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30 October – 4 November 2000
Yokohama, Japan

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

Yokohama, Japan

30 October – 4 November 2000

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REPORT

OPENING OF THE SESSION (Agenda Item 1)

1. The Twenty-ninth Session of the International Tropical Timber Council was opened by the Chairperson of the Council, Mr. Rae-Kwon Chung (Republic of Korea). In his opening address, the Chairperson welcomed delegates to the Session and on behalf of the Council expressed gratitude and appreciation to the Government of Japan and the City of Yokohama for their unwavering support and commitment to ITTO.
2. The Chairperson drew Members' attention to the issues to be revisited by the Council; namely, the ITTO Year 2000 Objective, Development of Framework and Manuals on Aspects of Sustainable Tropical Forest Management, Strategic Communications and Outreach Framework, Certification and the role of ITTO in forest related international agenda. He indicated that these issues were very important and therefore urged Council Members to extend their fullest cooperation and contribution towards ensuring the efficient conduct and successful outcome of the Session.
3. The Chairperson recalled the resolution of the Economic and Social Council of the United Nations (ECOSOC) for the setting up of the International Arrangement on Forests (IAF) incorporating the establishment of the UN Forum on Forests (UNFF) and the formation of the Collaborative Partnership on Forests (CPF) and indicated that in the light of ITTO's accumulated experience in contributing towards shaping the international regime for forests, ITTO should be assigned an appropriate role to play in the context of IAF, UNFF and CPF.
4. In his address to the Council, Mr. Yoshiyuki Motomura, Deputy Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs of Japan said that ITTO's activities for the past 14 years had greatly contributed to the progress for sustainable forest management in producing Member Countries. He mentioned that Japan has strongly supported ITTO's activities since its establishment through project financing, active participation in policy deliberations and hosting of the Council Sessions and the headquarters. He also cited ITTO's current work to protect mangroves as an important contribution to sustainable forest management which was recognized by the G8 Foreign Ministers meeting in Miyazaki and endorsed by the G8 leaders meeting in Okinawa. He said that the G8 leaders agreed to examine how best they can combat illegal logging. He urged Council Members to explore the possibility of expanding the activities of ITTO in making further progress towards the Year 2000 Objective, focusing on transboundary initiatives, protection of mangroves, certification and combating illegal logging.
5. H.E. Dr. Juan Mayer Maldonado, Minister of Environment of Colombia in his address to Council mentioned the support that Colombia had received from ITTO to improve its forest management. He expressed his Government's appreciation to ITTO and all donors who had been contributing to Colombia's efforts towards sustainable forest management. He cited the support provided by ITTO in the conservation and management of mangrove ecosystems in Colombia, short-term training courses, and ITTO fellowships as important support received from ITTO. Dr. Juan Mayr Maldonado also outlined Colombia's plans towards the achievement of Year 2000 Objective. He mentioned that Colombia had embarked on a new stage in environmental management with the creation of a Ministry for the Environment. He cited four basic strategies which included; modernizing forest management, conserving, recovering and use of natural forest in a sustainable manner, as well as consolidating Colombia's international position with regard to forest.
6. H.E. Dr. Nur Mahmudi Isma'il, Minister of Forestry of the Republic of Indonesia reaffirmed Indonesia's commitment to sustainable forest management. He cited measures being taken by the Indonesian Government towards sustainable forest management. These included; moratorium on natural forest conversion, closing down highly indebted forest industries, strengthening cooperation and coordination among stakeholders in controlling illegal logging, restructuring of forest industries, recalculating forest resources values, harmonizing reforestation program with industrial capacity and decentralization of forest management. He also informed Council that the Government of Indonesia had established an Inter-Departmental Committee on

Forestry (IDCF) to formulate new forest management policies and to coordinate the multi sectoral action needed to achieve sustainable forest management, including combating illegal logging.

7. H.E. Mr. José Carlos Carvalho, Executive Secretary, Ministry of Environment and Renewable Resources of Brazil, in his address to the Council said that Brazil was paying particular attention to all issues pertaining to forestry. He indicated that Brazil recognizes the need to make improvement in living conditions of local populations compatible with conservation of the forest heritage. Since the beginning of 1999, the Ministry of Environment had been implementing special policies in the Amazon region. He cited the law on environmental crime and modern satellite monitoring system, creation of new positions to strengthen environmental management, and the institution of a bonus system for staff of the Brazilian Institute of the Environment as some of the measures which had resulted in a decline in the rate of deforestation. He indicated that although there had been major forest fires in most parts of the world, Brazil did not experience any serious forest fires in the Amazon. He also spoke about the creation of new protected areas in Brazil especially those areas where the ecosystem was threatened.

ACERTAINMENT OF THE QUORUM (Agenda Item 2)

8. The Executive Director, Dr. Manoel Sobral Filho, reported that the Quorum for the Twenty-ninth Session of the ITTC had been met (Annex I of this document gives a full list of participants).

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

9. The Chairperson referred to document ITTC(XXIX)/1 and informed the Council that the IAG had proposed to amend item 16 of the provisional agenda to include "The Role of ITTO in Forest and Forest Products-related International Agenda and Cooperation with Relevant International Organizations". The provisional agenda was adopted as amended (Annex II).

REPORT ON MEMBERSHIP OF THE COUNCIL (Agenda Item 4)

10. The Executive Director reported that the membership of the Council had increased by two (2) following the accession of the Government of Vanuatu on 19 May 2000 as a producing Member, and the Government of Ireland on 18 August 2000 as a consuming Member. This had brought the total membership to fifty-six (56), comprising thirty (30) Producers and twenty-six (26) Consumers, including the European Community (Membership of the Council is attached as Annex III).
11. In accordance with Article 10, paragraph 5, of the ITTA, 1994, Ireland had been assessed US\$8,960.00 as its contribution to the Administrative budget for the year 2000 while Vanuatu had also been assessed US\$18,293.00 as its contribution to the Administrative budget for the year 2000.

REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 5)

12. The report of the Credentials Committee was presented by Mr. Takeichi Ishikawa (Assistant Director, Management Services).
13. He referred to document ITTC(XXIX)/3 and reported that the Committee was chaired by Ms. Jocelyne Caloz (Canada) and was composed of representatives from Colombia, Gabon, Indonesia, Japan, New Zealand, Peru and the United Kingdom. The Committee met on 1 November 2000 and examined and accepted the credentials of 44 countries and the European Community which participated in the Twenty-ninth Session of the ITTC and Sessions of the Associated Committees.

DISTRIBUTION OF VOTES (Agenda Item 6)

14. The Chairperson introduced the agenda item and referred to document ITTC(XXIX)/1 Rev.1. which detailed the distribution of votes for 2000, and invited comments on the agenda item.
15. Ms. Fu Li (China) proposed a redistribution of votes for the year 2000. She said after the adoption of the distribution of votes during the Twenty-eighth Session, the Chinese delegation was informed that statistics used for the distribution of votes for China included the 1998 net import of timber of Hong Kong Special Administrative Region, which China regained sovereignty on 1 July

1997. She indicated that the new calculation methodology had been adopted without prior consultation with the Government of China and had resulted in the addition of 13 more votes to the vote of China.

16. Ms. Fu Li said that under China's policy of "one country two systems", the Hong Kong Special Administrative Region enjoys a high degree of autonomy. As stipulated in the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China the Central Government of China is responsible for foreign affairs relating to and the defense of the Hong Kong Special Administrative Region, but other administrative matters including trade, industrial and commercial affairs are handled totally by the Government of the Hong Kong Special Administrative Region. Custom statistics of Hong Kong Special Administrative Region is also separated from that of the Chinese mainland. She stated further that the Chinese Government believes that the inclusion of net import of tropical timber of Hong Kong Special Administrative Region for voting and statistical reporting purposes would be inappropriate and therefore proposed a redistribution of votes for the year 2000.
17. Ms. Aulikki Kauppila (Finland) on behalf of the Consumer Group informed the Council that the Consumer Group had no objection to the redistribution of votes as proposed by China.
18. In the absence of any objections the votes for the Consumer Group was redistributed as contained in document ITTC(XXIX)/1 Rev.1 Amend.1.

ADMISSION OF OBSERVERS (Agenda Item 7)

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

STATEMENT BY THE EXECUTIVE DIRECTOR (Agenda Item 8)

20. The Executive Director welcomed delegates to the Twenty-ninth Session. He thanked the Government of Japan and the City of Yokohama for hosting the Session.
21. Dr. Sobral acknowledged the participation of Mr. Yoshiyuki Motomura, Deputy Director-General of the Economic Affairs Bureau, of the Ministry of Foreign Affairs of Japan; H.E. Dr. Juan Mayr Maldonado, Minister of the Environment of Colombia; H.E. Dr. Nur Mahmudi Ismail, Junior Minister of Forestry of the Republic of Indonesia; and H.E. Mr. José Carlos Carvalho, Executive Secretary of the Brazilian Ministry of Environment.
22. The Executive Director called on Council to set achievable and measurable medium-term goals for future progress as a way of re-establishing a sense of urgency since the international community was anxious to learn more about ITTO's progress towards the Year 2000 Objective. He further suggested some important medium-term goals which could be achieved within three years;
 - (i) establishment of twenty additional demonstration areas for sustainable forest management;
 - (ii) establishment of reduced-impact logging training schools in each of the producing regions;
 - (iii) production of annual reports on the status of sustainable forest management at the national level, applying the ITTO Criteria and Indicators;
 - (iv) concessionaires and other tropical timber producers reporting their progress on the actual use of the ITTO Manual for the Application of C&I at the forest management unit level;
 - (v) development of guidelines for the rehabilitation of degraded tropical forest land; and
 - (vi) expansion of ITTO-sponsored transboundary conservation reserves to about 15 million hectares.
23. Dr. Sobral also drew Council's attention to two issues closely related to ITTO's work. First was the issue of illegal logging and illegal trade in tropical timber. He said 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 urged Members to

cooperate in order to protect the forest estate from illegal activities. He further suggested that ITTO could perhaps focus on providing assistance to national and local authorities, mostly in the form of data, situation analysis and recommendations, and assistance to put in place appropriate policies and measures to protect illegal logging and illegal trade.

24. The Executive Director also spoke about the importance of providing training and assisting field-testing of the ITTO Manual for the Application of Criteria and Indicators. He said that, by providing such training, ITTO would be re-taking the lead in the area of Criteria and Indicators. He therefore called on the Council to consider supporting follow-up work to assist producer countries to implement national training workshops.
25. Dr. Sobral drew the Council's attention to the African Timber Organization's Initiative on Principles, Criteria and Indicators and reported to the Council the call made by the Ministerial Conference of ATO, for the strengthening of cooperation between ATO and ITTO in the area of C&I. He indicated that there was room to promote further cooperation between ATO and ITTO, particularly in some of the crucial aspects of application, refinement and testing of the ATO Principles, Criteria and Indicators.
26. The Executive Director reported to the Council that on 18 October 2000, ECOSOC adopted a resolution establishing the United Nations Forum on Forests (UNFF) and a Collaborative Partnership on Forests (CPF), the latter building on the existing Inter-agency Task Force on Forests (ITFF), of which ITTO is already a member.
27. Dr. Sobral briefed the Council on some important country-level developments. He reported his consultations with the Indonesian Ministers responsible for forestry and indicated that Indonesia's highest priority was the review and reformulation of the national forest programme and called on the Council to consider and decide on concrete measures to support the process. He also reported on developments in Brazil, with the launching of the National Forest Programme by the President.

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

28. The Chairperson referred to document ITTC(XXIX)/2. He reported that the Informal Advisory Group (IAG) established under Decision 3(XXII) met for the seventh time on Sunday, 29 October 2000. 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, representatives of the host Government of Japan and the Executive Director.
29. Issues discussed by the IAG included: the ITTO Year 2000 Objective; Matters Relating to Article 35 of the ITTA, 1994; Work Programme for the Year 2001; the Role of ITTO on Issues in the Forest and Forest Products-related International Agenda (The full report of the IAG is attached as Annex VI).

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

30. The report was presented by Dr. Steven Johnson (Statistician). In his presentation, Dr. Johnson mentioned that seven Members did not provide any responses to the joint questionnaire; while ten Members provided good responses. He explained that good responses meant that all major sections of the questionnaire were completed, the responses were internally consistent and more or less consistent with trade partner reports.
31. Dr. Johnson highlighted some of problems encountered. These were:
 - (i) tropical trade data missing or unusable in 13 of 23 Consumer responses;
 - (ii) tropical production data missing or unusable in 20 of 23 Consumer responses; and
 - (iii) production data missing or unusable in 15 of 26 Producer responses.
32. On tropical timber import trends, Dr. Johnson said that China had increased its imports of logs remarkably and decreased its imports of plywood. China's imports had increased by 75% in roundwood equivalent since 1996. The European Union import trends had been relatively stable. He further pointed out that Japan's imports of softwood logs and lumber had increased tremendously and overtaken its imports of tropical logs and lumber.

33. Dr. Johnson said that there were still substantial discrepancies in trade flow information between Member Countries in terms of volume of trade as well as price. He indicated that most Producing Countries were adding value to their timber through further processing. He said that there had been a huge increase in developing countries' exports of pulp and paper and reconstituted panels.
34. Ms. Jan McAlpine (U.S.A.) commended the Secretariat, particularly Dr. Steven Johnson, for the outstanding work in the Annual Review and Assessment of the International Timber Situation. She said the information provided in the review had ramifications for the work of ITTO and its Member Countries. She called for further amplification of this area of work in the Organization.
35. Mr. Don Wijewardana (New Zealand) mentioned that the Annual Review and Assessment of the International Timber Situation represented the crux of the work of ITTO in the promotion of trade in tropical timber. He urged countries to endeavor to provide the necessary information to the Secretariat.
36. Mr. Stefan Leiner (European Community) commended the Secretariat for the excellent work. He reiterated the importance of this work to the European Community and urged Members to continue to work hard to eliminate the gaps and discrepancies in the trade data. He said that the European Community was willing to contribute to any clarifications in trade data.
37. Mr. Yoshiki Takahama (Japan) reiterated the importance of the Annual Review to ITTO Members. He pointed out that there were significant differences in the trade flow data between importing figures and exporting figures which make the data somewhat unreliable. He called for further improvement in trade flow data and suggested that the Committee on Economic Information and Market Intelligence should address the issue.
38. Mr. Graham Brufford (U.K.) on behalf of the Trade Advisory Group (TAG) commended the Secretariat for the information on the world timber situation. He mentioned that the TAG acknowledges the widespread concerns of many stakeholders about illegally sourced timber and illegal trading practices. He indicated that the TAG totally condemns illegal practices and commits itself to working with ITTO and other stakeholders towards the complete elimination of such practices. He supported the proposal for ITTO to assist Member Countries, on request, to address illegal practices.
39. Mr. Brufford requested for scheduled time for the TAG to make a statement at the opening of each Council Session. He also requested for a scheduled slot for the TAG to hold a meeting on the first day of future ITTC meetings. He further indicated that the TAG would welcome the opportunity to discuss with the Chairperson of the ITTC and the Executive Director how best to ensure that issues which the trade believe to be important for the Organization to address were fully integrated into the Council and relevant Committee agendas.
40. Mr. William Mankin (Global Forest Policy Project) spoke about the challenges of collecting sufficient data on the full range of components of forest management to be able to determine sustained yield. He indicated that the gaps and inconsistencies in data meant that ITTO has a long way to go to address the issue of sustainable forest management.
41. The Executive Director called on Council to continue to assist Producer Countries and developing Consumer Countries to improve their capabilities in data collection. He however, pointed out that ITTO had implemented several regional and sub-regional training workshops specifically designed to improve the capabilities of professionals involved in the collection, analysis and reporting on statistical data. In addition, ITTO has also financed several country-specific institutional strengthening projects designed to assist agencies in charge of statistics. He called for an evaluation of these activities.

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

42. The Executive Director reported that the Secretariat had not received any proposals from Members or any other source to list internationally traded tropical timber species in the Appendices of CITES. He indicated that the Secretariat, however, received invitation from CITES Secretariat to serve on a Working Group to review the Criteria for the inclusion of species in Appendices I&II of CITES as well as a Working Group on Bushmeat as a Trade and Wildlife

Management. The first meeting of the Criteria Working Group was held in Canberra, Australia from 2 to 4 August 2000 and ITTO was represented at that meeting. The Working Group on Bushmeat had not held its first meeting.

EXTENSION OF ITTA, 1994 – DECISION 4(XXVIII) (Agenda Item 12)

43. The Chairperson reported that Council had already through Decision 4(XXVIII) agreed to extend the ITTA, 1994 by another 3 years. He invited comments from Members.
44. Mr. Jeremy Rand (European Community) on behalf of the European Union informed the Council that the legal decision for the EU to agree to extend the ITTA, 1994 would take place on 7 November 2000. He, however, indicated that there was no doubt that the final decision by the EU would be positive.
45. Mr. Kazuo Tanaka (Japan) said that it would be ideal for the Government of Japan if a formal final decision on the extension of ITTA, 1994 could be made by Council at the Session. However, in view of the legal formalities on the part of the European Community, he proposed that the Chairperson of the Council should inform Member Countries when every legal procedure matters on the part of the EU had been completed and confirming Council's Decision 4(XXVIII) taken in Lima.
46. The Chairperson agreed with the proposal made by the delegation of Japan to notify Members when the legal formalities of the EU regarding the extension of ITTA, 1994 were finalized.

REPORT OF THE EXPERT PANEL ON DEVELOPMENT OF A FRAMEWORK FOR AN AUDITING SYSTEM FOR ITTO'S CRITERIA AND INDICATORS FOR SUSTAINABLE FOREST MANAGEMENT – DECISION 5(XXVIII) (Agenda Item 13)

47. The report was presented by the Co-chairpersons of the Expert Panel, Messrs. Douglas MacCleery (U.S.A.) and Siisi-Wilson (Ghana)
48. In his presentation, Mr. Douglas MacCleery (U.S.A.) referred Members to document ITTC(XXIX)/5 Rev.1. He indicated that the Panel met in Yokohama from 26 to 28 October 2000 to consider and review the consultants' report on the "Framework for an Auditing System for ITTO's Criteria and Indicators for Sustainable Forest Management". Members of the Panel were; Dr. Antonio Carlos do Prado (Brazil), Mr. E. Siisi-Wilson (Ghana), Dr. Tetra Yanuariadi (Indonesia), Mr. Rob Rawson (Australia), Mr. Stuart Goodall (U.K.), Mr. Douglas MacCleery (U.S.A.), Dr. Alan Knight (NGO), Mr. William Mankin (NGO), Mr. Kota Hiranuma (Observer), Dr. Markku Simula (Consultant), and Dato' Baharuddin Haji Ghazali (Consultant).
49. Mr. Douglas MacCleery reported that the Expert Panel's recommendations were directed to ITTO, its Member Countries, and to the Consultants who prepared the draft report. The report also addressed some concerns raised by the Consultants on the future role of ITTO as well as some market implications of auditing, including certification, and the capacity and resource implications to Member Countries. He commended the Consultants' report and indicated that the report be modified to incorporate the recommendations of the Expert Panel.
50. Mr. Douglas MacCleery provided a brief summary of the general observations of the Expert Panel:
 - (i) The Consultants' report did not contain a framework for auditing ITTO Criteria and Indicators at the national level. The Consultants focused on the forest management unit level where forest products markets have traditionally directed their interest. In the view of the Panel, in future, the results of Criteria and Indicators assessments of progress towards sustainable forest management at the national level may well have implications for market access;
 - (ii) The Consultants' report treated auditing of forest management and certification of timber, as virtually one and the same. In the Panel's view, although many of the principles governing certification and those underlying internal auditing for sustainable forest management are similar, internal auditing and certification could have different purposes, goals and objectives, and that forest managers should clearly understand these differences;

- (iii) ITTO Criteria and Indicators, as well as most other internationally developed Criteria and Indicators are designed primarily to measure the status, conditions and trends of forests and of forest-related ecosystems and social and economic demands. In the opinion of the Panel, such Criteria and Indicators seldom constitute auditable standards of performance, in and of themselves. ITTO's Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests provides valuable guidance as to how data to support the ITTO Criteria and Indicators should be gathered. The Manual relies primarily on the competence and the standards of performance contained in the forest management plans. The Manual, however, does not contain its own standards of performance. In the view of the Panel an additional step was needed for evaluating and affirming the competence and appropriate application of any performance standards that might exist for the FMU, separate from Criteria and Indicators, and establishing additional performance standards as appropriate to meet the goal of sustainable forest management. The credibility of performance standards might be enhanced by transparent consultation with stakeholders during their development; and
 - (iv) The Expert panel was not able to engage in an adequate detailed review of Annex 3 of the Consultants' report which contains the recommendations for audit guidelines to supplement ITTO's Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests. The Panel recommended that Annex 3 be subjected to a broader review by stakeholders.
51. Mr. Douglas MacCleery pointed out that several of the recommendations by the Consultants have policy implications regarding the appropriate role of ITTO vis-à-vis establishment, operation and accreditation of certification schemes. He further indicated that in the view of the Panel ITTO has a valuable role to play in helping Member Countries to build their capacity to develop credible auditing systems in achieving sustainable forest management. However, the Panel felt strongly that ITTO, as an international organization must be careful not to endorse or be perceived to endorse any particular certification scheme. ITTO should on the other hand articulate its support for the development of credible auditing systems, exploring ways to make auditing systems based on ITTO Criteria and Indicators more effective and less costly, facilitate discussion with other international organizations and the private sector on the subject.
 52. The Chairperson thanked the Expert Panel for a comprehensive report and invited comments from Members.
 53. Mr. Kota Hiranuma (Japan) commended the report of the Consultants. He indicated that auditing systems are essential particularly to demonstrate the progress towards achieving sustainable forest management. He supported the Panel's recommendations on future ITTO role especially in providing assistance to Member Countries to develop their own auditing systems capacity which would in future provide the basis of applying the present certification schemes. He also supported the recommendation for ITTO to facilitate discussions with relevant organizations on the subject of auditing systems and certification.
 54. Dr. B.C.Y. Freezailah (Malaysia) commended the Expert Panel for the report. He mentioned that since Members did not have enough time to study the report in detail, the agenda item should be opened for further interventions and observations so that Members would have ample time to read the report of the Expert Panel as well as the report of the Consultants.
 55. Mr. Rob Rawson (Australia) said that it was the view of the Expert Panel that the Consultants should revise the report based on the comments of the Expert panel and then circulate and seek a wider range of views from broad stakeholders.
 56. Dr. B.C.Y. Freezailah (Malaysia) reiterated his earlier intervention that since the Expert Panel did not have sufficient time to study the Consultants' report, he suggested that the report should be studied in greater detail before recommending any follow-up actions. Dr. Freezailah emphasized that the issue of certification was very important to the producer group. He also agreed with the remark of the Chairperson that ITTO's work and activities be linked to global issues. He indicated that certification had become a global issue with so many initiatives springing up from Member Countries.

