated 27 May 2001. The IAG further 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. At its previous meeting, the IAG underlined the necessity for a long-term ITTO Strategic Plan to ensure the continuing relevance of ITTO in the context of the on-going international agenda on forests. In reiterating this need, the Chairperson indicated a planning horizon of 15-25 years to be formulated by members and experts in strategic planning and to focus not only on tropical timber but tropical forests as well. This should serve as a strategic niche for ITTO in enhancing its role and relevance and in meeting present and future challenges. It was stressed that the balance between policy work and project activities as well as between the three principal areas of ITTO relating to economic information and market intelligence, reforestation and forest management and forest industry should be maintained and improved under the plan.

The maximum extension in the duration of ITTA, 1994 up to 2006 might constitute a technical constraint in the pursuit of the strategic plan but a strategic vision to cover the period of 2007 and beyond should overcome the concern. Noting the desirability for the proposal to be fully discussed and considered by the Council, the IAG agreed to recommend to Council to consider providing for work to be initiated by the Secretariat in developing the long term ITTO strategic plan.
4. On the developments under the United Nations Framework Convention on Climate Change (UNFCCC) related to forests, the IAG noted the approval of the Bonn Agreement on the implementation of the Kyoto Protocol during the resumed Sixth Session of the Conference of the Parties (CoP) of UNFCCC in July 2001. In this regard, forest plantations established in developing countries with funding from Annex 1 countries would be eligible for credits under the Protocol. This would, indeed, provide a clear opportunity for ITTO to carve for itself a useful role in disseminating relevant information to its members regarding the details and procedures of this arrangement and in facilitating the actual establishment and management of these plantations.

On the other hand, the IAG emphasised that the exclusion of natural forests in tropical countries from this arrangement would give rise to far-reaching implications for tropical forest and timber. The IAG stressed the importance for an in-depth examination to be undertaken regarding the implications of the Bonn Agreement on the long term competitiveness of tropical forest and timber.

5. With regard to the issue of enhancing ITTO presence and action in Africa and Latin America, the IAG noted the proposal made by the Secretariat for the establishment of two ITTO regional officers for Africa and Latin America, respectively. The proposal had been incorporated in the proposed draft Administrative Budget for the year 2002 as contained in document CFA(X)/2 to be considered by the Committee on Finance and Administration (CFA) under item 10 of its agenda. The Executive Director stressed that cost-effectiveness was the rationale for the proposal which was aimed at reducing the number and time of travelling currently undertaken by the Secretariat to the two regions concerned. It was further emphasised that the proposal had been formulated in a manner that would not result in any increase in the Administrative Budget for the year 2002. Other possible measures that could contribute to ITTO's greater presence and action in the regions were discussed including through the ITTO Freezailah Fellowship Programme and the wider dissemination of relevant ITTO guidelines, manuals and brochures. In noting that members would have the opportunity to discuss the Secretariat's proposal during the working sessions of the CPA, the IAG agreed to recommend that Council give due consideration and support for the Secretariat's proposal.
6. In considering the frequency and duration of Council and Committee sessions, the IAG noted that the matter had been on the agenda of the Council for three years. The representative of the Host Government of the Headquarters explained that the costs borne by the Host Government had been increasing and becoming a heavy burden. She requested members to bear in mind that Japan would have a strong reservation against any decision that would result in further increase in the costs if these were to be met by the Host Government. The IAG also considered the likely implications for the ITTO project cycle arising from any change in the frequency and duration of the Council and Committee Sessions.

The IAG further considered the need to explore possible ways of enhancing efficiency and cost-effectiveness in the conduct of the Council's business, improving the organization of its policy and technical work, and addressing the continuing preference for project proposals to be submitted to the Committee on Reforestation and Forest Management. Towards this end, the IAG agreed to recommend to Council the establishment of an ad hoc Advisory Group for Re-scheduling and Relocation of Venue of the Sessions of Council and Committees to meet whenever the necessity arose as proposed by the Committee on Finance and Administration (CFA).

7. The Chair indicated that the issue on illegal logging and illegal trade had been duly included in item 15 of the Agenda of the Council. She expressed the hope that some concrete proposals would emanate from both the consuming and producing members on the issue. Both the spokespersons for the consuming and producing members confirmed the willingness of their respective caucuses to undertake in-depth discussions of the matter with a view to facilitating its substantive debate and consideration by the Council at its current Session.
8. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Thirty-first Session as follows:
 - i. Projects, Pre-projects and Activities
 - ii. ITTO Strategic Plan
 - iii. Illegal Logging and Illegal Trade
 - iv. Strengthening Sustainable Forest Management in Indonesia
 - v. Frequency and Duration of Council and Committee Sessions
 - vi. New ITTO Action Plan 2002-2006 (incorporating the Mangrove Action Plan)
 - vii. Guidelines for Establishing Auditing Systems for ITTO's Criteria and Indicators for Sustainable Forest Management (revisited item from the previous Session of Council)
 - viii. Re-scheduling and Relocation of Venue of the Sessions of Council and Committees
 - ix. ITTO Work Programme for 2002

It was the considered view of the IAG that the possible list of decisions above was indicative and would not reflect any order of preference or priority.