57. Ms. Jocelyne Caloz (Canada) commended the consultants and the Expert Panel for their reports. She indicated that there was the need to make a distinction between auditing system of forest management and certification as well as understanding the purpose of carrying out the auditing. She further indicated that the distinction should be reflected in the report of the Consultants, as recommended by the Expert Panel.
58. In summarizing the discussions, the Chairperson said that Members should be given ample time to study the report. He mentioned that the comments of the Expert Panel should be integrated into the report.

REVISITING SELECTED ISSUES AND RELEVANT DRAFT DECISIONS CONSIDERED AT THE TWENTY-EIGHTH SESSION – DECISION 10(XXVIII) (Agenda Item 14)

59. The Chairperson drew Council's attention to document ITTC(XXIX)/13. He proposed that discussions on the draft decisions should be conducted during the Chairperson's Open-ended Informal Drafting Group Meeting.

REPORT ON TRAINING WORKSHOPS AND FIELD TESTING OF THE MANUAL FOR THE APPLICATION OF CRITERIA AND INDICATORS FOR SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS –DECISION 3(XXVI) (Agenda Item 15)

60. The report was presented by Mr. Don Wijewardana (New Zealand) and Dr. B.C.Y. Freezailah (Malaysia) who were the consultants.
61. Mr. Don Wijewardana briefed Council on the terms of reference of the consultants. He indicated that the report covered the first three workshops and field testing of the Manual in Malaysia, Indonesia and Ecuador and a final report would be presented to Council after the completion of the workshop for the African region.
62. Mr. Don Wijewardana said that the field testing of the Manual in the three countries provided valuable information on the Manual's applicability under different country conditions, as well as on its user-friendliness. He indicated that the capacity and commitment to sustainable forest management varied widely between countries at the national level. He also said that the commitment to sustainable forest management at the forest management unit level seemed greater than at the national level. He mentioned that the forest management units tested in the three countries were at different stages in implementing sustainable forest management which was partially a reflection of the level of commitment at the national level and partly due to the lack of resources, trained staff and the necessary information. He further stated that many forest management unit managers found some of the data and the level of detail sought under various indicators in the ITTO Criteria and Indicators beyond their capacity to meet. In spite of these limitations a common trend that ran through all forest management units tested was their high level of commitment to sustainable forest management, which stemmed very largely from their aim to obtain timber certification through the application of criteria and indicators.
63. On social issues and community development, Mr. Wijewardana said that there was the need for greater clarity between the responsibilities of the management of FMUs and the government. In many instances the forest management units tested considered that such matters were not within their domain.
64. Mr. Wijewardana stated that the main objective of the workshops was to promote the wide use and application of the ITTO Criteria and Indicators. He said that the general findings and observations should be viewed in terms of participants' understanding and involvement in Criteria and Indicators as well as the user-friendliness of the Manual. He indicated that 84 per cent of the participants found that the training in the use of the manual was extremely useful, 78 per cent found the workshop useful for them to become trainers while 53 per cent found the Manual to be user-friendly. He further indicated that the fact that almost one-half of the participants in the workshops did not consider the Manual user-friendly suggested that there was the need to improve the Manual if the ITTO Criteria and Indicators are to have a widespread application in Member Countries.
65. Mr. Wijewardana said that the participants identified the following obstacles as major impediments:

- lack of trained manpower;
 - budgetary constraints;
 - lack of political commitment; and
 - lack of relevant information
66. He stated that in many Latin American countries, the legally defined PFE was confined to national parks and conservation forests and did not normally cover production forest. As such, data provided on the basis of PFE, covered only a small proportion of the total area of forest. He also said that there was the need for definition of many commonly used terms.
67. Mr. Wijewardana recommended that the ITTO Criteria and Indicators for the Sustainable Management of Natural Tropical Forests and the Manuals for the Application of Criteria and Indicators should be revised to make them appropriate to the level and/or capacity of Member Countries to understand and apply. He further recommended that ITTO should facilitate greater use of the Manual by providing on-going training in the use of the ITTO Criteria and Indicators and seek regular reporting on the extent of application of criteria and indicators in conjunction with the reporting on the achievement of Year 2000 Objective. He urged Members to support country programmes and activities such as efforts towards timber certification, since the initiative to apply criteria and indicators were largely driven by the interest in timber certification and less through a commitment to sustainable forest management.
68. Mr. Stefan Leiner (European Community) commended the consultants for the report. He indicated that the recommendations of the Expert Panel, regarding the link between criteria and indicators and certification should be included in the final report. He explained that the Expert Panel had recommended that from Criteria and Indicators to certification there must be a process of transforming the Criteria and Indicators into measurable performance standards.
69. Dr. Untung Iskandar (Indonesia) commended the report of the consultants. He reiterated the problem of lack of political commitment identified by the consultants. He informed Members that there was a move towards the application of criteria and indicators in Indonesia and requested the consultants to provide cost estimates for the application of criteria and indicators. He proposed that Council should support countries financially, through the Bali Partnership Fund.
70. Mr. William Mankin (Global Forest Policy Project) commended the exercise but cautioned against some of the recommendations, particularly regarding reducing the number of indicators and the level of details required. He expressed particular concern about the recommendations on biological diversity. He mentioned that biological diversity is one of the most irreplaceable components of sustainable forest management.
71. Mr. Rob Rawson (Australia) commended the consultants for the report. He assured the Council that countries, including Australia, find it difficult obtaining all the available data. He encouraged countries to start with the available data and build on the data over time. He expressed concern about the recommendation to make the application of ITTO Criteria and Indicators a precondition for approving project funding.
72. Dr. B.C.Y. Freezailah (Malaysia) said that his experience had shown that the complexities and difficulties in implementation of the criteria and indicators should not be underestimated. He reiterated the strong linkage between criteria and indicators and timber certification and emphasized the fact that there were areas in the Manual that must be made more user-friendly.

THE ROLE OF ITTO IN FOREST AND FOREST PRODUCTS-RELATED INTERNATIONAL AGENDA AND COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS (Agenda Item 16)

Report on Implementation of Cooperation between ITTO and CAB International to Participate in the Forestry Compendium Programme

73. The Executive Director referred to Decision 2(XXVIII) which authorized ITTO's participation in the Forestry Compendium Programme on the basis of a one-time payment of US\$100,000. He said that, following on the Decision, he appealed to Member Countries to make earmarked voluntary contributions to meet the financial requirements of the Decision. However, the Secretariat did not receive any voluntary contributions and as provided for in the Decision, the Secretariat had to meet ITTO's participation through the use funds from Sub-Account B of the Bali Partnership

Fund. He further informed Council that ITTO had participated in one meeting of CAB International and he invited Mr. Emmanuel Ze Meka, Assistant Director, Forestry Industry Division, to brief Council on ITTO's participation in the Forestry Compendium Programme.

74. Mr. Ze Meka (ITTO Secretariat) reported to the Council that a workshop on the Forestry Compendium was held in U.K. from 7 to 8 July 2000. He referred Members to document ITTC(XXIX)/7. He spoke about the sales sustainability and marketing plan and the possible future development of the Compendium as issues discussed at the meeting of the Compendium. He said that the meeting arrived at the following conclusions:
- the Compendium should be maintained by updating and including new information;
 - members of the Compendium should play a more active role in the sales of the compendium; and
 - CAB International should take measures to publicise the Compendium.
75. On possible future development, Mr. Ze Meka reported that Members of the Compendium agreed that future developments of the Compendium should focus on the strengthening of the timber and non-timber forest products components of the Compendium and that CAB International would prepare submit a project proposal to that effect.
76. H.E. Mr. J.E.K. Aggrey-Orleans (Ghana) said that the decision for ITTO to participate in the Compendium was in the right direction and was glad that ITTO had associated itself with the success of the CAB International Compendium. He supported the strengthening of the timber and non-timber forest products components of the Compendium through a project proposal to be submitted to ITTO.
77. Mr. Kazuo Tanaka (Japan) sought clarification on the role of ITTO in the compendium. He stated further that Decision 2(XXVIII) did not authorize ITTO to become a member of the compendium and sought further clarification on ITTO's membership. He indicated that membership of the compendium implied a lot of salesmanship and called for further discussions on the issue in the Committee on Forest Industry.
78. The Executive Director provided clarification on the terminology of "membership of the compendium". He explained that parties that make substantial contributions to the compendium were regarded as members of the compendium and Decision 2(XXVIII) authorized the Executive Director to make a contribution of US\$100,000 and participate in the meetings of the compendium. This substantial contribution of US\$100,000 implied that ITTO should get all the benefits for its contribution. He explained further that the memorandum of understanding between ITTO and CAB International provided ITTO with all the benefits of a full member of the compendium without any further commitment on the part of the Organization.
79. On resumption of business, the Chairperson proposed that discussions on the role of ITTO in forest and forest products-related international agenda should focus on relevant international organizations such as UNFF, GEF, UNFCCC and CBD. He urged Members to explore some strategy in relation to on-going developments in other areas of the global agenda and their impact and relevance to ITTO. He reiterated his proposal for an inter-sessional panel to assist Members to come up with a strategy on how ITTO could maintain its relevance in the international arena. He invited comments from Members of the Council.
80. Ms. Aulikki Kauppila (Finland) said that it was important for ITTO to play a vital role in the international forestry fora. She mentioned that such a role would enhance the visibility of the Organization. She urged Members to carefully consider the areas that ITTO could have comparative advantages to avoid any duplication of efforts.
81. Dr. Untung Iskandar (Indonesia) mentioned that, in Indonesia, ITTO is regarded as a donor agency as well as a facilitator towards achieving sustainable forest management. On the issue of climate change, he stated that the Ministry of Environment was the responsible agency in Indonesia and the role of forestry had been very limited. However, attempts were underway to forge collaboration between the Ministry of Environment and the Ministry of Forestry to seek possible ways of integrating the ITTO Criteria and Indicators into the national forestry programme.
82. Mr. Kazuo Tanaka (Japan) reiterated that there had been a fast changing environment on international forestry issues. He cited the UNFCCC, United Nations Convention on Biological

Diversity, UNFF, etc. He urged ITTO to follow these international developments very closely. He called on the Secretariat to collect as much information as possible and disseminate such information to Member countries. On the possible role of ITTO vis-à-vis other international fora or organizations, he urged Council to provide the policy direction. He supported the idea of convening an inter-sessional panel to consider the issue. Mr. Tanaka also mentioned that the use of financial and human resources of ITTO should be focused on the attainment of ITTO's objectives, in particular the attainment of Year 2000 Objective in Member Countries. He urged Council to carefully examine concrete ways and means, including secondment of staff to other organizations such as UNFF. He called for strengthening of ITTO's existing cooperation with other international organizations such as FAO, ATO, etc.

83. Mr. Stefan Leiner (European Community) hoped that ITTO would play a very important role in the UNFF, and become a member of the Collaborative Partnership on Forests, which would coordinate the different actions of all international organizations involved in forests. He proposed that any decision taken by Council on the issue should give the Executive Director the mandate for ITTO to become a member of the Collaborative Partnership on Forests. He proposed that the Executive Director should put forward a strategy on how best to have a link between ITTO and other international organizations.
84. The Chairperson mentioned that the UN Convention for Combating Desertification could also have some implications for ITTO. He said that climate change issues could also have some impact on the role of ITTO because of the issue of carbon credit. The Chairperson called on Council to be fully abreast with developments in the international fora that directly or indirectly impact on the role of ITTO.
85. Mr. Hyung-Kwang Kim (Republic of Korea) said that ITTO is the only international organization involved in tropical forest management. He called on ITTO to evolve new ideas of forest management. He supported the convening of an Expert Panel to address the issue of the role of ITTO in forest and forest products-related international agenda and cooperation with relevant international organizations.
86. Mr. Germán Espinoza (Ecuador) reiterated the need for a strategy to strengthen ITTO's links with the UNFF. He indicated that such a political strategy would not entail any new resources or staff. He emphasized that the general objectives of ITTO had not changed and there was the need to echo this message in international fora.
87. Ms. Jan McAlpine (U.S.A.) commended the Chairperson, Mr. Rae Kwon-Chung for bringing the issue of the role of ITTO in international fora to the attention of the Council and expressed the support of the U.S. delegation in seeking a strategy and opportunities for ITTO in international fora.

MATTERS RELATED TO ARTICLE 35 OF ITTA, 1994 (Agenda Item 17)

88. The Chairperson introduced the agenda item and invited comments from Members. In the absence of any comments, the Executive Director explained to Members that the review of the scope of the ITTA, 1994 in 2001 is a mandatory requirement under Article 35 and therefore the issue has to be put on the agenda for the next Council Session.

FREQUENCY AND DURATION OF COUNCIL AND COMMITTEE SESSIONS – DECISIONS 5(XXII) AND 4(XXVI) (Agenda Item 18)

89. The Chairperson introduced the agenda item and invited comments from Members.
90. Mr. Kazuo Tanaka (Japan) referred to document ITTC(XXIX)/8 and thanked the Secretariat for the information. He expressed concern about the need for increasing the efficiency in the management of Council Session. He proposed that Council should take a decision on how to proceed to address the issue.
91. Mr. Don Wijewardana (New Zealand) supported the proposal by the delegation of Japan and he proposed that an Expert Panel should be convened to address the matter, or preferably the issue be put in abeyance for a while.

92. Mr. Stefan Leiner (European Community) said that it would be useful to continue to exchange ideas on the range of options and indicated that the European Community has preference for an annual Session to be held in Yokohama although he maintained that the EC was quite flexible on the choice of options.
93. Ms. Jan McAlpine (U.S.A.) recalled the report of the Expert Panel on the Organization of Work which led to improvements in efficiency; notable among the Panel's recommendations were the reduction of the length of meetings from 4 weeks a year to 2 weeks a year (bi-annual), one meeting in producer country and the other in Yokohama, on a pilot basis. She noted that there was the need for Council to take a firm decision on the existing practice which was instituted about 4 years ago. She proposed that if a decision was required then Members would need some time to discuss among the caucuses on how to proceed. She further mentioned that the United States delegation was not anxious for an early decision on any major change in the status quo. She proposed that the Council should affirm to continue with the current practice and set in motion over time a thoughtful consideration of how to improve efficiency in the work of the Council.

DISTRIBUTION OF COUNCIL DOCUMENTS (Agenda Item 19)

94. The Executive Director reported that pursuant to Decision 9(XXVIII) which amended the ITTO Rules of Procedure on distribution of Council documents and requested the Executive Director to provide a list of documents to be designated as "restricted", the Secretariat contacted a number of related inter-governmental organizations about their document distribution practices. Responses received indicated that most organizations usually have restrictions on the distribution of their financial documents and all other documents were normally available for general distribution. He proposed to Council to restrict the distribution of financial documents in line with practices of a large number of other inter-governmental organizations in the area of commodities, environment, forestry and agriculture.
95. Mr. Stefan Leiner (European Community) said that the European Community would go along with the proposal by the Executive Director but sought further clarification on the types of documents classified as "financial".
96. Mr. E. Collins Ahadome (Information Officer) provided clarification on the financial documents to be restricted. He cited the Draft Administrative Budget, Statements of the Administrative Accounts and Statements of the Special Account and Bali Partnership Fund, as examples of financial documents to be restricted.
97. Mr. John Martinez (Australia) sought further clarification as to whether the ITTO website for document distribution would no longer require a user password if only financial documents were to be restricted.
98. The Executive Director explained further that all other documents except those mentioned above, if approved by Council, would be available to all parties on the homepage. However the financial documents would still be on a sub-site accessible to Members only. He further proposed that financial documents although restricted should be available to observers during the Council Session.
99. Mr. Kazuo Tanaka (Japan) said that the delegation of Japan could, in principle, go along with the proposal made by the Executive Director. However, since no one would be able to anticipate the type of documents to be prepared in the future, he cautioned that Council should not impose too much burden on the Secretariat, in terms of which documents should be classified as "Restricted".
100. Ms. Jan McAlpine (U.S.A.) proposed that the Committee on Finance and Administration should be requested to indicate financial documents which should be derestricted and those to be restricted as part of the CFA's report to Council. She indicated that the CFA would, if approved by Council, make the recommendation in consultation with the Secretariat.

ITTO ANNUAL WORK PROGRAMME – DECISION 7(XXVII)

**Progress Report on the Implementation of Work Programme for the Year 2000 (Agenda Item 20a)
Draft Programme for the Year 2001 (Agenda Item 20b)**

101. The Executive Director referred Members to documents ITTC(XXIX)/9. He reported that the document followed the usual format. The activities had been classified under Council, Committees and Secretariat. He further mentioned that for each activity approved by the Council for the year 2000, the Secretariat identified the implementation approach and cost implications as well as the implementation status.
102. The Executive Director said that the draft work programme for 2001 had been prepared based on the Libreville Action Plan. He referred Members to document ITTC(XXIX)/10. He proposed to Members to give a more detailed attention to the strategic policy activities under the section of the International Tropical Timber Council. He called attention to two important issues:
 - (i) "review of the adequacy of the resources available in the Bali Partnership Fund....."
 - (ii) "review of progress in the implementation of the ITTO Libreville Action Plan"
103. Dr. Sobral urged Council to examine critically the implementation approach of the above mentioned strategic policy activities.
104. Ms. Jan McAlpine (U.S.A.) reiterated the importance of the two strategic policy activities highlighted by the Executive Director. She informed Council that the U.S. delegation had already discussed the issue of adequacy of funds in the Bali Partnership Fund and looked forward to further discussions with the Executive Director to identify innovative ways to address the issue. On the issue of "review of progress in the implementation of the ITTO Libreville Action Plan", she proposed that there was the need to initiate a process towards the development of the elements required for the preparation of a new ITTO Action Plan.
105. Mr. Stefan Leiner (European Community) commended the Executive Director and the Secretariat for the work done during the year. He agreed with the proposal that the various Committees should discuss their work programme and make the necessary amendments to the draft work programme prepared by the Secretariat. He also proposed that the draft work programme should be revised to reflect the decisions that would be adopted by the Council.
106. Ms. Aulikki Kauppila (Finland) commended the Secretariat for the two documents. She informed Council that the Consumer Caucus had not discussed the work programme in detail and therefore there would be the need to make amendments to reflect the decisions of the Council. She cautioned that Members should take into consideration the amount of outstanding work in the work programme before adopting new decisions. Members should also take into consideration the available resources in order to develop a feasible work programme for both the Council and the Secretariat.
107. Mr. Kazuo Tanaka (Japan) commented on the work programme for 2001. He stressed that the Secretariat had been doing excellent job with a limited number of personnel and resources and hoped that the Secretariat would take into account the practicability of the implementation of the programme of work for 2001.

PLEDGES TO THE SPECIAL ACCOUNT AND THE BALI PARTNERSHIP FUND (Agenda Item 21)

108. The Chairperson invited pledges of new contributions to the Special Account and the Bali Partnership Fund.
109. Mr. Kazuo Tanaka (Japan) informed the Council that the Government of Japan would make country-specific project funding through the Sub-Account A of the Bali Partnership Fund. He appealed to other donor countries to make positive contributions as well.

ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVI)

Progress Report on the ITTO Fellowship Programme (Agenda Item 22a)

110. The report was presented by Mr. E. Collins Ahadome (Information Officer). He drew Council's attention to document ITTC(XXIX)/11. He indicated that the report outlined measures that had been taken to improve the ITTO Fellowship Programme as well as measures to be considered by

Council regarding the operation of the Freezailah Fellowship Fund. He highlighted three main issues: (1) advertisement and dissemination of the Fellowship Programme; (2) status of ITTO Fellowship Awards (1989-2000); and (3) status of the Freezailah Fellowship Fund.

111. Mr. Ahadome mentioned that five hundred and seventy-seven (577) fellowships amounting to US\$3,305,092.30 have so far been awarded during the three phases of the Fellowship Programme. Out of the 577 fellowships awarded, 61 per cent were in the field of Reforestation and Forest Management, 28 per cent in Forest Industry and 11 per cent in Economic Information and Market Intelligence. He indicated that 83 per cent of the awards were granted to nationals of producer Member Countries, 12 per cent to developing consumer countries (i.e. Nepal and China) and 5 per cent to those of developed consumer countries. Among producing regions, 26 per cent of the total awards were to Africa, 36 per cent to Asia/Pacific and 21 per cent to Latin America. Females accounted for 21 per cent of the total awardees. The fellowships covered activities such as short training course, conferences/workshop attendance, degree programmes/research; study tours; and technical document preparation.
112. Mr. Ahadome provided the up-to-date financial statement of the Freezailah Fellowship Fund and asked Council to consider and approve an additional amount of US\$250,000 to the Freezailah Fellowship Fund to cover awards and programme support for 2001.
113. Mr. Kazuo Tanaka (Japan) commented on the request for additional funding of the Fellowship Programme and urged other donors to make voluntary contributions to the Freezailah Fellowship Fund. He said that Japan was not opposed to additional funding of the programme but indicated that automatic funding of the programme should be viewed cautiously.

Report by the Chairperson of the Fellowship Selection Panel (Agenda Item 22b)

114. The report was presented by Dra. Josefina Takahashi, Chairperson of the Fellowship Selection Panel. She informed the Council that the Fellowship Panel composed of representatives of Gabon, Honduras, Papua New Guinea, Australia, China and U.S.A. met twice during the Twenty-ninth Session of the Council to evaluate fellowship applications and select successful candidates. She said that the Panel considered a total of 81 applications, of which 73 applications were from producer countries and 8 were from consumer countries. Seventy-two (72) per cent of the applications were in the field of Reforestation and Forest Management, twenty-one (21) per cent in the field of Forest Industry and seven (7) per cent in field of Economic Information and Market Intelligence.
115. The Panel recommended to Council to approve a total of twenty-five (25) applications at a total cost of approximately US\$150,000. The full report of the Selection Panel is contained in document ITTC(XXIX)/12.

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 23)

116. Ms. Astrid Bergquist (Sweden), Chairperson of the Committee on Economic Information and Market Intelligence, presented the report of the Committee.
117. She referred to document CEM(XXVII)/7 Rev.1. She reported that the Committee reviewed the status of implementation of sixteen (16) projects, pre-projects and activities. She mentioned that there were five (5) projects and pre-projects pending financing, and appealed to donor countries to consider favorably the financing of these projects. The Committee also discussed a draft pre-project proposal on strengthening the Market Discussion. Ms. Bergquist reported that the Committee identified two (2) projects for ex-post evaluation.
118. On policy work, Ms. Bergquist reported that the Committee discussed among other issues; market access, timber certification, a study on 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, the medium and long-term outlook for the tropical timber market and a study on the feasibility of a price setting mechanism for the tropical hardwood plywood trade.
119. Ms. Bergquist reported that the Committee held a joint session with the Committee on Forest Industry and hoped the two Committees would continue the practice in future.

120. The Committee recommended to Council the approval and funding of two (2) new pre-projects and five (5) projects. The Committee also recommended that additional funds be made available to one project and one activity being implemented by the Secretariat.
121. Ms. Bergquist reported that the Committee elected Dr. Antonio Carlos do Prado (Brazil) and Ms. Sarah Smiley (U.S.A.) as Chairperson and Vice-Chairperson respectively for 2001.
122. The report was unanimously approved by Council. (The full report is attached as Annex V.)
123. Mr. Pisal Wasuwanich (Thailand), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee.
124. He reported that the Committee reviewed two categories of completed projects: (1) completed projects, with financial audit; (2) completed projects, pending financial audit. There were two (2) projects under category (1) and six (6) projects under category (2). The Committee also considered the reports of two (2) completed pre-projects and selected five (5) projects for ex-post evaluation.
125. Mr. Wasuwanich mentioned that the Committee considered the status report of seventy-nine (79) projects under implementation, fourteen (14) projects awaiting the signing of an agreement, nine (9) projects pending finance and four (4) projects falling under the sunset provision. The Committee also reviewed the status of sixteen pre-projects which are under implementation. The Committee recommended to Council the approval and funding of eight (8) projects and one (1) pre-project proposals.
126. Mr. Wasuwanich informed Council that the Committee elected Mr. Chen Xuhe (People's Republic of China) and Mr. Antonio Morizaki (Peru) as Chairperson and Vice-Chairperson respectively for 2001.
127. The Council unanimously approved the report of Committee as contained in document CRF(XXVII)/13 Rev.2. (The full report is attached as Annex V.)
128. Ms. Kayoko Fukushima (Japan), Chairperson of the Committee on Forest Industry, presented the report of the Committee.
129. Ms. Fukushima reported that the Committee took note of the successful completion report of two (2) projects. She mentioned that the Committee expressed strong support for the continuous publication of the ITTO Newsletter "Tropical Forest Update" and suggested that its financing should come from more regular sources of funding other than project funding. The Committee identified four (4) completed projects for ex-post evaluation.
130. Ms. Fukushima mentioned that the CFI considered thirty-one projects and pre-projects under implementation and eight (8) projects and pre-projects awaiting implementation agreement and provided guidance to some projects encountering problems in their implementation. The Committee recommended to Council the approval and funding of three (3) new project proposals.
131. Ms. Fukushima said that the Committee commended the initiatives of the Secretariat in organizing a joint CFI/CEM Session for the consideration of certain policy issues of common interest to the two Committees. The joint Committee discussed the final reports on PPD25/99 (I) "Review of the Status of Further Processing of Tropical Timber in Producing Countries" and PPD24/99 "Increasing the Utilization Efficiency and the Reduction of Losses and Waste Throughout the Production Chain".
132. Ms. Fukushima reported that the CFI elected Dr. Abdul Rashid Hj. Ab. Malik (Malaysia) and Ms. Candy Green (U.S.A.) as Chairperson and Vice-Chairperson respectively for 2001.
133. The Council unanimously approved the report of the Committee as contained in document CFI(XXVII)/10. (The full report is attached as Annex V.)
134. Ms. Jan McAlpine (U.S.A.), Chairperson of the Committee on Finance and Administration presented the report of the Committee. She referred to document, CFA(VIII)/9 Rev.1. She presented the following recommendations of the Committee to the Council:

- (i) To accept the revised Administrative Budget for the financial year 2001 in the amount of US\$4,635,373;
 - (ii) To appoint the firm "Price Waterhouse Coopers, Yokohama" to audit the accounts of the Organization for the financial year 2000;
 - (iii) To set up an inter-sessional working group of the CFA to discuss matters related to arrearages in contributions of Members and other financial matters to facilitate the work of the Committee at its Ninth Session; and
 - (iv) To allocate financing of the activities, pre-projects and projects from Sub-Account B of the Bali Partnership Fund taking into account the priority list as proposed by the Sub-Committee of the CFA.
135. Ms. McAlpine informed the Council that the CFA elected Mr. Thémotio Batoum (Cameroon) and Ms. Kayoko Fukushima (Japan) as Chairperson and Vice-Chairperson respectively for 2001.
136. The Council, by consensus, approved the report of the CFA. (The full report is attached as Annex V.)
137. Ms. Candy Green (U.S.A.) said that the United States supported the continued cost-saving efforts by the Secretariat to reduce expenditures whenever possible. She mentioned that, in the view of the United States delegation, ITTO should investigate alternative financing mechanisms for the Project Manager position previously financed by the Government of Japan, to include, inter alia, finding another Member State who might make a similar commitment or potentially increasing the administrative service fee levied on each project awarded, or considering a delay in bringing aboard new hires until such time as a reasonable financial arrangement could be made.
138. Ms. Green said that the United States strongly supported budget discipline, and in the view of the U.S. delegation, the current increases in the Administrative Budget could be absorbed, especially in light of the fact that the current Administrative Budget had been projected to be underspent by more than ten per cent. She stated that the zero nominal growth budget was fully achievable and desirable. The U.S. delegation dissociated itself from the consensus achieved on the Administrative Budget for 2001.
139. Ms. Jean-François Casabonne Masonnare (France), on behalf of the European Union, expressed the wish for a little growth in the budget, in real terms and indicated the recognition of limiting the expenses of the Administrative Budget. He further indicated that the European Community was not opposed to the adoption of the Administrative Budget. The European Community was, however, concerned about the arrearages in assessed contributions and urged Members to make the outmost efforts to meet their obligations in order to contribute to the smooth running of the Organization. He mentioned that the European Community expects that the policy of zero nominal growth of the Administrative Budget would be maintained in the coming years.

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2001 (Agenda Item 24)

140. The Chairperson invited nominations for the positions of Chairperson and Vice-Chairperson of Council for 2001.
141. Dr. Untung Iskandar (Indonesia), on behalf of the Producer Group, proposed Dr. Jürgen Blaser (Switzerland) for the position of Vice-Chairperson of Council for 2001. He mentioned that Dr. Jürgen Blaser is currently a senior forester in the Central Forest Team in the World Bank and team leader of the Forest Team in the Environment Department of the World Bank. Between 1980 and 1987, Dr. Blaser worked as a forest research fellow with the Interamerican Agricultural Research Centre (CATIE) in Turrialba, Costa Rica and with the Research Centre for the Peruvian Amazon (IIAP) in Iquitos, Peru. From 1987 to 1992 he was a lecturer at the Forestry Faculty of the University of Antananrivo in Madagascar. In 1992, Dr. Blaser became the Deputy Head of the Forest and Environment Sector of Intercooperation, the Swiss Organization for Development and Cooperation and Advisor to the State Secretary for Economic Affairs.
142. Dr. Iskandar said that since 1992, Dr. Jürgen Blaser had been attending ITTC Sessions as Technical Advisor of the Swiss delegation. He was a member and chairperson of several ITTO Expert Panels, including: Expert Panel on Guidelines for Tropical Forest Management; Expert Panel on ITTO Action Plan; Expert Panel on Financing Sustainable Forest Management; and Expert Panel for Technical Appraisal of Project Proposals. Dr. Blaser was also the Chairperson of

the Committee on Reforestation and Forest Management in 1997. Dr. Jürgen Blaser is a forest engineer.

143. The nomination of Dr. Jürgen Blaser as Vice-Chairperson of ITTC for 2001 was approved by acclamation.
144. Mr. Hans-Peter Egler (Switzerland), on behalf of the Swiss Government, accepted the nomination of Dr. Jürgen Blaser as Vice-Chairperson of the Council and thanked the Council for the honour. He pledged Switzerland's support to Dr. Jürgen Blaser to carry out his duties as Vice-Chairperson of the Council for 2001.
145. Ms. Aulikki Kauppila (Finland), on behalf of the Consumer Group, nominated Dra. Josefina Takahashi (Peru) as Chairperson of the Council for 2001. Dra. Takahashi is currently the head of the Peruvian National Institute of Natural Resources (INRENA). From 1998 to May 2000, she was the president of the Technical Secretariat for Coordination with the Consultative Group on International Agricultural Research (STC-CGIAR). From 1996 to March 2000, Dra. Takahashi was the head of the Management Unit of International Contracts (UGECI) of Peru. She was the president of the Ruling Entity for Integral Care of Children and Adolescents in the Ministry of the Presidency from 1993 to 1996.
146. Ms. Kauppila mentioned that Dra. Takahashi had served on a number of Boards, including: the Regional Fund for Agricultural Technology (FONTAGRO); International Potato Centre; National Fund for Areas Protected by State (PROFONANDE); World Wildlife Fund (WWF) – World Bank Alliance; and National Environment Fund (FONAM).
147. The nomination of Dra. Josefina Takahashi as Chairperson of ITTC for 2001 was approved by acclamation.

DATES AND VENUES OF THE THIRTIETH, THIRTY-FIRST, AND THIRTY-SECOND SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 25)

148. The Executive Director formally informed the Council that the Government of Côte d'Ivoire had withdrawn her offer to host the Thirtieth Session of the Council in Abidjan because of political uncertainties in the country. He reported further that the Secretariat had subsequently received an invitation from the Government of Cameroon to host the Thirtieth Session in Yaoundé, Cameroon.
149. Mr. Takeichi Ishikawa, Assistant Director, Management Services, reported that the Thirtieth Council Session would be held in Yaoundé, Cameroon, from 28 May to 2 June 2001.
150. Mr. Jean Bosco Samgba Ahanda (Cameroon), on behalf of the Government of Cameroon, extended a warm invitation to all delegations to attend the next Council Session to be held in Yaoundé, Cameroon from 28 May to 2 June 2001. He provided a brief overview of Cameroon. He mentioned that Cameroon is located at the centre of the Congo Basin with a forest area of 22.5 million ha. He recalled that Cameroon hosted the Twelfth Session of the ITTC in 1992. He said that Cameroon had benefited a great deal from ITTO's project funding. He informed the Council that Cameroon successfully hosted the Twenty-second Summit of the OAU in July 1996 and from 4 to 7 December 2000, Cameroon will host the Ministerial meeting of Ministers in charge of forests of the Congo Basin. He mentioned that Yaoundé has the necessary infrastructure to successfully host the Thirtieth Session of the ITTC. He hoped that the Thirtieth Session of ITTC would offer an excellent support to the forestry programme of Cameroon.
151. Mr. Takeichi Ishikawa, Assistant Director, Management Services, informed the Council that the dates for the Thirty-first Session of the ITTC, scheduled for 29 October to 3 November 2001, in Yokohama, Japan, have to be confirmed. He also requested Council to set the dates for Thirty-second Session of the Council, in keeping with the practice of fixing Session dates, 18 months in advance of the Session. He proposed that the Thirty-second Session of the Council should be held from 27 May to 1 June 2002. He requested Council to select a venue for the Thirty-second Session if the proposed dates were acceptable to Council.

152. Dr. Tachrir Fathoni (Indonesia) informed the Council about the Government of Indonesia's intention to host the Thirty-second Session of the Council in Bali, Indonesia, subject to the approval by Council.

OTHER BUSINESS (Agenda Item 26)

Presentation by the Common Fund for Commodities

153. Mr. Siegfried Hirsch (Common Fund for Commodities) provided a brief overview on the Common Fund for Commodities (CFC), its project work and in particular its cooperation with ITTO. He stated that the CFC is an inter-governmental financial institution with 104 member countries including the European Community, Organization of African Unity and the Common Market for Eastern and Southern Africa. The CFC is a commodity focus organization with the objective to alleviate poverty through development focusing on commodities in countries which are highly dependent on the commodities concerned. The projects of the CFC are primarily projects which focus on specific commodity problems or opportunities, cutting across national boundaries.
154. Mr. Hirsch said that CFC had approved 90 regular projects and 18 forest related projects with an overall cost of US\$277 million, of which CFC financed US\$124.8 million. This comprised US\$103.1 million in grant and US\$21.8 million in loan. The average size of a CFC-financed project is US\$3 million. CFC-funded projects can be classified into three broad categories, namely (a) pre-harvest productivity improvement (including research); (b) post-harvest processing, marketing and quality testing; and (c) market expansion projects.
155. To date, projects approved have operating sites in approximately 100 countries, of which approximately 90% are developing countries, including 28 LDCs. Of the developing countries which have CFC project sites, 41 are in Africa, 34 in Asia and 15 in Latin America and the Caribbean.
156. Mr. Hirsch said that CFC projects focus mainly on the poorer strata of the population; small producers-exporters, small holders, as well as small and medium sized enterprises involved in commodity production, processing and trade in developing countries and countries in transition. The criteria for selection of projects are; project quality, impact, beneficiary focus and manageability. He indicated that most of the CFC projects are grant financed. Loans are however, an additional means to pursue the Fund's catalytic role in using its own resources as seed money in the mobilization of additional finance for commodity development from other institutions.
157. Mr. Hirsch mentioned some ITTO projects supported by the CFC and that the CFC was looking for further cooperation with ITTO.
158. Mr. Kazuo Tanaka (Japan) proposed that the CFC's Technical Appraisal Committee for Projects which has similar functions as the ITTO's Expert Panel for Technical Appraisal of Project Proposals could cooperate to speed up the appraisal and approval of project proposals submitted to the CFC.
159. Mr. Siegfried Hirsch (CFC) explained that the CFC deals with a number of commodities and the expertise on each particular commodity for the CFC is expected from the International Commodity Bodies (ICBs) and consequently the source of expertise on timber for the CFC is the ITTO. Hence the CFC depends on the comments of the ITTO Expert Panel for Technical Appraisal of Project Proposals and the Decisions of the ITTC. The consultative committee of the CFC only analyses whether the project objective falls within the mandate of the CFC especially in aspects addressing the general problems of the commodity as opposed to country-specific problems. He indicated that there are some differences in the criteria of the two organizations in that respect.

Statement by the Delegation of Australia

160. Mr. Rob Rawson (Australia) spoke about how ITTO could make progress on sensitive issues in support of the goals of the Organization. He mentioned that the Twenty-ninth Session of the ITTC started with great promise. He referred to the Opening Statement by the Executive Director and indicated that it was very positive and forward-looking. He, however said that, the Session was characterized by considerable frustration for many Members and Observers, particularly because of processes that did not seem to support the broader interests of Members in relation to decision-making. He mentioned that all was not well with ITTO, and that there was the need for

changes to be made as quickly as possible. He said that the changes should seek to build greater trust and transparency as well as de-emphasize personalities and the pursuit of narrow interests. He further mentioned that Australia recognizes the value of ITTO projects and activities which are delivering worthwhile outcomes for Members, although there is a perception that progress towards sustainable forest management had been slow and that the Organization was not committed to tackling the more difficult issues within its mandate.

161. Mr. Rawson said that if ITTO could not make decision on the politically sensitive issues such as certification and illegal logging and illegal trade, some Members might look for other ways to cooperate and work together without ITTO. He appealed to Members to reflect on how best to progress towards the goals of ITTO. He suggested to include the issue on the Agenda for the next formal Session of Council.

Statement by the Delegation of United States

162. Ms. Jan McAlpine (U.S.A.) expressed concern about frustration of the outside world with the ability of ITTO to effectively address key issues within the scope of the ITTA, 1994. She expressed her support and loyalty to the Organization and indicated that the problems identified by the delegation of Australia could be addressed by the Organization. She noted that in the last few years, the Organization had not been able to figure out a process for effectively considering substantive issues. She cited issues like illegal logging and illegal trade and certification as sensitive issues that should be addressed by the Council.
163. Ms. McAlpine also noted that in spite of the problems, there was a true commitment on the part of all Members. She indicated that ITTO has the potential and the foundation for making immense contributions to the Objective 2000 and all issues in the ITTA, 1994. She concluded on a note of optimism and urged Members to address the systemic issues in the Work Programme and looked forward to the leadership of Dra. Josefina Takahashi and Dr. Jürgen Blaser as Chairperson and Vice-Chairperson respectively.

Statement by the Trade Advisory Group

164. Mr. Graham Brufford (United Kingdom) presented the statement of the Trade Advisory Group.
165. He indicated that the Trade Advisory Group (TAG) comprising members of the private sector expressed its appreciation to the Council for incorporating inputs from the TAG into Council's deliberations, particularly through Council's Decision at Lima which brought the TAG into being. He proposed the inclusion of a representative of the TAG on the Expert Panel for Technical Appraisal of Project Proposals. He further urged Members to include trade representatives in their delegations at future ITTC meetings. He indicated that the TAG acknowledges the widespread concerns of many stakeholders about illegally sourced timber and illegal trading practices. He condemned illegal practices and pledged the TAG's commitment to working with ITTO, its Member Countries and other stakeholders towards the complete elimination of illegal practices in the timber trade.
166. Mr. Brufford called on Council to agree and implement the Decisions related to ITTO Objective 2000, Communications and Outreach Framework and Certification. He informed Council that the theme of the Annual Market Discussion for 2001 would be "Regulations for a Sustainable Timber Trade – Relevant Issues".

Statement by the Delegation of Malaysia

167. Dr. B.C.Y. Freezailah (Malaysia) said that the ITTO Objective 2000 had been central to the work and activities of the Organization. He indicated that, as provided in the ITTA, 1994, the achievement of the ITTO Objective 2000 had been linked to the Bali Partnership Fund. He stated that whilst the Council had been receiving reports from Member Countries on their achievement towards the Objective 2000, there had been no discussions on the resources available in the Bali Partnership Fund and how to obtain sufficient resources in the Fund to finance activities and projects to achieve the Objective 2000. He referred to Article 21 paragraph 5 of the ITTA, 1994 and the recommendation of the Fourth Meeting of the IAG and proposed that the issue of adequacy of resources available in the Bali Partnership Fund as well as endeavouring to obtain additional resources needed by Producing Members to achieve the purpose of the fund should be included as a permanent agenda of the Council. He consequently requested the Secretariat to

put the issue on the agenda of the next Council Session and as a permanent item on the agenda of future Council Sessions.

Statement by the Representative of FAO

168. Dr. I.J. Bourke (FAO) briefed Council on improved relationship between ITTO and FAO. He indicated that most of the subjects identified as important areas for ITTO had also been mentioned at one or more of the FAO Commission meetings. He stressed the importance of the two Organizations working together on many of these issues. He cited Forest Resource Assessment, Criteria and Indicators for Sustainable Forest Management, National Forest Programmes and Outlook Studies and Statistics as some of the important programme areas common to the two Organizations. He called for continuous close collaboration between FAO and ITTO in these programme areas.
169. Dr. Bourke also briefed the Council on developments and international cooperation under the UN Forum on Forests (UNFF) and the establishment of the Collaborative Partnership on Forests (CPF) modeled on the Interagency Task Force on Forests (ITFF).

Statement by the Representative of the African Timber Organization (ATO)

170. Mr. Paul Ngatse-Obala (ATO) thanked the Executive Director for participating in the 19th Ministerial Conference of the ATO held in Brazzaville in October 2000. He reported that the ATO comprises fourteen African countries, nine of which are also Members of the ITTO. He indicated that both Organizations have common objectives and interests and called for closer collaboration and harmonization between the two Organizations. He said the ATO had been collaborating with the ITTO in working towards the sustainable management of tropical forests through the adoption of Decision 7(XXIV). He mentioned that in 1990 the ATO developed guidelines for the sustainable management of African forests and had since then been developing initiatives, principles and criteria and indicators for the ATO Member Countries based on field tests carried out by multidisciplinary team of experts with technical support of CIFOR. He said that these initiatives were testimony of efforts by ATO Member countries to progress towards the achievement of the ITTO Objective 2000. Mr. Ngatse-Obala stated that the criteria and indicators of the ATO were an extension of ITTO's Criteria and guidelines for the sustainable management of forests, and commended the ITTO Manuals for the Application of Criteria and Indicators at both forest management unit and national levels. He called for cooperation between ATO and ITTO in refining, implementation and testing of criteria and indicators. He reported that the 19th Ministerial Conference of the ATO requested the ATO Secretariat to establish close cooperation with ITTO for the implementation of criteria and indicators so as to enhance their international credibility. He said the cooperation could be implemented through multi-stage projects that would aim at harmonizing the results of testing with those achieved by ITTO projects and to develop jointly, on the basis of harmonized criteria and indicators, appropriate procedures for forestry audit of performance that could be applied in Member States of both ITTO and ATO and to ensure a wide dissemination of the criteria and indicators in Member states and internationally.
171. Mr. Ngatse-Obala pledged that ATO would do its utmost to ensure the success of the joint ATO/ITTO endeavour.

Statement by the Delegation of CIFOR

172. Dr. Kuswata Kartawinata (CIFOR) said that it had been a great pleasure for CIFOR to participate in the Twenty-ninth Session of the ITTC. He mentioned that ITTO and CIFOR had been working closely for many years and hoped for a much closer collaboration in the future.

Statement by a Representative of the Liaison Unit Vienna for the Ministerial Conference for the Protection of Forests in Europe

173. Mr. Peter Mayer (MCPFE) said that it was the first time that MCPFE was participating in the ITTC Session and thanked the Executive Director for the invitation. He called for future closer cooperation between ITTO and MCPFE.

Statement by the Delegation of Brazil

174. Mr. Luciano Helmold Macieira (Brazil) commended the Government of Japan and the ITTO Secretariat for the successful preparations and hosting of the Twenty-ninth Session of the ITTC. He mentioned that the outcome of the Session had been very productive. He said that the contents of the Decisions adopted were undeniable proof of Members' commitment. He drew the attention of the Council to two issues of importance to Brazil: (1) renewing the Brazilian proposal in setting up a regional centre for the sustainable management of the Amazon forest in the

context of the Treaty for the Amazon Cooperation. He indicated that the Centre would deal with capacity building and transfer of technology and innovations into the private and public sectors. He appealed to Members to support the initiative and indicated that the Government of Brazil would introduce a project proposal in the near future after consultations with partners in the Amazon Treaty; (2) the Brazilian position on the establishment of a model of sustainable use of natural resources. He mentioned that the Tarapoto process allows the region to rely on criteria and indicators suitable to a particular Amazon forests and indicated that the Tarapoto process was consistent with ITTO's Criteria and Indicators initiatives.

175. Mr. Macieira mentioned that as a follow up to the Tarapoto process, the Brazilian Government had given its full support to initiatives related to voluntary certification. He informed the Council that some NGOs and private sector in Brazil were working to develop certification schemes, and called for ITTO's support.

Remarks by the Chairperson

176. In his concluding remarks, the Chairperson called for an urgent action to improve the decision – drafting process of the Organization. He proposed that in future, the Council should concentrate on the operative paragraphs of the Decisions, while comments or statements made in the Council could be reflected in the report of the Council. He said that from his observation, Decisions were drafted without deliberating on the issues in the Council, which had paralyzed the Council Session and was very regrettable.
177. Mr. Rob Rawson (Australia) supported the proposal by the Chairperson and urged Members to give it a serious consideration before the next Council Session in Yaoundé, Cameroon.
178. H.E. Mr. J.E.K. Aggrey-Orleans (Ghana) called on Members to give serious consideration to the proposal by the Chairperson. He suggested that the Informal Advisory Group (IAG) should take up the proposal at its next meeting.
179. Mr. Kazuo Tanaka (Japan) made the following suggestions for the improvement of the Decision drafting process:
- the IAG should consider and agree on the procedure and advise the Chairperson of the Council;
 - to hire, on a temporary basis, a well-qualified personnel with relevant background for drafting Decisions. He indicated that that did not preclude the possibility of appointing one of the present ITTO staff for the extra job;
 - in order to provide inputs from as wide audience as possible for a draft Decision, a debate or discussions should take place during the formal Committee or Council Sessions;
 - to limit the number of Decisions to be taken during one Session to a manageable level and to deepen the discussions on specific agenda items.
180. Mr. Tanaka urged Members to reflect on the proposals before the next Session in Yaoundé, Cameroon.
181. Mr. Germán Espinoza (Ecuador) supported the proposal by the Chairperson and expressed similar concern about the lack of progress in the decision-making process. He indicated that the problem was not due to lack of procedure. He urged Members to be more open and to take into consideration the interest of all parties in the decision-making process.

DECISIONS AND REPORT OF THE SESSION (Agenda Item 27)

182. The Chairperson referred to document ITTC(XXIX)/17 Rev. 1 comprising fourteen Decisions for adoption by the Council at its Twenty-ninth Session. The Council approved all the fourteen Decisions (these are reproduced in this report as Annex IV). Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedure were to be applied to the circulation of the Decisions and the report of the Council to Members.

CLOSING OF THE SESSION (Agenda Item 28)**Statement by the Producer Spokesperson**

183. Dr. Untung Iskandar (Indonesia) on behalf of the Producer Group thanked the Government of Japan, particularly, the City of Yokohama for the hospitality accorded to delegates. He also expressed appreciation for the excellent leadership of the Chairperson, Mr. Rae-Kwon Chung. He further thanked the Chairpersons of the Committees for their leadership, especially the out-going Chairpersons and welcomed the in-coming Chairpersons and assured them of his continuous support and cooperation.
184. Dr. Iskandar expressed his sincere thanks to the donors for their financial contributions to projects and pre-projects. He commended the Executive Director and the Secretariat for their support.
185. Dr. Iskandar said that the Decision drafting process had been very tedious and urged Council to find ways of expediting the process and ensuring efficiency. He proposed that Member Countries should carefully consider those Decisions which would be revisited at the next Council Session in order to expedite their adoption during the next Council Session. He was, however, pleased with the adoption of the Decision on the ITTO Objective 2000 which reaffirmed Members commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources. He called on Member Countries to take concrete measures to enhance market access for tropical timber from sustainably managed sources. He indicated that sustainable forest management would not be achieved without a strong forest industry and market access.
186. Dr. Iskandar proposed that the Executive Director should prepare a working paper on the new ITTO Action Plan. He requested Member Countries to provide suggestions to the Executive Director on the New Action Plan. He welcomed the Decision on the Role of ITTO in Forest and Forest Products-related International Agenda and commended the Chairperson of the Council for the initiative.
187. Dr. Iskandar welcomed the new Chairperson and Vice-Chairperson of the Council, Dra. Josefina Takahashi (Peru) and Dr. Jürgen Blaser (Switzerland) respectively and assured them of the support of the Producer Group.

Statement by the Consumer Spokesperson

188. Ms. Aulikki Kauppila (Finland), on behalf of the Consumer Group said that the Twenty-ninth Session of the Council was confronted with important and sensitive issues and there were moments of frustration and difficult discussions on some of the sensitive issues. In spite of these difficulties, the Council was able to achieve reasonable results from the Session. She mentioned that the procedure of revisiting Decisions had some merit since Members would be able to digest the view points of other Members and also have the opportunity to consult their governments before the Decisions were finalized. She, however, urged Members to put in some efforts in streamlining the decision-making process to allow for in-depth informal discussions between Producers and Consumers.
189. Ms. Kauppila commended the excellent leadership of the Chairperson, Mr. Rae-Kwon Chung and the Co-Chairs of the informal drafting group, Ms. Jan McAlpine (U.S.A.) and H.E. Mr. J.E.K. Aggrey-Orleans (Ghana). She commended the staff of the Secretariat, the translators and interpreters for their dedication and hard work.
190. Ms. Kauppila expressed her gratitude and appreciation to the Government of Japan, particularly the City of Yokohama for the warm hospitality accorded to delegates during the Session. She also expressed her personal thanks to the Producer Spokesperson, Dr. Untung Iskandar for the spirit of cooperation and friendliness that characterized their discussions. She concluded her statement by welcoming Dra. Josefina Takahashi and Dr. Jürgen Blaser, the new Chairperson and Vice-Chairperson respectively.

Statement by the Delegation of Japan

191. Mr. Kazuo Tanaka (Japan), on behalf of the host Government, Japan, said that the Twenty-ninth Session of the ITTC had been a hard working Session. In his opinion, the dedication of Members was an expression of the keen interest of ITTO Members in the Organization's activities especially at a time when a new vision and corresponding activities were expected within ITTO.

192. Mr. Tanaka mentioned that the Session had produced a number of important Decisions which would bring forward ITTO's activities towards achieving its broader objectives enshrined in the ITTA, 1994, although Council could not reach consensus on two equally important Decisions. He hoped that some ground work would be made well in advance of the next Session to facilitate discussions at the next Session.
193. Mr. Tanaka expressed his sincere thanks to the Chairperson of the Council for his patience, indulgence and excellent leadership. He also thanked the Chairpersons of the Committees, the two Spokespersons, the Staff of the Secretariat, the interpreters, translators and volunteers from the City of Yokohama. He also expressed his best wishes to Mr. Luciano Helmold Macieira (Brazil) who might take up a new assignment and therefore would not be attending ITTO Sessions.
194. Mr. Tanaka concluded his remarks by wholeheartedly welcoming Dra. Josefina Takahashi and Dr. Jürgen Blaser, Chairperson and Vice-Chairperson respectively for 2001. He also welcomed the generous offer of the Government of Cameroon to hold the next Session of the Council.

Statement by the Delegation of Thailand

195. Mr. Pisal Wasuwanich (Thailand), on behalf of the delegation of Thailand commended the Chairperson for his excellent leadership which had brought efficiency and effectiveness into the business of the Organization. He mentioned that a lot of difficult Decisions had been adopted by the Organization during the tenure of Mr. Rae-Kwong Chung as Chairperson of the ITTC. He said that he admired the dynamic efforts of the Chairperson in moving forward the Council's agenda as well as his initiatives and support for the future of ITTO. He thanked the Chairperson for his devoted service and meaningful leadership of the Organization.
196. Mr. Stefan Leiner (EC), on behalf of the European Community expressed his sincere thanks to all delegates who had contributed to the success of the Session. He supported the concern expressed by Australia and welcomed the concrete proposals raised by the Chairperson and other delegations and urged Members to reflect on these proposals in order to continue to dialogue on the issues during the next Session of Council. He extended his sincere thanks to all delegates. He mentioned that a lot had been achieved and there still remained a lot to be done in order to achieve the objectives of the Organization. He expressed his sincere thanks to the Chairperson and the Executive Director.

Statement by the Vice-Chairperson

197. Dra. Josefina Takahashi (Peru) thanked the Council for electing her as Chairperson of the ITTC for 2001. She said that ITTO had gained a lot of recognition and prestige at the international level because of the huge number of projects and policy initiatives being undertaken by the Organization. She also commended the able chairmanship of Mr. Rae-Kwon Chung, the outgoing Chairperson of the ITTC. She said that it was a great honour for her to chair future Sessions of the Council. She thanked the Government of Japan, particularly the City of Yokohama for the warm reception accorded to delegates. She commended the Executive Director and staff of the Secretariat, the interpreters and translators for providing excellent support services.
198. Dra. Takahashi mentioned that although ITTO had accomplished a great deal there was still a lot to be done, particularly in terms of achieving the important goal of sustainable forest management. She pledged her full commitment, as Chairperson-elect to assist ITTO in achieving its objectives. She called on ITTO to involve more local communities in the sustainable management of forests, since poverty was one of the contributing factors to deforestation and degradation of other natural resources. Dra. Takahashi said that she would remain open-minded and accessible to all Members of the Council. She thanked the Government of Cameroon for extending an invitation to Council to host the next Session of the ITTC.

Closing Statement by the Chairperson

199. The Chairperson, Mr. Rae-Kwon Chung (Republic of Korea) in his closing remarks said that during his tenure of office as Chairperson, he recognized the strong enthusiasm of Members of the Council. He encouraged Producing Members and Consuming Members to build trust among themselves and engage in more dialogue. He urged Council Members to discuss issues in Council before attempting to draft Decisions on the issues to avoid extensive negotiations during

the drafting process. He also proposed that the Executive Director should be given some discretion in the implementation of the ITTO Work Programme for 2001. He reiterated his proposal not to include preambles in the Decisions. Mr. Rae-Kwon Chung thanked the spokespersons for their support. On behalf of the Council, the Chairperson expressed appreciation and gratitude to the Government of Japan, particularly the City of Yokohama for successfully hosting the Twenty-ninth session of the ITTC and the hospitality accorded to all delegates. He thanked the Executive Director and the Secretariat staff and the language team of interpreters and translators as well as the supporting staff. He also thanked Dr. Svend Korsgaard, Assistant Director, Reforestation and Forest Management, who was leaving the Secretariat. He wished him every success in his future engagements. He also thanked the Government of Cameroon for the invitation to host the Thirtieth Session of the ITTC. He wished Dra. Takahashi, Chairperson-elect, every success in her duties.

200. The Chairperson officially closed the Twenty-ninth Session of the ITTC.

ANNEX I

LIST OF PARTICIPANTS

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

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General

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3 November 2000

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TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

LIST OF PARTICIPANTS

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LISTE DES PARTICIPANTS

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ANNEX II

AGENDA

DOCUMENTS: ITTC(XXIX)/1 Rev.1

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30 October 2000

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TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

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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
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6. Distribution of Votes
7. Admission of Observers
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11. CITES Listing Proposals by Members – Decision 3(XVI)
12. Extension of the ITTA, 1994 – Decision 4(XXVIII)
13. Report of the Expert Panel on Development of a Framework for an Auditing System for ITTO's Criteria and Indicators for Sustainable Forest Management – Decision 5(XXVIII)
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14. Revisiting selected issues and relevant draft Decisions considered at the Twenty-eighth Session – Decision 10(XXVIII)
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 - (a) The ITTO Year 2000 Objective,
 - (b) Proposals for the development of a comprehensive framework and practical working manuals on all relevant aspects of sustainable tropical forest management,
 - (c) Strategic communications and outreach framework,
 - (d) Certification, and
 - (e) The role of ITTO in forest and forest products-related international agenda

15. Report on Training Workshops and Field Testing of the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests – Decision 3(XXVI)
[Document ITTC(XXIX)/6]
16. The Role of ITTO in Forest and Forest Products-related International Agenda and Cooperation with Relevant International Organizations
17. Matters Related to Article 35 of the ITTA, 1994
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 - (a) Progress Report on the Implementation of Work Programme for the Year 2000
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22. Reports of the Associated Sessions of the Committees
23. Election of Chairperson and Vice-Chairperson of the Council for 2001
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25. Other Business
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ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 - Opening of the Session

The Twenty-ninth Session will be opened by the Chairperson of the Council, Mr. Rae-Kwon Chung (Republic of Korea).

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

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, 29 October 2000, at the ITTO Headquarters, and during 09:00-12:00 and 14:30-17:30 hours on Monday, 30 and Tuesday, 31 October 2000 in front of the Plenary Hall. The first Council meeting of the Session will convene at 10:00 hours on Monday, 30 October 2000. Please refer to the General Information Notes [Document ITTC(XXIX)/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(XXIX)/3]

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

Item 6 - Distribution of Votes

The distribution of votes for the year 2000 which was adopted by the Council, in accordance with Article 10(6) of the ITTA, 1994, at its Twenty-eighth Session is shown in the Annex to these Annotations. In accordance with Article 19(4) of the ITTA, 1994, this distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for 2001. The votes for Producer Members have been redistributed as shown in the same Annex to include Vanuatu 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

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(XXIX)/2]

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the Seventh Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 29 October 2000. The report will be presented by the Chairperson (Mr. Rae-Kwon Chung).

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

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

(i) **Elements for the 2000 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 2000 Annual Review will be partly based on information extracted from national responses to the 2000 ITTO/UNECE/ FAO/EUROSTAT Joint Forest Sector Questionnaire and partly on other sources. Delegations who have not yet forwarded their national responses to the Secretariat should do so immediately.

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

Using various sources of information including the Elements for the 2000 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.

Item 12 - Extension of the ITTA, 1994 – Decision 4(XXVIII)

The Council through Decision 4(XXVIII) extended the ITTA, 1994, for a period of three years with effect from 1 January 2000 until 31 December 2003, subject to confirmation by some Members needing to have further time to finalize their internal legal proceedings.

The Council may receive Members' confirmation regarding the extension of the ITTA, 1994.

Item 13 - Report of the Expert Panel on Development of a Framework for an Auditing System for ITTO's Criteria and Indicators for Sustainable Forest Management – Decision 5(XXVIII)
[Document ITTC(XXIX)/5]

The Council may consider the report of the Expert Panel established under Decision 5(XXVIII).

The Panel will meet in Yokohama, Japan, on 26-28 October 2000. The Panel's report will be made available to Members on the opening day (30 October 2000) of the Twenty-ninth Council Session.

Item 14 - Revisiting selected issues and relevant draft Decisions considered at the Twenty-eighth Session – Decision 10(XXVIII)

Pursuant to Decision 10(XXVIII) the Council may revisit the issues and related draft Decisions. The Council may wish to consider the following issues and supporting documents:

- (a) The ITTO Year 2000 Objective
 - Report of the Consultants on (a) Members' Progress Towards Achieving the Year 2000 Objective, and (b) Progress Made by ITTO in Enhancing the Capacity of Member Countries to Implement a Strategy for Achieving the Objective – Decision 10(XXVI) [Document ITTC(XXVIII)/9 Rev.1]
 - Draft Decision D-2-C contained in Document ITTC(XXIX)/13
- (b) Proposals for the development of a comprehensive framework and practical working manuals on all relevant aspects of sustainable tropical forest management
 - Report of the Consultants on Framework for Guidelines on Tropical Forest Management [Document ITTC(XXVIII)/11]
 - Draft Decision D-3-C contained in Document ITTC(XXIX)/13
- (c) Strategic communications and outreach framework
 - Report of the Consultants on (a) Members' Progress Towards Achieving the Year 2000 Objective, and (b) Progress Made by ITTO in Enhancing the Capacity of Member Countries to Implement a Strategy for Achieving the Objective – Decision 10(XXVI) [Document ITTC(XXVIII)/9 Rev.1]
 - Report of the Expert Panel on Ways to Promote Public Education and Awareness of ITTO's Progress Towards the Year 2000 Objective – Decision 5(XXVII) [Document ITTC(XXVIII)/10]
 - Draft Decision D-15-C contained in Document ITTC(XXIX)/13
- (d) Certification
 - Draft Decision D-10-P contained in Document ITTC(XXIX)/13
- (e) The role of ITTO in forest and forest products-related international agenda
 - Draft Decision D-9-C contained in Document ITTC(XXIX)/13

Item 15 - Report on Training Workshops and Field Testing of the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests – Decision 3(XXVI)
[Document ITTC(XXIX)/6]

Pursuant to Decision 3(XXVI), the Secretariat has made the arrangements and engaged Consultants to organize and implement training workshops and field testing of the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests.

The Council may consider the preliminary report on the training workshops and field testing work and take any follow-up action it considers appropriate.

Item 16 - The Role of ITTO in Forest and Forest Products-related International Agenda and Cooperation with Relevant International Organizations

The Council may wish to consider information on the issues arising in the forest and forest products-related international agenda, identifying possible roles of ITTO and exploring strategic activities to maintain its relevance in the developing international agenda, in particular with respect to United Nations Convention on Climate Change (UNCCC), Convention on Biological Diversity (CBD), Global Environment Facility (GEF), United Nations Forum on Forests (UNFF) and Commonwealth Agricultural Bureau (CAB).

Item 17 - Matters Related to Article 35 of the ITTA, 1994

The Council may commence preparations for the review of the scope of the ITTA, 1994, to be carried out in 2001 as stipulated in Article 35 of the ITTA, 1994.

Item 18 - Frequency and Duration of Council and Committee Sessions – Decisions 5(XXII) and 4(XXVI)
[Document ITTC(XXIX)/8]

The Council decided to review Frequency and Duration of Sessions at its Thirtieth Session. The Council may consider Document ITTC(XXIX)/8 prepared by the Secretariat to facilitate consideration of the issue by Members.

Item 19 - Distribution of Council Documents – Decision 9(XXVIII)

The Council through Decision 9(XXVIII) requested the Executive Director to provide a list of documents which should be designated as “restricted”. The Executive Director will inform the Council on the progress in the implementation of this Decision.

Item 20 - ITTO Annual Work Programme – Decision 7(XXVII)

The Council may consider (i) The Report on the Implementation of the Work Programme for 2000 [Document ITTC(XXIX)/9] and (ii) The Draft Work Programme for 2001 [Document ITTC(XXIX)/10].

Item 21 - 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.

Item 22 - ITTO Fellowship Programme – Decision 4(XXVII)
[Documents ITTC(XXIX)/11 and 12]

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(XXIX)/11]; and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(XXIX)/12]. The Council will announce the final selection of awards based on the Chairperson's report.

Item 23 - 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 24 - Election of Chairperson and Vice-Chairperson of the Council for 2001

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2001. 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 25 - Dates and Venues of the Thirtieth, Thirty-first and Thirty-second Sessions of the Council and the Associated Sessions of the Committees

The Council has already approved the dates and venue of the Thirtieth Session to be held from 28 May to 2 June 2001 in Abidjan, Côte d'Ivoire, and the dates of the Thirty-first Session to be held from 29 October to 3 November 2001, in Yokohama.

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-second Session.

Item 26 - Other Business

The Council may consider any matters raised under this item.

Item 27 - 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 28 - Closing of the Session

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

ANNEX III

MEMBERSHIP OF COUNCIL AND DISTRIBUTION OF VOTES FOR MEMBER STATES FOR 2000

DISTRIBUTION OF VOTES FOR 2000

	1999	<u>No. of Votes</u> 2000	
		<u>Approved</u> [Art. 10(6)]	<u>Redistributed</u> [Art. 10(7)]
<u>PRODUCERS</u>			
Africa			
Cameroon	25	26	26
Central African Republic	25	25	25
Congo	25	25	25
Côte d'Ivoire	25	25	25
Democratic Republic of the Congo	25	26	26
Gabon	25	25	25
Ghana	25	25	25
Liberia	25	25	25
Togo	25	25	25
Asia & Pacific			
Cambodia	19	19	18
Fiji	15	15	14
India	26	27	25
Indonesia	144	137	136
Malaysia	131	132	130
Myanmar	25	29	27
Papua New Guinea	34	33	31
Philippines	16	16	15
Thailand	17	17	16
Vanuatu			14
Latin America/Caribbean			
Bolivia	27	26	26
Brazil	157	158	158
Colombia	24	24	24
Ecuador	17	17	16
Guyana	18	18	18
Honduras	14	13	13
Panama	13	13	13
Peru	28	29	29
Suriname	16	16	16
Trinidad and Tobago	12	12	12
Venezuela	22	22	22
Total:	1,000	1,000	1,000

	1999	<u>No. of Votes</u>	
		2000	
		<u>Approved</u>	<u>Redistributed</u>
		[Art.10(6)]	[Art.10(7)]
<u>CONSUMERS</u>			
Australia	16	15	15
Canada	14	14	14
China	137	171	156
Egypt	15	15	15
European Community			
Austria	11	11	11
Belgium/Luxembourg	21	21	21
Denmark	13	12	12
Finland	10	10	10
France	34	33	33
Germany	29	26	27
Greece	11	11	11
Ireland	-	-	12
Italy	33	32	32
Netherlands	28	28	28
Portugal	-	20	20
Spain	26	28	28
Sweden	11	11	11
United Kingdom	39	36	37
Japan	356	322	323
Nepal	10	10	10
New Zealand	10	10	10
Norway	10	11	11
Republic of Korea	95	77	77
Switzerland	11	11	11
United States of America	60	65	65
Total:	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

ANNEX IV

TEXT OF THE MAIN DECISIONS

ADOPTED BY THE COUNCIL AT ITS TWENTY-NINTH SESSION

Documents:	DECISION 1(XXIX)	ITTC(XXIX)/17 Rev.1
	DECISION 2(XXIX)	ITTC(XXIX)/18
	DECISION 3(XXIX)	ITTC(XXIX)/19
	DECISION 4(XXIX)	ITTC(XXIX)/20
	DECISION 5(XXIX)	ITTC(XXIX)/21
	DECISION 6(XXIX)	ITTC(XXIX)/22
	DECISION 7(XXIX)	ITTC(XXIX)/23
	DECISION 8(XXIX)	ITTC(XXIX)/24
	DECISION 9(XXIX)	ITTC(XXIX)/25
	DECISION 10(XXIX)	ITTC(XXIX)/26
	DECISION 11(XXIX)	ITTC(XXIX)/27
	DECISION 12(XXIX)	ITTC(XXIX)/28
	DECISION 13 (XXIX)	ITTC(XXIX)/29
	DECISION 14 (XXIX)	ITTC(XXIX)/30

Distr.
GENERAL

ITTC(XXIX)/17
Rev.1
4 November 2000

Original: ENGLISH

TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

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

The International Tropical Timber Council,

Having considered at its Twenty-ninth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM(XXVII)/7 Rev.1, CRF(XXVII)/13 Rev.2 and CFI(XXVII)/10;

1. Decides:

(i) to approve the following Projects:

PD 16/93 Rev.4 (M) Phase IV	Market Information Service for Tropical Timber and Timber Products (MIS) Phase IV (Year 2001 - \$300,000.00) (Year 2002 - \$300,000.00)
PD 17/99 Rev.3 (F)	National Forest Inventory and Forest Resource Monitoring Programme of Bolivia (INFOBOL 2001) (\$397,777.00)
PD 62/99 Rev.3 (F)	Reforestation Pilot Project for the Recovery of Degraded Areas in the Medium Doce River Region, State of Minas Gerais, Brazil (\$543,892.00)
PD 12/00 Rev. 3 (F)	Developing and Extending of Criteria and Indicators for Sustainable Management of Natural Tropical Forests in China (\$323,252.00)
PD 17/00 Rev.2 (F)	Conservation and Development in the Natural Protected Areas System of Tambopata (Peru) – Madidi (Bolivia) (\$970,305.00)
PD 37/00 Rev.1 (F)	Operational Strategy for Sustainable Forestry Development with Community Participation in India (\$594,678.00)
PD 38/00 Rev.1 (F)	Management of Kayan Mentarang National Park (KMNP) to Promote Transboundary Conservation along the Border between Indonesia and Malaysian States of Sabah and Sarawak – Phase I (\$853,398.00)

PD 42/00 Rev.1 (F)	Training of Trainers for the Application of the ITTO, and the National Criteria and Indicators of Sustainable Forest Management at Forest Management Unit Level (\$326,523.00)
PD 50/00 Rev.1 (F)	Forest Inventory for the Conservation and Sustainable Management of Mahogany – <i>Swietenia macrophylla</i> King – in the Brazilian Amazon Region Phase I (\$1,974,834.00) Phase II (\$3,203,847.00) Phase III (\$11,305,689.00)
PD 61/99 Rev.3 (I)	Increasing the Efficiency in the Tropical Timber Conservation and Utilization of Residues from Sustainable Sources (\$314,390.00)
PD 24/00 Rev.1 (I)	Promotion of Sustainable Utilization of Rattan from Plantation in Thailand (\$292,457.00)
PD 40/00 Rev.2 (I)	Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (\$477,433.00)

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

PD 16/93 Rev.4 (M) Ph.IV (Year 2001)	(\$300,000.00)
PD 37/00 Rev.1 (F)	(\$594,678.00)
PD 42/00 Rev.1 (F)	(\$326,523.00)
PD 24/00 Rev.1 (I)	(\$292,457.00)

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

PD 12/97 Rev.1 (F)	(\$130,741.00)
PD 14/97 Rev.1 (F)	(\$209,868.00)
Freezailah Fellowship Fund (Year 2001)	(\$120,000.00)

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

PD 16/93 Rev.4 (M) Ph.IV (Year 2002)	(\$300,000.00)
PD 17/99 Rev.3 (F)	(\$397,777.00)
PD 62/99 Rev.3 (F)	(\$543,892.00)
PD 12/00 Rev.3 (F)	(\$323,252.00)
PD 17/00 Rev.2 (F)	(\$970,305.00)
PD 38/00 Rev.1 (F)	(\$853,398.00)
PD 50/00 Rev.1 (F) Phase I	(\$1,974,834.00)
Phase II	(\$3,203,847.00)
Phase III	(\$11,305,689.00)
PD 61/99 Rev.3 (I)	(\$314,390.00)
PD 40/00 Rev.2 (I)	(\$477,433.00)

- (v) to authorize the transfer of US\$13,228.49 from the completed statistical workshop under Project PD 27/93 Rev.3 (M) Phase II to Project PD 25/95 Rev.1 (M).

2. Decides:

- (i) to approve the recommendations of the Committees to implement the following Pre-Projects:

PPD 13/00 Rev.1 (M)	Development of a Project Proposal for the Economic Valuation of Production Forests and the Agroforestry Systems in the Peruvian Amazon (\$37,980.00)
PPD 14/00 (M)	Strengthening the Market Discussion (\$42,000.00)
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 (\$50,620.00)

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

PPD 13/00 (M) Rev.1	(\$37,980.00)
PPD 14/00 (M)	(\$42,000.00)

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

PP-A/23-63	Activity to Facilitate Development of a Joint ITTO/ECE-FAO/EUROSTAT Forest Statistics Questionnaire (ITTO) Phase II – Additional Funding (\$33,150.00)
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- (iv) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account or the Sub-Account A of the Bali Partnership Fund, of the following Pre-Project approved at this Session:

PPD 12/00 Rev.1 (F)	(\$50,620.00)
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- (v) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account or the Sub-Account A of the Bali Partnership Fund, of the following Activity approved at this Session:

Technical Mission to assist the Government of Indonesia to revise and strengthen existing Indonesia's National Forest Programme and Forestry Strategic Plan
(\$255,000.00) [Decision 12(XXIX)]

3. Decides:

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

PD 44/95 Rev.3 (F) Phase II	(\$369,872.00)
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- (ii) to authorize financing for immediate implementation of the following Pre-Projects which were approved at earlier Sessions:

PPD 13/99 Rev.1 (M,F,I)	(\$54,500.00)
PPD 22/99 Rev.1 (F)	(\$77,121.00)

4. 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 from Members, as noted in the relevant Decisions:
 - Expert Panel for Technical Appraisal of Project Proposals, Twenty-first Meeting (\$93,500.00)
 - PD 73/89 (M,F,I) - Additional Fund (\$400,000.00)
 - PD 13/99 Rev.2 (M,F,I) Phase II (\$516,106.00)
 - ITTO Objective 2000 [Decision 2(XXIX)]
 - Communication and Outreach Activities [Decision 3(XXIX)]
 - Cooperation between the International Tropical Timber Organization (ITTO) and the African Timber Organization (ATO) [Decision 4(XXIX)]
 - Mangrove Conservation Programme [Decision 9(XXIX)]
 - New ITTO Action Plan [Decision 11(XXIX)]
 - The Role of the ITTO in International and Regional Organizations and Fora [Decision 13(XXIX)]
5. Decides to authorize financing for the Inter-Sessional Working Group of the CFA on Financial Matters in the amount of \$34,288.00 from the resources of the Programme Support Fund in the Special Account and/or the Bali Partnership Fund which are already available in the Secretariat,
6. Urges Members to consider financing those approved Projects, Pre-Projects and Activities for which funds are not immediately available,
7. Appeals to Members to make unearmarked contributions to the Special Account which comprise at least 10% of the total value of their pledges, in accordance with Decision 6(XIII), the remainder being voluntary contributions allocated to approved Projects, Pre-Projects and Activities and furthermore decides that such unearmarked contributions shall not be allocated without the prior authorization of the Council,
8. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-Projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO,
9. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects, Pre-Projects and Activities for which funds are not immediately available.

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GENERAL

ITTC(XXIX)/18
4 November 2000

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TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

DECISION 2(XXIX)

ITTO OBJECTIVE 2000

The International Tropical Timber Council,

Recalling Article 1 (d) and Article 21 of the ITTA, 1994, and the Libreville Action Plan;

Recalling Decision 3(X) on the strategy by which, through international collaboration and national policies and programmes, ITTO Members will progress towards sustainable management of tropical forests and trade in tropical timber from sustainably managed resources by the year 2000;

Noting the debate on the basis of the consultants' report on the review of progress made towards this objective;

Recognizing that progress towards meeting this objective has not been sufficient;

Recalling Decisions 3(XXIV) and 10(XXVI) which encourage countries to apply the revised ITTO Criteria and Indicators for reporting to ITTO in relation to the Year 2000 Objective;

Decides to:

1. Reaffirm its full commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources (ITTO Objective 2000);
2. Strongly encourage Member countries to use the ITTO Criteria and Indicators for reporting on progress made towards this objective;
3. Request the Executive Director to develop a format to facilitate the reporting of progress in implementing the ITTO Criteria and Indicators. This format should be consistent with and supportive of any future requirements for reporting under the United Nations Forum on Forests;
4. Invite Member countries to take concrete measures to enhance market access for tropical timber from sustainably managed sources;
5. Authorize the Executive Director to render assistance to producer countries, on request, to identify, in each country, those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management and to formulate an action plan to overcome these constraints. The Terms of Reference for these activities are contained in the Annex to this Decision;
6. Facilitate the implementation of these action plans through intensifying international collaboration and strengthening of national policies and programmes by measures such as demonstration projects and reduced impact logging training facilities;

7. Authorize the Executive Director to assist individual producer countries, on request, in setting up an ITTO Objective 2000 Board or nationally appropriate focal group to build both broad based support and high level commitment in:
 - providing a focus for efforts in achieving Objective 2000; and
 - marshalling internal resources so as to ensure their optimal application in achieving Objective 2000;
8. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of paragraphs 3 and 5 of this decision. If sufficient contributions are not received by 31 December 2000, the Executive Director is requested to use funds from Sub-Account B of the Bali Partnership Fund;
9. Urge donor Member countries to make increased financial contributions to the Bali Partnership Fund to facilitate the attainment of Objective 2000 and sustainable forest management in producing countries; and
10. Authorize the Executive Director to seek earmarked funds to meet the financial requirements of paragraph 7 of this Decision.

ANNEX

Terms of Reference for assistance activities connected to the ITTO Objective 2000

In organising assistance to countries the Executive Director shall:

1. ensure cooperation with the relevant authorities, industries and other stakeholders;
2. take into account national forest plans as well as on-going strategic planning processes and programmes in the country concerned;
3. ensure that the cost of each individual programme of assistance does not exceed \$100,000;
4. authorise a maximum of 5 programmes of assistance per calendar year.

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4 November 2000

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TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

DECISION 3(XXIX)

COMMUNICATIONS AND OUTREACH ACTIVITIES

The International Tropical Timber Council,

Recalling Decision 5(XXVII) on the ITTO Year 2000 Objective and its promotion through public education and awareness;

Considering the Report of the Expert Panel on ITTO Year 2000 Objective and its Promotion Through Public Education and Awareness and the recommendation that its list of strategic priority actions and related communication messages and methods be reviewed and consideration given on which of these could be immediately acted upon;

Recognizing the need to disseminate information on the progress made towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed forests;

Further recognizing the continuing need for the ITTO to cooperate with other international organizations to maintain and enhance its relevance in the evolving international forest agenda;

Noting that the ITTO is in the process of developing a new action plan;

Decides to:

1. Authorize the Executive Director, in consultation with the consultants who prepared the "Review of Progress Towards the Year 2000 Objective", to identify messages on progress made to date and to segment them into appropriate messages for ITTO's various target audiences;
2. Authorize the Executive Director to develop outputs, including a brochure, that promulgate the messages on progress made to date, particularly those that address advances related to Objective 2000 and to seek voluntary contributions from Member countries to meet the financial requirements of this decision. If sufficient contributions are not received by 31 March 2001, the Executive Director is requested to use funds from Sub-account B of the Bali Partnership Fund;
3. Request the Executive Director to continue improving use of the ITTO web site as an outreach tool to ensure regular dissemination of information and linkages to relevant organizations; and
4. Request the Executive Director to consider the integration of a strategy related to communications and outreach as an integral component of the new ITTO action plan. This would include an assessment of additional audiences the organization should be targeting. It could also include consideration of appropriate communications and outreach activities towards international organizations as well as ways to raise the profile of ITTO in the international community through a variety of mechanisms including a potential Awards Program, some of which are outlined in the attached table.

ANNEX

Phase	Audience	Outcomes / Outputs	Implemented by
1	- Member countries - ENGO community	- Clear message from Council on Year 2000 Objective and next steps for ITTO.	Secretariat Communications Unit
1	Trade & industry	- Messages on progress made (trade-data focus) – material that can be used by trade & industry in their public relations efforts - Outputs could include display material for use at trade shows, a brochure, posters	Secretariat Communications Unit
1	Trade & industry; Members; Broader public	- Improved access to web site (pre-projects and projects) - Policy review by Council on access to ITTO documentation with a view to improved transparency where possible.	Secretariat
1	International and regional forest-related organizations	- Communicate on a regular basis and hot link to each other's web sites	Secretariat
2	Component of Action Plan	- Possibility of a survey to direct the strategy - A working paper to address a market research strategy; the development of a communication and public education program for ITTO; consider strategies to raise the profile of ITTO in the international community, including a possible awards program.	
2	Specific policy makers	- Key benefits of ITTO participation (starting with highlights from Executive Director's speeches)	

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30 October – 4 November 2000
Yokohama, Japan

DECISION 4(XXIX)

COOPERATION BETWEEN THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO) AND THE AFRICAN TIMBER ORGANIZATION (ATO)

The International Tropical Timber Council,

Recalling Decision 7(XXIV) on the cooperation between the International Tropical Timber Organization and the African Timber Organization (ATO);

Also recalling Decision 3(XXIV) on criteria and indicators for sustainable management of natural tropical forests, Decision 3(XXVI) on the application of criteria and indicators for sustainable management of natural tropical forests and Decision 5(XXVIII) on the development of a framework for an auditing system for ITTO's criteria and indicators for sustainable forest management;

Recognizing the importance of work so far carried out by the ATO to develop principles, criteria and indicators for sustainable management of African forests aiming at promoting sustainable forest management in West and Central Africa;

Noting that most Members of the ATO are also Members of the ITTO;

Also noting that implementation of Pre-Project PPD 15/98 Rev. 2 (I) will provide an opportunity to strengthen cooperation between ATO and ITTO;

Emphasizing the need to further strengthen the cooperation between ITTO and ATO;

Decides to:

1. Request the Executive Director to engage two consultants, one each from producer and consumer countries, in order to:
 - Assist ATO in the assessment and refinement of principles, criteria and indicators for sustainable management of African forests and to make them consistent and compatible with ITTO guidelines and criteria and indicators;
 - Assist ATO in organizing a regional workshop, with the participation of experts from Member countries and other stakeholders in order to review and adapt the ITTO principles, criteria and indicators for sustainable management to African forests for use by ATO;
 - Formulate a project proposal to be submitted to ITTO, with several phases if necessary, in order to develop a framework of cooperation between ITTO and ATO with a view to ensuring the promotion and application of the refined initiative on principles, criteria and indicators for sustainable forest management of African forests, and aimed at helping develop credible forest management assessment and monitoring systems which could eventually support certification;

/...

2. Authorize the Executive Director to arrange for the financing of the consultancy work and the workshop mentioned above from the Sub-Account B of the Bali Partnership Fund, in the amount of a maximum of US\$ 125,000; and
3. Authorize the Executive Director to seek voluntary contributions from Member countries earmarked to complete the financing of the budget required for the implementation of the Decision, as presented in the Annex.

ANNEX

TERMS OF REFERENCE FOR THE CONSULTANTS

The consultants will:

- a. Review the work carried out under the ATO initiative on principles, criteria and indicators for sustainable management of African forests and assist ATO in making it consistent and compatible with ITTO guidelines and criteria and indicators, and to assist in any refinement;
- b. Assist ATO in organising a regional workshop, with the participation of experts from ATO's Member countries and other stakeholders in order to review and adapt the ITTO principles, criteria and indicators for sustainable management to African forests for use by ATO;
- c. Visit selected ATO Member countries which are also members of ITTO and assess their advances in forest management assessment and monitoring systems which could eventually support certification;
- d. Formulate a project proposal to be submitted to ITTO, with several phases if necessary, in order to develop a framework of cooperation between ITTO and ATO in the fields of principles, criteria and indicators for sustainable forest management. Such a framework of cooperation shall include, *inter alia*, the following elements:
 - Adaptation of ITTO criteria and indicators to ATO Member countries systems;
 - Promotion and dissemination of the adapted ITTO criteria and indicators to ATO Member countries;
 - Provision to help countries, on request, to develop their own criteria and indicators based on those of ITTO;
 - Provision to help institutions in African producer countries in developing credible forest management assessment and monitoring systems and eventually standards of performance;
 - Training activities to help institutions in African producer countries;
5. Revise, as required, the project proposal until its final approval by the ITTC.

ANNEX

**Consultants to Assist ATO in Assessment and Refinement of Principles, Criteria and Indicators
for Sustainable Management of African Forests and Organizing a Regional Workshop**

			Amount
(US\$)			
A.	Consultants (One Producer and One Consumer) Technical Director (PCI-ATO)		
(1)	Consultant Fees	30,000	
(2)	Travel Expenses	71,500	
(a)	Consultants from home country to Libreville	8,500	
(b)	Country visits (to 15 Member Countries) Air tickets are US\$ 800 per person (3x800x15 cities)	36,000	
(c)	DSA (Ave. DSA per city at US\$200) US\$ 200x3 persons for 3days for 15 countries	27,000	
(3)	Communication & Misc. Expenses	1,500	103,000
B	Regional Workshop		
(1)	Participants' Travel Expenses (2 per country at US\$800 each)	24,000	
(2)	DSA (US\$ 200x30x3 days) & Local travel expenses	21,000	
(3)	Meeting Logistics	10,000	55,000
C	Report Preparation		
(1)	Translation (French & Spanish)	7,722	
(2)	Communication with Members, Printing and Dissemination of Reports	2,000	9,722
D.	Contingencies		5,000
E.	ITTO Programme Support Costs (10.5%)		18,136
TOTAL:			\$190,858

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TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

DECISION 5(XXIX)

FREQUENCY AND DURATION OF COUNCIL AND COMMITTEE SESSIONS

The International Tropical Timber Council,

Recalling Decisions 4(XXV) relating to Further Strengthening and Streamlining the Work of the Committees, and 4(XXVI) on Frequency and Duration of the Sessions of the Council and Committees;

Noting documents ITTC(XXVI)/11 and ITTC(XXVII)/5 prepared by the Executive Director providing further information on options to facilitate review and reassessment of the issue of frequency and duration of sessions of the Council and Committees;

Welcoming the report ITTC(XXIX)/8 of the Executive Director on the same subject;

Recognizing the importance of continual improvement of efficiency in the functioning of the International Tropical Timber Organization;

Decides to:

1. Continue with the current frequency and duration of Council and Committee Sessions; and
2. Request the Executive Director to include this item in the agenda of the Thirty-first session for consideration by the Council.

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ITTC(XXIX)/22
4 November 2000

Original: ENGLISH

TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

DECISION 6(XXIX)

MEDICAL AND HEALTH INSURANCE FOR NON-JAPANESE STAFF MEMBERS

The International Tropical Timber Council,

Noting the provisions of Rule 504 of the ITTO Staff Regulations and Rules on Accident and Health Insurance;

Recalling the provisions for Social Security of Staff Members of the Organization approved by Council at its Third Session (November 1987, Yokohama) as contained in Document ITTC(III)/4;

Recognizing the inadequacies of the health and medical insurance approved at the Third Session for staff members who are not Japanese nationals or permanent residents of Japan as discussed by the Committee on Finance and Administration at its Sixth and Seventh Sessions;

Decides to authorize the Executive Director to make arrangements for health and medical insurance coverage for non-Japanese staff members under the International Health and Hospital Plan (IHHP) Principal Health Plan, with an annual deductible of US\$300.00 per insured person, of the firm International Health Insurance danmark a/s, which has an administrative office in Tokyo, Japan;

Also decides to continue to subsidize the premium for medical and health insurance for such staff members at the same percentages that had already been decided at the Third Session of the Council, i.e.

D-1 and higher	.....	32%
P-5	.....	33%
P-4	.....	35%
P-3	.....	39%
P-1 & P-2	.....	47%
GS-6 & GS-7	.....	80%
GS-5	.....	90%
GS-1 to GS-4	.....	92%

Further decides to authorize the Executive Director to make arrangements for life insurance coverage to compensate for staff members in the event of death, injury or illness attributable to the performance of duties on behalf of the Organization", in accordance with Rule 504 (a) (i) of the Staff Regulations and Rules with a maximum coverage of Japanese Yen 30 million per staff member for those in the Professional and higher categories and of Japanese Yen 15 million per staff member for those in the General Service category.

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4 November 2000

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TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

DECISION 7 (XXIX)

APPOINTMENT OF AUDITOR FOR YEAR 2000

The International Tropical Timber Council,

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

Decides to appoint the firm "PriceWaterhouseCoopers, Yokohama" to audit the Accounts of the International Tropical Timber Organization (ITTO) for the Financial Year 2000.

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ITTC(XXIX)/24
4 November 2000

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TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

DECISION 8(XXIX)

DISTRIBUTION OF DOCUMENTS

The International Tropical Timber Council,

Recalling Decision 9(XXVIII) by which it amended Rule 34 of the Rules of Procedure [Document ITTC(XXIII)/15] regarding the restricted nature of Council documents;

Recognizing the importance to the ITTO of the contribution and participation of members of Civil Society in the activities of ITTO;

Further recognizing the need to disseminate information on the progress made towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed forests;

Noting the report of the Executive Director on the document distribution practices of related inter-governmental organizations;

Decides to:

1. Amend Rule 9 of the Rules of Procedure to state the following:
2. As a general rule, the Council shall hold at least one regular session a year. At each regular session the Council shall determine the date of its next regular session. Special sessions shall be subject to the provisions of article 9, paragraph 2, and any other relevant articles of the Agreement. All meetings of the Council shall be private unless the Council decides otherwise. Statements made in, and documents presented to meetings of the Council, unless "Restricted", shall be available to interested parties.
3. Designate as "Restricted" all the administrative and financial documents to be presented for consideration by the Committee on Finance and Administration (CFA); and
4. Request CFA to consider and recommend to the Council those documents that should be derestricted upon Council decision.

* * *

TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

DECISION 9(XXIX) MANGROVE CONSERVATION PROGRAMME

The International Tropical Timber Council,

Recognizing the importance of the role played by mangroves in the conservation of ecosystems as well as in the economy of developing countries with sea coasts;

Noting the leading role of ITTO in the conservation of mangrove ecosystems, including its collaborative activities with the International Society for Mangrove Ecosystems;

Reiterating the benefits to be gained from the conservation of mangroves to individual Members, in promoting activities of the Organization and in assisting the achievement of the objectives of the ITTA, 1994;

Noting the continuing need for urgent international efforts on this issue;

Also noting that the ITTO's contribution through its work underway to protect mangroves to sustainable forest management has been highlighted by the recently concluded G8 Foreign Ministers' Meeting (13 July 2000, Miyazaki), endorsed by G8 Leaders;

Further noting comments made by Members during the Twenty-ninth Session of the Council on the importance of mangrove conservation and rehabilitation;

Decides to:

1. Request the Executive Director to develop a work plan, including the 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;
 - Promote the sustainable management and utilization of mangroves;for consideration at its Thirty-first Session;
2. Encourage Members to prepare pre-project and project proposals related to conservation, rehabilitation and utilization of mangroves for consideration by the Council at future sessions;
3. Authorize the Executive Director to arrange for financing from Sub-Account B of the Bali Partnership Fund of the above work plan, and of approved pre-project and project proposals; and
4. Invite Members and other donors to contribute the necessary resources to meet the financial requirements of this decision.

* * *

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ITTC(XXIX)/26
4 November 2000

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TWENTY-NINTH SESSION
30 October – 4 November
Yokohama, Japan

DECISION 10(XXIX)

ITTO WORK PROGRAMME FOR THE YEAR 2001

The International Tropical Timber Council,

Recalling Decision 9(XXIV) on the ITTO Libreville Action Plan; Decision 7(XXV) on ITTO Programme of work for 1999; and Decision 7(XXVII) on ITTO Work Programme for the year 2000;

Welcoming the Draft Work Programme for the Year 2001 [Document ITTC(XXIX)/10] prepared by the Executive Director;

Decides to:

1. Endorse the Work Programme for the year 2001 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 Twenty-ninth Session;
2. Urge Members to pay 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 Thirtieth and Thirty-first Sessions on the progress in implementing the Work Programme.

ANNEX

ITTO WORK PROGRAMME FOR THE YEAR 2001

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 Sessions' work. Council agreed to reconsider the matter after the issue is discussed by producer and consumer caucuses.
(ii) Hold two regular sessions (the Thirtieth, in Cameroon from 28 May to 2 Jun. 2001, and the Thirty-first in Yokohama, Japan from 29 Oct. to 3 Nov. 2001 [ITTA, 1994, Article 9].	Routine. Regular Sessions' work.
(iii) Consider and approve the Organization's administrative budget for the Year 2002, and assess the contribution of each Member [ITTA, 1994, Article 19 (3)].	Routine. Regular Sessions' work.
(iv) Appoint independent auditors for the purpose of auditing the accounts of the Organization for the 2001 financial year [ITTA, 1994, Article 23 (1)].	Routine. Regular Sessions' work.
(v) Review the "personnel" and "translation" costs chargeable to the resources of the programme support fund [ITTC Decisions 7(XXVI) and 8(XXVIII)].	Regular Sessions' work. Council decided to undertake the review at its Thirtieth Session.
(vi) 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 Sessions' work.
(vii) Consider the results of discussions of the CFA on the Organization's information policy, strategy and work, and, if appropriate, take follow-up action.	Regular Sessions' work. Eventual decision on follow-up actions may have additional cost implications.
(viii) Consider the Draft Work Programme for the Year 2002 [Decision 7(XXVII)].	Routine. Regular Sessions' work.
(ix) Consider the progress of implementation of the ITTO Work Programme for the Year 2001.	Routine. Regular Sessions' work.
(x) Continue its consideration of frequency and duration of the Sessions of Council and Committees [Decision 5(XXIX)].	Regular Sessions' work. Council has agreed to consider the issue at its Thirty-first Session.

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 Sessions' work.
(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 Sessions' work.
(iii) Make allocations from unearmarked funds available in the Bali Partnership Fund and/or Special Account to fund implementation of eligible approved actions, projects and pre-projects [ITTC Decision 9(XXVII)].	Routine. Regular Sessions' work.
(iv) Review the mechanism established under Decision 9(XXVII) for the prioritization and monitoring of actions, pre-projects and projects funded by the Sub-Account B of the Bali Partnership Fund.	Council has decided to undertake the review during its Thirtieth Session.

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Review the scope of the ITTA, 1994 [ITTA, 1994, Article 35].	Regular Sessions' work.
(ii) 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 Sessions' work.
(iii) Promote the exchange of views among Member countries regarding: <ul style="list-style-type: none"> ➤ 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 Sessions' work.
(iv) 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 [IAG 4: para. 11].	Regular Sessions' work. Eventual decision on follow-up actions may have additional cost implications.
(v) Conclude consideration of the results of the field testing of and training workshops on the "Manual for Application of Criteria and Indicators for Sustainable	Regular Sessions' work.

Activity	Implementation Approach and Cost Implications
Management of Natural Tropical Forests"; and review the Manual as appropriate [ITTC Decision 3(XXVI), IAG 4: para 7].	
(vi) Finalize the review of the results of the work for development of an auditing system for ITTO's Criteria and Indicators for Sustainable Forest Management [ITTC Decision 5(XVIII)], and consider follow-up action as appropriate.	Regular Sessions' work. Eventual decision on follow-up actions may have additional cost implications.
(vii) Continue to consider the role of ITTO in forest and forest products-related international agenda [Decisions 10(XXVIII) and 13(XXIX)].	Regular Sessions' work. Council has established an inter-sessional panel to consider and report to Council at its Thirtieth Session recommendations for the ITTO's involvement in relevant international and regional organizations and fora.
(viii) Continue to 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].	Regular Sessions' work.
(ix) 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 Decision 10(XXVI), IAG 4: para. 6] .	Regular Sessions' work.
(x) Undertake the annual review and assessment of the international timber situation [ITTA, 1994, Article 30(a)].	Routine. Regular Sessions' work.
(xi) 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), IAG 4: para 4].	Routine. Regular Sessions' work.
(xii) Consider and, if appropriate, take decision on actions to further strengthen cooperation between ITTO and UNFF, FAO, UN/ECE and EUROSTAT [cooperation related to ITTC Decisions 6(XXII) and 6(XXV), and cross cutting strategies (section 2) in the Libreville Action Plan].	Routine. Regular Sessions' work.
(xiii) 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 Sessions' work.
(xiv) Consider measures to further encourage the participation of non-government stakeholders,	Regular Sessions' work.

Activity	Implementation Approach and Cost Implications
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].	
(xv) Continue work related to strategic communications and outreach framework.	Regular Session's work.
(xvi) Consider measures to further enhance ITTO's public relation, awareness and education activities in order to better inform people about the purposes and activities of the Organization [cross cutting strategies, (section 2) in the Libreville Action Plan].	Regular Sessions' work.
(xvii) Consider the reports of the Informal Advisory Group (IAG), in order to organize Sessions work [ITTC Decisions 3(XXII) and 5(XXVI)].	Routine. Regular Sessions' work.
(xviii) Consider the progress reports on the implementation of the ITTO fellowship programme [ITTC Decision 4(XXVII)].	Routine. Regular Sessions' work.
(xix) Consider recommendations proposed in the reports of the Fellowship Selection Panel [ITTC Decision 4(XXVII)].	Routine. Regular Sessions' work.
(xx) Review of Progress in the implementation of the ITTO Libreville Action Plan	Regular Sessions' work.
(xxi) Consider and approve an action plan for ITTO for the period 2002-2006 [Decision 11(XXIX)].	Regular Sessions' work supported by working documents prepared with the assistance of the Secretariat, consultants and an expert panel.
(xxii) Continue work on draft decisions considered during the Twenty-ninth Session:	Regular Sessions' work.
<ul style="list-style-type: none"> • Framework for Guidelines on the Management of Secondary Tropical Forests; • Certification; • Illegal Logging and Trade in Illegally Harvested Timber; • Provision of Training on the Application of Criteria and Indicators in Producer Member Countries and Facilitation of Reporting of Progress Towards Achieving Sustainable Management; and • Guidelines for Establishing Auditing Systems for ITTO's Criteria and Indicators for Sustainable Forest Management. [Decision 14 (XXIX)] 	
(xxiii) Consider results of assistance provided to Members to identify those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management and formulate action plans to overcome these constraints [Decision	Regular Sessions' work to be carried out in light of results of assistance provided to Members under Decision 2(XXIX).

Activity	Implementation Approach and Cost Implications
2(XXIX)].	
(xxiv) Consider the results of the cooperation actions between ITTO and the ATO outlined and approved in Decision 4(XXIX).	Regular Sessions' work.
(xxv) Consider the work plan prepared to assist members in the conservation, rehabilitation and utilization of mangroves [Decision 9(XXIX)].	Regular Sessions' work.
(xxvi) Consider the results of the Technical Mission to be organized by ITTO to assist the Government of Indonesia [Decision 12 (XXIX)].	Regular Sessions' 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 Sessions' 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 Sessions' 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 2002 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(iv) Select projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII).	Routine. Regular Sessions' 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 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.
(vi) 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
(i) Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's Work Programme for the Year 2002 [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
(ii) Continue to monitor the issue of the competitiveness of tropical timber and tropical timber products with timber and non-timber substitutes [Libreville Action Plan, section 3.1, goal 2, action 7].	Regular Sessions' work.
(iii) Continue to consider the trade in Secondary Processed Wood Products (SPWP).	Regular Session's work.
(iv) Continue monitoring of development in forest certification and timber labeling [Libreville Action Plan, section 3.1, goal 3].	Regular Sessions' work.
(v) Implement actions to further cooperate with FAO, UN/ECE, and EUROSTAT to improve the availability of trade and economic data relevant to the global timber market and avoid duplication and overlap [Libreville Action Plan, section 3.1, goal 1, action 3].	Regular Session's work. Recommendation for additional funding of the activity approved by ITTC at its Twenty-ninth Session and funded.
(vi) Propose ways to streamline the collection and dissemination of statistical data [Libreville Action Plan, section 3.1, goal 1, action 2].	Regular Sessions' work.
(vii) Consider a study on the relationship between international trade in timber and deforestation/forest degradation.	Consideration will be taken up at the Twenty-eighth Session of the Committee (28 May – 2 June 2001).
(viii) In cooperation with industry and trade associations, organize and hold the ITTO 2001 Annual Market Discussion on the world tropical timber trade – during the Thirtieth Session of the ITTC, Yaoundé, Cameroon, 28 May – 2 June 2001 [Libreville Action Plan, section 3.1, goal 2, action 1].	Regular Sessions' work. 'Regulations for a Sustainable Timber Trade' – relevant issues have been selected as the theme for the ITTO 2001 Annual Market Discussion.
(ix) Monitor and analyze statistical data and other relevant information, including any information on undocumented trade [Libreville Action Plan, section 3.1, goal 1, action 4].	Routine. Regular Sessions' work.
(x) Consider results of the study on the medium and longer term outlook for the tropical timber market [Libreville Action Plan, section 3.1, goal 2, action 2].	The study, implemented under pre-project PPD 27/99 (M), is expected to be completed in 2001.

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Continue the work related to 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].	Regular Sessions' work. Assumes terms of reference and cost estimates for the continued work may be proposed by the Committee and agreed upon by Council at its Thirtieth Session (28 May – 2 June, 2001)
(ii) Continue and conclude field testing and training workshops on: "The Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests" and review the Manual as appropriate [ITTC Decision 3(XXVI)].	Three training workshops have been conducted by the end of 2000. The fourth workshop will be conducted in January 2001.

COMMITTEE ON FOREST INDUSTRY

STRATEGIC POLICY ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Development of "Guidelines on Increasing Utilization Efficiency and the Reduction of Losses and Waste throughout the Production Chain" [Libreville Action Plan, section 3.3, goal 3, action 1].	Regular Session's work. The Consultant's report on the study on "Increasing Utilization Efficiency and the Reduction of Losses and Waste throughout the Production Chain" [PPD 24/992 (I)] was considered by the Committee at its Twenty-seventh Session (30 Oct. – 4 Nov. 2000). The consideration of this report will continue during the Twenty-eighth Session of the Committee (28 May – 2 June 2001). Assumes that the Committee at the Twenty-eighth Session will approve terms of reference and cost estimates to commission consultants to develop draft guidelines and to establish an Expert Panel to review them.
(ii) Implement work to follow-up on the results of the "Review of the Status of Tropical Timber Further Processing in Producer Countries" [Libreville Action Plan, section 3.3, goal 1, action 2].	Regular Session's work. The Consultant's report on the "Review of the Status of Tropical Timber Further Processing in Producer Countries" [PPD 25/99 (I)] was considered by the Committee at its Twenty-seventh Session (30 Oct. – 4 Nov. 2000). The consideration of this report will continue during the Twenty-eighth Session of the Committee (28 May – 2 June 2001). Assumes that the Committee at its Twenty-eighth Session will approve terms of reference and cost estimates to commission consultants to carry out work needed to assist the Committee to promote and monitor further processing of tropical timber in producing countries.

COMMITTEE ON FINANCE AND ADMINISTRATION

ADMINISTRATIVE AND FINANCE ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Review the independent audited statement for the 2000 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' 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 Sessions' work.
(iii) Examine and make recommendations to Council regarding the approval of the Organization's administrative budget proposals for the year 2002 [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' 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 Sessions' work.
(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 Sessions' work.
(vi) Continue its work with a view to make recommendations to Council on the Organization's information policy, strategy and work.	Routine. Regular Sessions' work.
(vii) Assist and make recommendations to the Council for the allocation of funds under the Bali Partnership Fund sub-account B, and monitor implementation of the actions, pre-projects and projects funded by the sub-account B. [ITTC Decision 9(XXVII)].	Routine. Regular Sessions' work.
(viii) Consider the report of an Inter-Sessional CFA Working Group on Financial Matters and make recommendations to Council regarding, <i>inter alia</i> , criteria for selection of activities, pre-projects and projects to be financed from the Sub-account B of the BPF; treatment of arrearages of Members to the Administrative Budgets, and other financial related matters. [Report of the CFA at its Eight Session].	Regular Sessions' work.
(ix) Review at the Ninth Session of the Committee, the costs for personnel and translation chargeable to the resources of the Programme Support Fund in the Special Account and make recommendations to Council [ITTC Decision 5(XI) and 8(XXVIII)].	Regular Sessions' work.

SECRETARIAT

The Secretariat, through the Executive Director, is responsible for the day-to-day running and administration of the Organization and for meetings preparations. The proposed work for the Secretariat in 2001 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 2001.
- (iii) Organize and provide assistance to two meetings of the Expert Panel for Technical Appraisal of Project Proposals in 2001.
- (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 (159 operational pre-projects and projects as of September 2000)
- (vii) Preparation of draft 2000 Annual Report of the Organization.
- (viii) Develop a Draft Annual Work Programme for the Year 2002.
- (ix) Prepare a proposal for the administrative budget for the Year 2002.
- (x) Take necessary actions for printing, translation and dissemination of ITTO publications.
- (xi) Represent and provide for ITTO contribution in meetings, conferences, seminars, working groups and other activities implemented by relevant cooperating agencies and fora such as the Common Fund for Commodities, UN/ECE, UNCTAD, WTO, FAO, CITES, UNFF, World Bank, IUFRO, IUCN, ATO, etc.
- (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)
Assistance for Project Identification and Formulation
 - c. Project PD 13/99 Rev.2 (M,F,I)
ITTO Information Network and Project Support
 - d. Project PD 16/93 Rev.4 (M) Phase IV
Market Information Service for Tropical Timber and Timber Products
 - e. Assisting the organization of the ITTO 2001 Annual Market Discussion
 - f. Project PD 58/97 Rev.1 (I)
The Establishment of the Database of Tropical Industrial Lesser-Used Wood Species
 - g. Project PD 25/95 Rev.1 (M)
Training Workshops on Tropical Forestry and Timber Trade Statistics
 - h. Pre-Project PPD 8/93 (F)

Demonstration Areas for Sustainable Management of Production Forests

- i. 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"
 - j. Pre-Project PPD 27/99 (M)
Medium- and Long-term Outlook for the Tropical Timber Market.
 - k. PP-A/23-63
Activity to Facilitate Development of a Joint ITTO/ECE-FAO/EUROSTAT Forest Statistics Questionnaire (ITTO)
 - l. Pre-Project PPD 14/00 (M)
Strengthening the Market Discussion
- (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 web site as an outreach tool to ensure regular dissemination of information and linkages to relevant organizations.
 - (xvii) Consider the integration of a strategy related to communications and outreach as an integral component of the new ITTO action plan. This would include an assessment of additional audiences the organization should be targeting. It could also include consideration of appropriate communications and outreach activities towards international organizations as well as ways to raise the profile of ITTO in the international community.
 - (xviii) Organize and convene an inter-sessional CFA working group on financial matters.
 - (xix) Provide assistance to individual producer countries, on request, in setting up ITTO Objective 2000 Boards.
 - (xx) Develop a format to facilitate the reporting of progress in implementing the ITTO Criteria and Indicators.
 - (xxi) Render assistance to up to five 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.
 - (xxii) Identify messages on progress made to date and segment them into appropriate messages for ITTO's various target audiences and develop outputs, including a brochure, that promulgate these messages particularly those that address advances related to Objective 2000.
 - (xxiii) Select and engage two consultants to:
 - Assist ATO in the assessment and refinement of principles, criteria and indicators for sustainable management of African forests and to make them consistent and compatible with ITTO guidelines and criteria and indicators;
 - Assist ATO in organizing a regional workshop, with the participation of experts from Member countries and other stakeholders in order to review and adapt the ITTO

principles, criteria and indicators for sustainable management to African forests for use by ATO; and

- Formulate a project proposal to be submitted to ITTO, with several phases if necessary, in order to develop a framework of cooperation between ITTO and ATO with a view to ensuring the promotion and application of the refined initiative on principles, criteria and indicators for sustainable forest management of African forests, and aimed at helping develop credible forest management assessment and monitoring systems which could eventually support certification.
- (xxiv) Develop a work plan to assist Members in the conservation, rehabilitation, and utilization of mangroves.
- (xxv) Engage consultants to assist in the preparation of a working paper on the new ITTO action plan.
- (xxvi) Organize and convene an expert panel to prepare a draft action plan for the period 2002-2006.
- (xxvii) Organize a Technical Mission to assist the Government of Indonesia to identify ITTO support especially in formulating forestry action plans to achieve sustainable forest management.
- (xxviii) Organize and convene an expert panel to consider and make recommendations for ITTO's involvement in relevant international and regional organizations and fora.
- (xxix) Carrying out any other tasks decided by Council on an ad hoc basis through Decisions adopted.

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ITTC(XXIX)/27
4 November 2000

Original: ENGLISH

TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

DECISION 11(XXIX)

NEW ITTO ACTION PLAN

The International Tropical Timber Council,

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

Recalling the ITTO Libreville Action Plan 1998 to 2001;

Reaffirming the ITTO Mission Statement;

Noting the unique role ITTO plays in collecting and analyzing data relating to the trade of tropical timber;

Also recognizing the continuing need for the ITTO to cooperate with other international organizations to maintain and enhance its relevance in the evolving international forest agenda;

Decides to:

1. Request the Executive Director to prepare a working paper on the new ITTO Action Plan with the assistance of two consultants, one each from producer and consumer countries, and to circulate it to members by 31 March 2001. Invite members to provide suggestions to the Executive Director on the process, scope and elements of the working paper by 15 February 2001;
2. Authorize the Executive Director to engage consultants as per the Terms of Reference in Annex A;
3. Request the Executive Director to convene an Expert Panel comprising six members from producer countries, six members from consumer countries, two representatives from the NGO community and two from trade/industry to consider the working paper and any comments and suggestions by ITTO members. The members of the Expert Panel will act in their expert or personal capacity and prepare a draft Action Plan for the period from 2002-2006, which will be circulated to Members for consideration prior to review by Council at its Thirty-first Session in October – November 2001. Terms of Reference for the Expert Panel are outlined in Annex B; and
4. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision, not exceeding US\$ 200,000. If sufficient contributions are not received by 31 January 2001, the Executive Director is requested to use funds from Sub-Account B of the Bali Partnership Fund.

Annex A - Terms of Reference for Consultants

1. The consultants should develop a comprehensive working paper with draft elements and rationale for an action plan, taking into consideration decisions of the ITTC, the Libreville Action Plan, the process towards the Libreville Action Plan, suggestions of Members, and other relevant documents.
2. The working paper should take into consideration, inter alia, the following aspects:
 - Recommendations for priorities for ITTO
 - Review of progress in the implementation of the ITTO Libreville Action Plan
 - Clear goals and objectives for ITTO
 - Recommendations for strategic communications and outreach taking into account the conclusions and recommendations of the Expert Panel on ITTO Year 2000 Objective and its Promotion Through Public Education and Awareness [Document ITTC(XXVIII)/10]
 - Recommendations of all relevant Expert Panels
 - Reports from Member countries on their progress towards achieving Objective 2000
3. In preparing the working paper, the consultants should work in close collaboration with the Executive Director.

Annex B - Terms of Reference for the Expert Panel

In its work, the Expert Panel will:

1. Review and assess the working paper prepared by the consultants, taking into consideration resource implications (both costs and staff) of the recommendations of the consultants to the extent possible.
2. Develop an Action Plan for the period 2002-2006, based on their assessment of the working paper. The Action Plan should address priorities, goals and objectives for ITTO and an implementation strategy.
3. Capitalize on the work of previous Expert Panels and consultants' papers, including inter alia the Review of Progress Towards the Year 2000 Objective by Duncan Poore and Thang Hooi Chiew.

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4 November 2000

Original: ENGLISH

TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

DECISION 12(XXIX)

STRENGTHENING SUSTAINABLE FOREST MANAGEMENT IN INDONESIA

The International Tropical Timber Council,

Recalling Statement 1 (XXVIII) of the International Tropical Timber Council (ITTC);

Further Recalling Article 1(I) of the ITTA, 1994;

Recognizing the role of forest industries to support socio-economic development of producer countries;

Noting the request made by the Minister of Agriculture and Forestry of the Republic of Indonesia and the statement made by the Junior Minister of Forestry of the Republic of Indonesia at the Twenty-ninth Session;

Reaffirming the commitment of Members to achieve Objective 2000 through international collaboration and assistance;

Decides to:

1. Request the Executive Director to organize a Technical Mission to assist the Government of Indonesia to identify ITTO support especially in formulating forestry action plans to achieve sustainable forest management in Indonesia as indicated in the attached Terms of Reference;
2. Request the Executive Director to make necessary arrangements to facilitate the work of the Technical Mission in consultation with the Government of Indonesia; and
3. Authorize the Executive Director to allocate financial support not exceeding US\$ 255,000 from the Pre-Project Sub-Account for financing the work of the Technical Mission and necessary in-country activities to meet the objectives of the mission.

ANNEX

TERMS OF REFERENCE FOR TECHNICAL MISSION

1. The Technical Mission will be composed of two experts from producer and two experts from consumer countries. The mission will assess elements of current forest programmes in Indonesia and their actual implementation, and identify related shortcomings. In so doing, the mission will consult, inter alia, with the Consultative Group on Indonesian Forestry (CGIF), the Donor Forum on Forestry (DFF) and with relevant stakeholders.
2. The Mission will assist Indonesia in formulating pilot programs to restructure the forest industry, including inter alia downsizing industry, improving industrial competitiveness, establishing forest plantations, recalculating timber values, and decentralising forest management. These pilot programs will also be intended to help integrate these objectives into the National Forest Programme with a view to achieving sustainable forest management, in compliance with ITTO Objective 2000.
3. The Mission will assist Indonesia in formulating an action plan with strong measures to combat illegal logging.
4. The Mission will report no later than the Thirty-first Session of the ITTC, with recommendations for future work in this area.

ANNEX
ACTIVITIES AND BUDGET

A. Experts	4 International Experts (2 months)	US\$ 80,000
	4 National Experts (4 months-16 man months)	US\$ 48,000
B. Consultation Meeting		US\$ 28,000
C. 4 Local Support Personnel for (4 months-16 man months)		US\$ 4,000
D. International Travel of 4 International Experts		US\$ 10,000
E. Local Transportation + DSA		US\$ 32,000
F. Office Support		US\$ 10,000
G. ITTO Secretariat participant		US\$ 10,000
H. Contingency		US\$ 7,000
I. ITTO Programme Support	10.5%	US\$ 24,045
TOTAL		US\$ 253,045

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DECISION 13(XXIX)

THE ROLE OF THE ITTO IN INTERNATIONAL AND REGIONAL ORGANIZATIONS AND FORA

The International Tropical Timber Council,

Recalling Decision 7(XXVII) relating to the Work Programme for the year 2000 and Document ITTC(XXVIII)/16, "Report on the Issues Arising in the Forest and Forest-Products Related International Fora, Focusing on the Role of ITTO";

Welcoming the adoption of the resolution by the United Nations Economic and Social Council establishing the United Nations Forum on Forests (UNFF), and recommending the formation of the Collaborative Partnership on Forests (CPF);

Noting the critical inter-relationship between the condition of tropical forests and the environmental threats such as climate change, biodiversity loss, land degradation and desertification;

Further noting the direct relevance to the ITTO of activities of forest-related and other international organizations and processes to address these threats;

Also recognizing the continuing need for the ITTO to cooperate with and contribute to other international organizations and processes;

Decides to:

1. Request the Executive Director to convene an Expert Panel composed of six producer and six consumer Members, two representatives from the NGO community and two from trade/industry, (one each from producer and consumer countries within each category), to consider and report to Council at its Thirtieth Session recommendations for the ITTO's involvement in relevant international and regional organizations and fora, as per the attached Terms of Reference.
2. Authorize the Executive Director to participate in appropriate international fora in the interim, in particular in the United Nations Forum on Forests and to be an active member of the Inter-Agency Task Force on Forests and its successor the Collaborative Partnership on Forests;
3. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of paragraph 1 of this Decision, which will not exceed US\$120,000. If sufficient contributions are not received by 31 January 2001, the Executive Director is requested to use funds from Sub-Account B of the Bali Partnership Fund; and
4. Invite written comments from Members on this subject to the Executive Director by 31 January 2001 for submission to the Panel for its consideration.

ANNEX

TERMS OF REFERENCE FOR EXPERT PANEL ON THE ROLE OF THE ITTO IN INTERNATIONAL AND REGIONAL ORGANIZATIONS AND FORA

1. The Expert Panel will, within the context of the ITTA, 1994:
 - identify relevant issues in international and regional organizations and fora which have implications for, and direct relevance to, the role and work of ITTO;
 - propose measures for effective participation in, cooperation with, and contribution to these fora;
 - evaluate priorities for the ITTO in carrying out this work, taking into account costs and benefits arising from the above measures; and
 - develop recommendations for the ITTO's involvement in international and regional fora, including inter alia recommendations for the ITTO's next Action Plan.
2. In its work, the Expert Panel will take into account Members' views and on-going developments within relevant international and regional organizations and fora, including inter alia:
 - United Nations Forum on Forests (UNFF)
 - Collaborative Partnership on Forests (CPF)
 - African Timber Organization (ATO)
 - United Nations Food and Agriculture Organization (FAO)
 - World Bank
 - Center for International Forestry Research (CIFOR)
 - International Union for Forestry Research Organizations (IUFRO)
 - United Nations Environment Programme (UNEP)
 - International Union for the Conservation of Nature (IUCN)
 - United Nations Framework Convention on Climate Change (UNFCCC)
 - Convention on Biological Diversity (CBD)
 - Convention to Combat Desertification (CCD)
 - Convention on International Trade in Endangered Species (CITES)
 - Global Environment Facility (GEF)
 - World Trade Organization (WTO)
 - ASEAN Foundation
 - Asia Pacific Economic Cooperation (APEC)
 - Tarapoto Process
3. The Expert Panel will report to Council at its Thirtieth Session.

* * *

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DECISION 14(XXIX)

ITEMS TO REVISIT AT THE THIRTIETH SESSION OF THE COUNCIL

The International Tropical Timber Council,

Noting the time constraint and the substantive work load of the Council at its Twenty-ninth Session;

Acknowledging the intensive deliberations on the issues which took place during this Council Session;

Decides to continue consideration of the following draft decisions contained in the Annex at its Thirtieth Session:

- (i) Framework for Guidelines on the Management of Secondary Tropical Forests;
- (ii) Certification;
- (iii) Illegal Logging and Trade in Illegally Harvested Timber;
- (iv) Provision of Training on the Application of Criteria and Indicators in Producer Member Countries and Facilitation of Reporting of Progress Towards Achieving Sustainable Management; and
- (v) Guidelines for Establishing Auditing Systems for ITTO's Criteria and Indicators for Sustainable Forest Management.

ANNEX

DRAFT DECISION *(XXIX)

FRAMEWORK FOR GUIDELINES ON THE MANAGEMENT OF SECONDARY TROPICAL FORESTS

The International Tropical Timber Council,

Recalling points 1-5 under goal 2 for Reforestation and Forest Management in the Libreville Action Plan; and Decision 7(XXV) on the ITTO Programme of Work for 1999 for the Committee on Reforestation and Forest Management items (i) and (ii) that call for the development of guidelines on reduced impact logging and guidelines on the rehabilitation of degraded forests and forests lands, including guidelines on the management of secondary forests;

Noting the Report of the Consultants prepared under Decision 6 [XXVII];

Further noting the current discussions on the role of ITTO in international fora and cooperation with relevant international organizations;

Recognizing the experience of Member countries with sustainable forest management, codes of practice for forest harvesting and reduced impact logging and the associated results of forest research, taking into account the work of the organization to rehabilitate logged over forests;

Recognizing the need for ITTO to assist its Member countries to develop national guidelines* and related tools to build capacity and help accelerate progress toward Objective 2000;

Decides to:

1. Request the Executive Director to [provide] [facilitate the preparation of] a draft set of guidelines on the management of secondary forests based on the outline suggested in Annex IV of ITTC XXVIII/11 for review by an expert panel for consideration by the XXX Council;
2. Request the Executive Director to work in conjunction with FAO, CIFOR, Tropical Forest Foundation and other relevant agencies to establish what current manuals exist; and to use the manuals to develop needed additional training materials to support in-country training programmes on key considerations for reduced impact harvesting and key considerations for the management of small scale forest production systems. The manuals upon completion will be subject to an independent technical review before presentation to Council;
3. Request the Expert Panel on the Technical Appraisal of Project and Pre-Project Proposals to develop a set of eligibility criteria for consideration by the XXX Council to facilitate accelerate approval of projects that support national-level analytical forest sector reviews, the development or upgrading of national SFM guidelines, codes of practice, criteria and indicators and certification processes;
4. Authorize the Executive Director to arrange for two consultants, one from producer and one from consumer members, to determine how many reduced impact logging demonstration forests exist or are being developed and to identify the opportunities for ITTO to support the establishment of sustainable reduced impact logging training and demonstration programmes in each of the ITTO Producer Regions, using existing facilities wherever possible, based upon terms of reference described below;
5. Authorizes the Executive Director to prepare a proposal for an ITTO strategy to promote more effective community participation in all aspects of sustainable forest management for consideration by the Committee on Reforestation and Forest Management and the Council. Wherever possible, this strategy should be based on the use or adaptation of existing participation toolkits and training materials prepared by FAO, UNDP, the World Bank and

other organizations; and include targeted training activities for policy-makers, administrators and field practitioners in the ITTO Producer Regions; and

6. Authorizes the Executive Director to arrange for the consultancies and financing of the work specified in the decision from the Bali Partnership Fund.

Terms of Reference

1. Conduct a literature survey per each ITTO region of existing RIL demonstration forests and areas where successful RIL implementation has been executed.
2. Based upon the survey, identify opportunities in which ITTO can leverage the existing resources to conduct RIL training.

DRAFT DECISION ** (XXIX)

CERTIFICATION

The International Tropical Timber Council,

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

Recognizing that ITTO has developed and adopted Manuals, Guidelines and Reporting Systems for Criteria and Indicators for sustainable forest management;

Recognizing the IPF and IFF conclusions and proposals for action related to certification;

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

Recognizing the potential role of certification for ITTO members in improving market transparency, taking into account the role of the private sector, and in helping to promote responsible producer and consumer choices in supply and demand for forest products;

Noting the growing demand in the market for certified timber and the need in Member countries for assistance in implementing ITTO's Criteria and Indicators, and in building capacity and institutional strengthening to implement auditing systems to assess sustainable forest management which may support certification schemes;

Noting the proliferation of certification systems in the market place and the need to facilitate Members' understanding of these various schemes;

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

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

Noting the need for ITTO as a commodity organization to pro-actively collaborate with other relevant on certification;

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

Appreciating the desire of producer countries to implement voluntary certification schemes as a means to enhancing market access and generating sufficient income to finance sustainable forest management;

Decides to:

1. Encourage producer Member countries to submit project proposals to implement ITTO's Criteria and Indicators, and build capacity for the auditing of sustainable forest management;
2. **[Proposed deletion** Request the Executive Director to assist Member countries which are implementing voluntary certification schemes based on ITTO's C&I to enhance market acceptance and authorize him to provide assistance to Member countries to promote and implement timber certification schemes] [upon request] [based on the framework of the ITTO's Criteria and Indicators];

- 2 bis. Request the Executive Director to facilitate discussions between ITTO's Members and relevant interested parties on the principles, frameworks and elements of certification schemes;
3. Authorize the Executive Director to convene a workshop prior to the Thirty-first Session with broad based participation on progress being made regarding the comparability and equivalence of certification schemes;
4. Authorize the Executive Director to engage two consultants, one from producer and the other from consumer country to develop in consultations with relevant interested parties a program for the workshop and prepare an overview paper for consideration at the workshop with the attached terms of reference; and
5. Authorize the Executive Director to arrange for financing the consultancy to develop the program for the workshop and prepare the overview from the Sub-account B of the Bali Partnership Fund.

TERMS OF REFERENCE FOR WORKSHOP

The consultants will develop in consultation with the Executive Director and relevant interested parties a program for the workshop. The purpose of the workshop being:

- to invite member countries and relevant interested parties to participate in a discussion of the principles, frameworks, and elements of certification schemes;
- to identify principles and critical elements relevant to the development of standards for certification;
- to review progress being made towards comparability and equivalence of certification schemes;
- to obtain the perspective of buyers groups towards certification; and
- to recommend relevant actions for ITTO and its Members

The duration of the workshop should be two days.

The workshop attendees should include:

- member countries;
- relevant international organizations;
- representatives of certification schemes;
- relevant private sector groups;
- relevant Non-governmental organizations; and
- - buyers groups

Overview Paper

The consultants will prepare an overview paper regarding the comparability and equivalence of certification schemes, including identifying principles and critical elements necessary for the development of standards for certification. The consultants will take into account recent international efforts and initiatives on mutual recognition, including the outcome of the planned GTZ/FAO/ITTO meeting scheduled for February 2001.

DRAFT DECISION ** (XXIX)

ILLEGAL LOGGING AND ILLEGAL TRADE [IN TROPICAL TIMBER]

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;

Recognizing the increasing demand for assurances over sustainable forest management and the legality of timber harvest and trade;

Recalling the discussions on the Annual Review and Assessment of the World Timber Situation;

Recognizing the complexity of the underlying causes of illegal logging and illegal trade which undermine sustainable forest management and markets for timber, thus depriving governments, forest owners and local communities of significant revenues and benefits;

Further recognizing the responsibility of all member countries to work together to address this problem [which is driven by supply and demand] [which is influenced by demand as well as supply factors] [which is driven by many factors affecting supply and demand];

Welcoming the increasing international dialogue on illegal logging and trade in illegally harvested timber and the contribution that ITTO can make to these discussions];

Decides to:

1. Authorize the Executive Director to engage two consultants, one from a producer and one from a consumer country, to undertake an assessment of the current state of [information] knowledge on the nature, causes and extent of illegal logging and illegal trade [in tropical timber and timber products], in accordance with the Terms of Reference attached to this Decision; in order to ensure transparency, this should include, inter alia, a review of illegal trade in [consumer] markets [for tropical timber];
2. Request the Executive Director to circulate the draft report to Member countries for discussion at the thirtieth Session of Council;
3. Request the Executive Director to identify and participate in relevant international fora, including the upcoming World Bank Forest Law Enforcement Conference in South East Asia, and report to Council;
4. [Encourage producer countries to submit project proposals for capacity building and institutional strengthening to identify [measures to combat], [investigate and reduce] illegal logging and illegal trade [and to evaluate the usefulness of potential applications of related technology developments];
5. Encourage donor countries to support efforts by members to [combat] reduce illegal logging and illegal trade;
6. Encourage consumer countries to identify and assess the effectiveness of [their] internal measures to control illegal [logging and illegal] trade, and to identify areas needing improvement, including examining [measures to combat illegal logging and illegal trade] [how best to combat [control] illegal logging, including import and procurement practices. [promote better prices, market access; reducing demand for illegally logged timber]; and
7. Authorize the Executive Director to arrange for financing the consultancy [from sub-account B of the Bali Partnership Fund.] [through voluntary contribution].

TERMS OF REFERENCE

1. Review [and assess] existing information and literature on the nature, causes and extent of illegal logging and illegal trade [both in producer and consumer countries], focusing in particular on:
 - [examine the concept of illegal logging and illegal trade]
 - trade data and [information] [knowledge] within the ITTO [and other relevant organizations]
 - issues of general rather than country-specific relevance
2. Taking into account related on-going initiatives, produce a report with [recommendations for remedial measures to be taken by both producer and consumer countries, as well as the ITTO, to address these problems individually and collectively] options for action directed at member countries, working individually and collectively, and the ITTO Secretariat.
3. [Ensure transparency of illegal trade in consumer markets.]

Drafting ideas:

and make recommendations on how producer and consumer countries and the ITTO might address these problems, individually and collectively

along with a review of transparency of illegal trade in consumer markets

[baseline information, case studies]

DREFT DECISION ^{}(XXIX)**

**PROVISION OF TRAINING ON THE APPLICATION OF CRITERIA AND INDICATORS
IN PRODUCER MEMBER COUNTRIES AND FACILITATION OF REPORTING
OF PROGRESS TOWARDS ACHIEVING SUSTAINABLE MANAGEMENT**

The International Tropical Timber Council,

Recalling Article 1(d) of the International Tropical Timber Agreement, 1994;

Also recalling Decision 3(XXIV) on Criteria and Indicators which encouraged member countries to apply the revised ITTO Criteria and Indicators;

Further recalling Decision 3(XXVI) on the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests, and Decision 5(XXVIII) on the Development of Auditing systems for Criteria and Indicators;

Noting document ITTC(XXIX)/6, the report of the consultants on the Field testing and Workshops for Training the Trainers in the Application of ITTO Criteria and Indicators;

Recognizing the importance of the application of ITTO Criteria and Indicators as a basis for reporting on the progress towards achieving Objective Year 2000 by member countries;

Decides to:

- (i) Authorize the Executive Director to engage two consultants, one from producer and the other from consumer country, to review and revise the ITTO Manuals on the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests (and, if necessary, also review and revise the ITTO Criteria and Indicators), based on the experience gained through the four regional workshops conducted under Decision 3(XXVI) and the development of guidelines for a framework of adequate auditing systems for sustainable forest management under Decision 5(XXVIII);
- (ii) Request the Executive Director to develop a format for member countries to report on progress towards achieving sustainable forest management at both the national and management unit levels;
- (iii) Further request the Executive Director to arrange, on request, a phased sequence of national level workshops to selected producer member countries (10 major producer countries) to train forest managers, forest concessionaires, etc., who are directly involved in executing forest management practices, in the effective implementation of the ITTO Manuals at both the national and forest management unit levels;
- (iv) In undertaking (iii), the trainers trained during the Regional Workshops conducted under Decision 3(XXVI) should be mobilized to provide assistance in conducting the national workshops;
- (v) Request countries which have conducted the national level workshops to submit progress reports annually on their efforts towards achieving sustainable forest management, using the format prepared under item (ii); and
- (vi) Authorize the Executive Director to finance the consultancy and the conduct of the above national level training workshops from the Sub-Account B of the Bali Partnership Fund.

DRAFT DECISION ^{}(XXIX)**

**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 Year 2000 Objective 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);

Recognizing 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;

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

Reaffirming the commitment of members to achieve ITTO's Year 2000 Objective through international collaboration and assistance;

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

Decides to:

- 1) Develop and publish guidelines that provide the essential elements for a framework of adequate auditing systems for sustainable forest management;
- 2) Authorize the Executive Director to engage the two consultants who had prepared the Working Document authorized by Decision 5(XXVIII) to revise that Working Document to take into account the Report of the Expert Panel convened pursuant to Decision 5(XXVIII) and to circulate the revised working document to a broad range of stakeholders for their review and comment and prepare a draft final report taking into account the comments received;
- 3) Request the Executive Director to convene an Expert Panel comprised of three producer and three consumer member countries and one representative each from conservation non-governmental and timber trade and industry organizations to consider the draft final Consultants' report, including the comments received on it by stakeholders and present its findings at the Thirty First Session of Council; and
- 4) Authorize the Executive Director to arrange for financing the consultancy to prepare the Working Document, circulate it to potential stakeholders and convene the Expert Panel from the Special Account/Bali Partnership Fund.

* * *

ANNEX V

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

Documents:	CEM(XXVII)/7 Rev.1
	CRF(XXVII)/13 Rev.2
	CFI(XXVII)/10
	CFA(VIII)/9 Rev.1

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30 October – 4 November 2000
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

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Report

- Appendix A: Technical Assessment of Pre-Projects in the Area of Economic Information and Market Intelligence and Summary Table**
- Appendix B: PPD 14/00 (M) “Strengthening the Market Discussion” [ITTO Secretariat]**
- Appendix C: Draft ITTO 2001 Work Programme for Economic Information and Market Intelligence**

REPORT

1. Opening of the Session

The Twenty-seventh Session of the Committee was opened on 30 October 2000 at a Joint Session of the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management, the Committee on Forest Industry, and the Committee on Finance and Administration, chaired by Ms. Astrid Bergquist (Sweden). The subsequent meetings of the Committee during its current Session were conducted by its Chairperson, Ms. Astrid Bergquist (Sweden). The list of participants is presented in document ITTC(XXIX)/Info.2 Rev.1.

2. Adoption of Agenda and Organization of Work

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

3. Admission of Observers

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

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

Dr. Abdul Rahim Abdul Rahman (Malaysia), Chairman of the Expert Panel, presented its report as contained in document CEM, CRF, CFI(XXVII)/1 Rev.1. He highlighted the general points of the report particularly:

- (i) the necessity for pre-projects and projects to be formulated in full accordance with Decision 2(XXVI) and the ITTO Manual for Project Formulation, second edition, 1999;
- (ii) the need for clear explanations relating the pre-projects and projects with the objectives of the ITTA, 1994 and the ITTO Libreville Action Plan;
- (iii) the inclusion of a clear map on an appropriate scale in the pre-project and project proposals, where relevant;
- (iv) some general points concerning the deficiencies in the pre-project and project proposals submitted including in the aspects of project formulation, logical framework, budget, supporting details, phased proposals and pre-projects;
- (v) the desirability of preparing a Country Summary as a means to keep proposals short and succinct;
- (vi) the large number of proposals being returned for further work and modification including those that had been prepared as follow-ups to pre-projects; and
- (vii) the need for gender and equity issues to be given greater emphasis in pre-project and project proposals.

The Committees took note of the report of the Expert Panel and recommended to Council that the Terms of Reference used by the Panel to assess the project and pre-project proposals should be strengthened and more detailed criteria given to the Panel's assessment of the proposals in line with the comments provided by the Panel in its report.

5. Ex-post Evaluation

(A) Ex-post Evaluation

The Committee noted that the ex-post evaluation on PD 35/94 Rev.4 (M,I) (Papua New Guinea) would be undertaken before its next Session.

(B) Selection of Projects for Ex-post Evaluation

The Committee agreed to select PD 25/96 Rev.2 (M) (China) for ex-post evaluation and recommended that it be conducted in conjunction with the implementation of the ex-post evaluation of four other projects in China as agreed to by the Committee on Forest Industry.

The Secretariat proposed a thematic group ex-post evaluation of statistical development projects carried out to date. The Committee agreed to consider such a proposal from the Secretariat at 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(XXVII)/4. Progress reports of the following projects, pre-projects and activity were duly noted:

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

1. **PD 16/93 Rev.4 (M) Phase IV, 2000** **Market Information Service for Tropical Timber and Timber Products (MIS) – Phase IV (2) (ITTO Secretariat)**

The Committee noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXVII)/4. The Committee agreed to recommend the extension of the project for a further two years and the provision of US\$325,000 for 2001 and US\$325,000 for 2002.

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

The Committee noted the progress achieved in the implementation of the project as indicated in document CEM(XXVII)/4 and that project activities were expected to be completed by 31 December 2000.

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

The Committee noted that the arrangements for a final workshop for 2001, approved at the Twenty-fourth Session of the Committee were underway. The Committee decided, following the agreement of the donor (Japan), to recommend that US\$13,228.49 remaining in the completed project PD 27/93 Rev.3 Phase II (M) be transferred to this on-going project.

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

The Committee noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXVII)/4. The Secretariat noted that the final report for Stage 1 was received in October 2000 and was available for review by members. The final audit of this Stage would be sent to ITTO by the end of 2000.

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 satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXVII)/4.

6. **PD 44/96 Rev.2 (M)** **Establishment of a Forest Statistics Information System (Panama)**

The Committee noted that the activities of this project were completed in February 2000 but that the final report and audited financial statement were only received on 31 August 2000. Copies of these reports were available for review by the Committee members. The Committee declared this project complete.

7. **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 as indicated in document CEM(XXVII)/4.

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

The Committee noted the satisfactory progress achieved in the implementation of this project as indicated in document CEM(XXVII)/4.

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

The Committee noted the progress achieved in the implementation of this project as indicated in document CEM(XXVII)/4. The Secretariat informed that the progress report of this project was received after the deadline but project activities were being implemented satisfactorily. The Committee further noted the presentation on the progress in the implementation of the project by the delegation of Gabon.

10. **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 achieved in the implementation of this project as indicated in document CEM(XXVII)/4.

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 that the agreement of this project was signed in February 2000 and the workplan from the implementing agency was awaited by the Secretariat.

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 as indicated in document CEM(XXVII)/4.

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

The Committee noted the progress achieved in the implementation of this pre-project as indicated in document CEM(XXVII)/4.

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

The Committee noted the progress in the implementation of the pre-project as presented under item 8 of its Agenda.

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

The Committee noted the presentation made by Dr. Alastair Fraser (LTS, UK), regarding the approach to the implementation of this study. According to the work plan, data collection would be undertaken in Africa (Cameroon, Ghana, Gabon and Ivory Coast), America (USA, Brazil, Bolivia and Ecuador), Europe (Spain, Italy, Germany, Netherlands and the UK) and Asia (Japan, Malaysia, Indonesia, Thailand, India and China). The consultant informed that the country visits would be held between mid-November 2000 and mid-February 2001. A forecasting model would be developed based on similar work that the consultants had earlier carried out in Indonesia. The Committee recommended that the consultant should make preliminary contacts with the delegations of the countries to be visited during the Current Session in order to obtain full collaboration for data collection. The completed report of the study including the forecasting model would be presented at the next Session of the Committee for its consideration.

16. PP-A/23-63

**Activity to Facilitate Development of a Joint ITTO/ECE/-
FAO/EUROSTAT Forest Statistics Questionnaire (ITTO)**

The Secretariat informed the Committee of progress in this activity as indicated in document CEM(XXVII)/4. The Committee recommended further financing of US\$33,150 for this activity to allow on-going participation in both the Inter-Secretariat Working Group on Forest Statistics (IWGFS) and the Global Forest Information System (GFIS) as well as to fund training and upgrading of hardware/software.

(B) Projects Pending Agreement

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

The Committee noted that the finalization of the project agreement would depend on the receipt of the financial audit for Phase II, Stage 1.

- 2. 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 the project agreement had been sent to the Government of Cameroon and the implementing agency for signature.

(C) Projects and Pre-Projects Pending Financing

- 1. PD 39/96 Rev. 3 (M) Creation of a National System for Collection and
Processing of Forest Statistics in Congo**

The Committee urged donors to provide funds for the implementation of this approved project and noted that the Council had authorised the Executive Director to start implementation as soon as earmarked funds for the total ITTO contribution became available in the Special Account.

- 2. PD 52/97 Rev.3 (M) Development and Implementation of an Educational
Phase II 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 urged donors to provide funds for the implementation of this project as soon as the implementation of Phase I of the project had been completed (see Section A, item 8 above).

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

The Committee urged donors to provide funds for the implementation of this project and noted that the Council had authorised the Executive Director to start implementation as soon as earmarked funds for the total ITTO contribution became available in the Special Account.

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

The Committee urged donors to provide funds for the implementation of this project and noted that the Council had authorised the Executive Director to start implementation as soon as earmarked funds for the total ITTO contribution became available in the Special Account.

- 5. 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 urged donors to provide funds for the implementation of this project and noted that the Council had authorised the Executive Director to start implementation as soon as earmarked funds for the total ITTO contribution became available in the Special Account.

7. Consideration of Pre-Project Proposals

The Committee had before it one pre-project proposal that had been evaluated by the Expert Panel for the Technical Appraisal by Project Proposals and subsequently revised in accordance with the Panel's recommendations. The technical appraisals of pre-projects considered by the Committee are contained in Appendix A.

(i) **PPD 13/00 Rev.1 (M) Economic Valuation of Production Forests and Agroforestry Systems in the Peruvian Amazon**

The Committee noted that the pre-project incorporated the amendments proposed by the Panel, but that the budget for international consultants was insufficient to cover the costs of an international workshop. The Committee approved the pre-project proposal as revised and agreed to recommend it to Council for immediate financing.

(ii) **PPD 14/00 (M) Strengthening the Market Discussion**

The Committee gave further consideration to the draft proposal of this pre-project, which was initiated at its previous Session. The Committee approved this pre-project as attached in Appendix B and agreed to recommend it to Council for immediate financing.

8. Policy Work

(i) **Market Access**

The Committee considered a number of issues relating to market access including tariffs, export and import restrictions, and improvement of statistics and information to promote market transparency. The UK Trade Adviser outlined to the Committee that the UK Government had always sought to avoid the purchase of illegally harvested timber. The recent statement by the Environment Minister made previous voluntary guidance on the issue compulsory and stated that timber purchases by UK Government departments should be from documented well-managed sources. Where possible these sources should also be independently certified under schemes such as the FSC. The policy made it clear that timber from uncertified sources would not be excluded because of the difficult conditions under which developing countries in particular operated. However, the UK trade had some concerns that tropical timber might be unfairly discriminated against by this policy and was working with Government Procurement Officers to minimise the risk of this happening.

The Committee was also updated by the delegation of the Netherlands on the status of a bill requiring the compulsory labelling of all timbers based on certification by the Forest Stewardship Council (FSC) or by other comparable and equivalent schemes to be ascertained on a case by case basis. The bill was being considered by the First Chamber of the Dutch Parliament but the outcome of the consideration, which was expected in the next few months, remained uncertain. The Committee further noted the views expressed regarding the implications of the bill which might be in conflict with the EU Treaty as well as the rules of the World Trade Organization (WTO) particularly its Agreement on Technical Barriers to Trade. Concern over the possible effects of the bill on on-going collaborative arrangements under the Hallmark System of the Kerhout Foundation was also raised and noted.

(ii) **Timber Certification**

The Committee considered recent developments in timber certification that had centred on the continuing efforts to examine the possibilities and requirements for the conceptualization of an international mutual recognition framework linking the various sustainable forest management standards and certification systems being developed. From the dialogue that had been carried out so far, it was noted that while interest in mutual recognition was growing, there was still the need for more discussion and exchange of views in order to build up confidence and common ground on the issue. The Committee was informed that in order to contribute further to the process, ITTO would be collaborating with FAO and GTZ in hosting an international workshop at the FAO Headquarters in February 2001 that would focus on issues relating to mutual recognition which would be of particular relevance to developing countries. It was hoped that the workshop would facilitate greater awareness and understanding among developing countries concerning the ramifications and implications of the latest developments surrounding the issue of timber certification. The attention of the Committee was also drawn to the Mutual Recognition Seminar being organised by the

Confederation of European Paper Industries (CEPI) on 28-29 November 2000 to which the ITTO Secretariat had been invited.

The Committee was informed of developments in timber certification within the Pan European Forest Certification Process including the convening of meetings on mutual recognition. A publication of the Ministerial Conference on the Protection of Forests in Europe entitled 'Sustainable Forest Management Certification – Framework Conditions, System Designs and Impact Assessment' was noted. The attention of the Committee was also drawn to the document on 'Establishing Comparability and Equivalence Amongst Forest Management Certification Schemes' which was released recently by the Department of Agriculture, Fisheries and Forestry, Australia as well as on the relevant work undertaken by the European Timber Committee on the issue.

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

This item was taken up at the Joint Session of the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry.

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

The Committee noted the report made by the Secretariat to Council under item 11 of its Agenda. The Committee re-emphasised the importance of close cooperation between ITTO and CITES in ensuring effective monitoring of developments in CITES which would have a direct bearing on the international trade in tropical timber.

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

This item was taken up at the Joint Session of the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry.

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

The Committee noted the presentation made by Dr. Alastair Fraser (LTS International Ltd. UK) regarding the approach to the implementation of this study (Please see item 6(A) number 15).

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

This item was taken up at the Joint Session of the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry.

(viii) Intergovernmental Forum on Forests (IFF) Programme Element II.b - Matters Left Pending on Trade and Environment

The Committee noted the recent adoption of the resolution by the United Nations Economic and Social Council (ECOSOC) on the setting up of the International Arrangement on Forests (IAF) incorporating the establishment of the United Nations Forum on Forests (UNFF) and the formation of the Collaborative Partnership on Forests (CPF). The Committee further noted the focus of attention that would be placed on the convening of the organizational meeting and the first substantive session of the UNFF to consider, inter alia, the adoption of its multi-year programme of work. The Committee suggested that Trade and Environment should constitute one of the integral themes of the UNFF multi-year work programme and should therefore be kept as a policy item on the Agenda of the Committee.

(ix) Study on the Feasibility of a Price Discovery Mechanism for the Tropical Hardwood Plywood Trade

The delegation of Malaysia submitted a proposal for a study on the feasibility of a price discovery mechanism for the tropical hardwood plywood trade for the consideration of the Committee. As a whole, the proposed terms of reference of the study reflected the problems facing the tropical plywood sector including price instability and increased competition from other plywood and competing materials. The Committee recognised the relevance of the proposal in addressing the urgent problems encountered by the tropical plywood sector and requested the delegation of Malaysia to undertake further consultation with other delegations with a view to further consolidating the proposal.

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

This item was taken up by the Committee under item 6(A) number 16 of its Agenda.

(xi) Draft ITTO Work Programme 2001

The Committee noted the progress made in the implementation of the project and strategic policy activities under the Committee as contained in document ITTC(XXIX)/9 on Progress Report on the Implementation of the ITTO Work Programme for the Year 2000. The Committee further considered and agreed to the project and strategic policy activities proposed to be undertaken by the Committee as contained in document ITTC(XXIX)/10 on the Draft Work Programme for the Year 2001 as a working draft subject to revision as appropriate. The draft ITTO 2001 Work Programme for Economic Information and Market Intelligence as approved is attached in Appendix C.

(xii) Theme for the ITTO 2001 Annual Discussion

The Committee noted and endorsed the proposal made by the Trade Advisory Group (T-A-G) that the theme: "Regulations for a Sustainable Timber Trade-Relevant Issues" be adopted for the ITTO 2001 Annual Market Discussion.

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

The Committee noted the Statement by the T-A-G before the Council and the Committee. The text of the statement is attached in Appendix D.

(xiv) Joint Session of the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry

In an effort to both streamline the work and to enhance policy debate of policy issues a joint session of the CEM and CFI committees was held for the first time. Four presentations were made, three from consultants to ITTO projects and one an invited presentation from a member of the T-A-G on Life Cycle Analysis in the timber sector.

In relation to PPD 24/99 (I) "Increasing the Utilization Efficiency and the Reduction of Losses and Waste Throughout the Production Chain", the consultant presented results of the study which involved an extensive review of the literature and a survey of mills in Ghana, Malaysia, and Brazil. The analysis was conducted to determine the efficiencies in sawmilling and veneer and plywood production; technologies to reduce and use waste in the lumber industry; technologies to reduce and use waste in the veneer and plywood industries; policies, practices, measures and technologies which influence utilization in sawmilling and veneer and plywood manufacture; and advanced technologies and practices in developed countries which might not be as prevalent in sawmills and veneer and plywood manufacturing plants in developing countries. The recommendations proposed to the committees included development of possible future guidelines on increasing the recovery at the mill site, certification of mill efficiency and recovery processes, development of criteria for target recovery factors, subsidizing the replacement of obsolete equipment, and other techniques to enhance the use of secondary species. The Committee requested the consultant to finalize the report, which would be tabled for further consideration at the next sessions of the committees. In the meantime, delegations were invited to provide the consultant with input in order to finalize the report.

A draft final report on PPD 25/99 (I) "Review of the Status of Further Processing of Tropical Timber in Producing Countries" was presented to the Joint Session of the Committees. This report, which provided a detailed and well structured analysis of the production and trade in further processed wood, contained recommendations for ITTO and for member countries. In view of the range and extent of the recommendations, the consultant was requested to prioritize these, taking into account the objective of the project. The Committee requested the consultant to finalize the report, which would be tabled for further consideration at the next sessions of the committees. In the meantime, delegations were invited to provide the consultant with input in order to finalize the report.

Project PD 26/99 (M) was to assess the competitiveness of tropical timber and timber products vis-avis timber and non-timber substitutes. An interim report was provided to the Joint Session of the Committees and the draft final report would be presented at the Twenty-eighth Session of the

Committee. In his report, the consultant drew the attention of the Session to the perceived strengths and weaknesses of tropical timber products in the market place. The debate following the presentation focused on the apparent weakness of Small and Medium Enterprises (SMEs) in producer countries to properly perceive the changing characteristics in the various markets for tropical timber products. There was also discussion of whether the survey was revealing any particular information on consumer perceptions of the competitiveness of Lesser Used Species (LUS). The consultant advised the Committees that the survey methodology would draw out this if in fact it was an issue in the mind of the various producers and consumers being surveyed.

The presentation on Life Cycle Analysis (LCA) highlighted the extent to which competitors to timber, especially the steel and plastics industries, were utilising LCA to aggressively promote their own products in competition with wood. The speaker provided details of highly positive LCA results for some wood products. It was noted that these particular examples suggest that LCA could be a tool for tropical timber producers to generate some positive promotion. A decision was taken to maintain LCA on the Agenda to be revisited at the next Session of the Committee.

9. Election of Chair and Vice-chair for 2001

Following the usual consultations undertaken by the producer and consumer groups, Dr. Antonio Carlos do Prado (Brazil) was elected Chair of the Committee and Ms. Sarah Smiley (USA) was elected Vice-chair for 2001.

10. Dates of Future Sessions of the Committee

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

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

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

11. Other Business

The Committee considered the project idea on the 'Establishment and Management of a National Service for the Control of Export Forest Products' submitted by the Government of the Republic of Congo as well as the project idea on the 'Implementation of a Digital Spatial Information System for the Forest Administration in Honduras' submitted by the Government of Honduras.

The Committee agreed that the Government of the Republic of Congo and the Government of Honduras be invited to further develop the respective project ideas with a view to formulating appropriate project proposals for submission to the ITTO Secretariat.

The Committee noted a draft project idea from the Trade Advisory Group (T-A-G) on the 'Assessment of the Positive Contribution from Forest Industries to Sustained Economic Development' and agreed to consider it further at its next Session. The Committee further noted the request by the T-A-G to participate in the Expert Panel for the Technical Appraisal of Project Proposals.

12. Recommendations to the International Tropical Timber Council

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

PPD 13/00 Rev.1 (M)	Development of a Project Proposal for the Economic Valuation of Production Forests and Agroforestry Systems in the Peruvian Amazon [US\$37,980]
PPD 14/00 (M)	Strengthening the Market Discussion [ITTO Secretariat] [US\$42,000]

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

PD 39/96 Rev. 3 (M)	Creation of a National System for Collection and Processing of Forest Statistics of Congo [US\$557,072]
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 41/99 Rev.2 (M) Phase I	Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) – Phase I [The Philippines] [US\$560,823]
PPD 13/99 Rev.1 (M,F,I)	Model Communication and Public Awareness Program for Sustainable Forest Development in Ecuador [US\$54,500]
PPD 21/99 Rev.1 (M)	Development of a Strategy for the Improvement of the National System for the Processing of Forestry Statistics and Information on the Timber Market [Togo] [US\$62,652]

- (iii) The Committee recommended that additional funds be made immediately available for the following project and activity:

PD 16/93 Rev.4 (M) Phase IV	Market Information Service for Tropical Timber and Timber Products (MIS) – Phase IV [ITTO Secretariat][US\$325,000 in 2001 and US\$325,000 in 2002]
PP-A/23-63	Activity to Facilitate Development of a Joint ITTO/ECE/-FAO/EUROSTAT Forest Statistics Questionnaire [ITTO Secretariat][US\$33,150]

- (iv) The Committee recommended the transfer of US\$13,228.49 from the completed statistical workshop project PD 27/93 Rev.3 Phase II (M) to PD 25/95 Rev.1 (M).

13. Report of the Session

The Committee adopted this report for submission to the Council.

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

- (i) **PPD 13/00 Rev.1 (M) Development of a Project Proposal for the Economic Valuation of Production Forests and Agroforestry Systems in the Peruvian Amazon [US\$37,980]**

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 48/00 (M)] submitted by Peru. The following brief relates to the original project proposal of the same title.

Peru has valuable information and experiences on forest management and agroforestry systems and to a lesser extent, on forest and agroforestry plantations. However, the country still needs to generate information and identify and establish mechanisms - preferably market related - concerning the economic value of environmental goods and services of forests and agroforestry systems, as well as their marketing with a view to achieving sustainable forest development. As a first step in this direction, a draft Forestry Law currently being discussed by the Congress of the Republic contemplates the incorporation of environmental goods and services in forest and agroforestry management systems. This Project will contribute to the generation of information and recommendation of policies and market mechanisms on environmental goods and services. The Project development objective is the incorporation of the economic value of environmental goods and services derived from production forests and forest and agroforestry plantations to promote sustainable forest development in Peru. INRENA and ICRAF will be responsible for the implementation of the project.

Comments of the Twentieth Expert Panel

The Panel noted the importance of this proposal to the ITTO and the Government of Peru and the possibility of this project to serve as a model for other country members. However, it noted that four specific objectives were over ambitious and should be reduced to three more attainable objectives. In particular, objective four seemed to be not achievable in this project. In relation to the outputs, the Panel suggested that these be scaled down accordingly. It also noted that the outputs made reference to six environmental goods which were not described. The Panel felt that the workplan needed more elaboration, in particular with respect to the short time assigned to critical activities such as 1.1.4 (design and implementation of surveys) and 1.2.4 (modelling). A map of the areas where the three pilot study areas would be located should be included in the proposal. The panel queried the inclusion of only production forest and agroforestry systems, noting that forest valuation is important for all forest land uses, including protected forests.

The Panel felt that besides involving forest-related professional and managers in the project, greater attention should be devoted to the forest-based community as another important target beneficiary.

The Panel considered that more background information on relevant forest management and agroforestry studies was required. The background should give a clear and balanced picture of what was being done and what was underway in forest and agroforestry research at the regional and national levels. The Panel felt that the methodological framework proposed could be improved in several ways. In relation to the Clean Development Mechanism (CDM), the Panel noted that although this mechanism has partially been implemented in connection with the economic valuation of forest services, particularly those related to carbon sequestration, its extension and applicability to agroforestry plantations was still being considered, and needed to be confirmed by the next Conference of the Parties (COP-6) of the Climate Change Conference in November 2000. The Panel questioned further the applicability of the "Willingness to Pay" method for the purposes of this project, noting that other economic valuation methods might be more appropriate. Noting the current implementation of studies with a strong component in forest valuation, such as the National Strategic Studies (NSS) in Costa Rica, Mexico and Colombia (and, presumably, Peru), which was financially supported by the World Bank, the Panel recommended that reference be made to the methodological guidelines and experiences derived from these studies. A thorough review of and reference to these studies (in the light of recent IFF discussions) could help clarify the strategy and methodology of the project proposal.

With regards to the budget, the Panel felt that this could be reduced substantially to reflect greater contributions by the implementing and cooperating agencies, for example, in relation to equipment, logistics and facilities. The budget components for personnel (\$560,400), rent of premises (\$96,400) and publications (\$54,000), among others, seemed to be very high. The Panel noted that the budget by

activity and the terms of reference for key personnel and consultants were not provided. It also noted that more emphasis on the specific goals of the Libreville Action Plan should be reflected in the proposal. In view of the foregoing comments, the Panel recommended that a small group consisting of representatives of ITTO, ICRAF, INRENA, NSS and the World Bank be convened to discuss and develop the methodological aspects of the project and to draft a proposal incorporating the above comments. It recommended that INRENA and ICRAF formulate a small pre-project to finance such as meeting.

Recommendations of the Twentieth Expert Panel

The Panel recommends that:

- a pre-project proposal (not exceeding US\$30,000) be submitted for the consideration of the Committee, which will facilitate the meeting of representatives of ITTO, ICRAF, INRENA, NSS and the World Bank to discuss and develop the methodological aspects of the project and to draft a proposal incorporating the above comments;

Conclusion of the Twentieth 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-seventh Session

The Committee noted that the pre-project incorporated the amendments proposed by the Panel, but that the budget for international consultants was insufficient to cover the costs of an international workshop. The Committee approved the pre-project proposal as revised and agreed to recommend it to Council for immediate financing.

APPENDIX B

PPD 14/00 (M) "STRENGTHENING THE ANNUAL MARKET DISCUSSION"

1. *Background*

The Annual Market Discussion is held in conjunction with each May Session of the International Tropical Timber Council (ITTC).

The theme for each Market Discussion is decided every November by the "informal trade group", which comprises a core of regular trade attendees at ITTC sessions and other trade representatives who may attend on a more ad hoc basis. The Market Discussion is a regular feature of the ITTC and is seen as an important means by which the trade can draw the attention of Council to trade issues.

A measure of the success of the Annual Market Discussion in highlighting important trade issues is the increasing number of market-related decisions, activities, pre-projects and projects that have been generated as a result of the discussion. The event is also an important opportunity for trade representatives to discuss and provide for a better understanding of the many, and often complex, trade policy issues facing Member governments.

The Annual Market Discussion 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 (b): "to provide a forum for consultation to promote non-discriminatory timber trade practices";
- 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".

To-date, speakers at the Annual Market Discussion have been drawn from the trade in the host country and from trade representatives attending Council. While such speakers have contributed important insights, members of the informal trade group consider there is now a need to further strengthen the Market Discussion if it is to maintain and enhance its role as a forum for international dialogue on the tropical timber trade.

2. *The Proposal*

It is proposed that each Market Discussion could be strengthened by dedicated "key note" presentations by specialists, commissioned to research and report on elements within the theme decided. Such presentations would strengthen the contributions of the voluntary speakers, who could focus on their specific national or regional situations.

The Annual Market Discussion will be used to encourage dialogue between trade and the NGOs as well as the involvement of these groups in the activities of ITTO. This approach would be expected to facilitate consensus building in efforts towards achieving trade from sustainable sources.

This format – of commissioned speakers, complemented by voluntary, would ensure each Market Discussion is highly focussed and capable of leading debate on key trade issues.

3. *Cost Implications*

The estimated cost of contracting two specialist speakers to deliver dedicated papers to a Market Discussion is provided below. It is proposed that the concept of commissioned papers should be piloted for two years

4. *Budget*

Item	Quantity	Unit Cost US\$	Amount US\$	Total US\$
<u>Keynote Speakers honorarium</u>	2 man months	5,000	10,000	10,000
<u>Communication Cost</u>		1,000	1,000	1,000
<u>Travel costs</u>				
Market Discussion in Ivory Coast, 2001	2 person	5,000	10,000	10,000
Market Discussion 2002	2 person	5,000	10,000	10,000
Per Diem	4 x 5 Days	5,000	5,000	5,000
<u>Translation</u>	4 papers	2,000	2,000	2,000
Sub total				38,000
ITTO Program Support (10.5%)				4,000
Total				42,000

5. *Fund Administration*

It is proposed that the ITTO Secretariat would exercise financial management. The choice of specialist would be agreed jointly between the "informal trade group" and the ITTO Secretariat, with the Secretariat providing administrative support to the activity.

6. *Terms of Reference*

Immediately following a decision by the Trade Group on the theme for the Annual Market Discussion a shortlist of potential speakers will be prepared and contractual arrangements would be made to secure the services of the speakers. The contracted speakers will:

- based on their experience of the theme of the Market discussion, the speakers will research background material and prepare draft papers for consideration by the Trade Group and ITTO
- comments on the draft papers will be forwarded to the speakers for incorporation into the presentation
- the speakers will then present a final paper to the ITTO Secretariat no later than one month before the date of the Council Session at which the papers are to be delivered to allow for translation
- the speakers will make arrangements to be present at the venue of the ITTC and will make a verbal presentation to Members during the Annual Market Discussion.

APPENDIX C

DRAFT ITTO 2001 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 2002 [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 2002 [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
(xi) Continue to monitor the issue of the competitiveness of tropical timber and tropical timber products with timber and non-timber substitutes [Libreville Action Plan, section 3.1, goal 2, action 7].	Regular Sessions' work.
(xii) Continue to consider the trade in Secondary Processed Wood Products (SPWP).	Regular Session's work.
(xiii) Continue monitoring of development in forest certification and timber labeling [Libreville Action Plan, section 3.1, goal 3].	Regular Sessions' work.
(xiv) Implement actions to further cooperate with FAO, UN/ECE, and EUROSTAT to improve the availability of trade and economic data relevant to the global timber market and avoid duplication and overlap [Libreville Action Plan, section 3.1, goal 1, action 3].	Regular Session's work. Recommendations to be made by the Committee for approval by the ITTC at its Twenty-ninth Session (30 Oct. – 4 Nov. 2000).
(xv) Propose ways to streamline the collection and dissemination of statistical data [Libreville Action Plan, section 3.1, goal 1, action 2].	Regular Sessions' work.
(xvi) Monitor the implementation and consider results of the study on the relationship between international trade in timber and deforestation/forest degradation.	Regular Sessions' work. Assumes terms of reference and cost estimates for the study will be proposed by the Committee at its Twenty-seventh Session (30 Oct. – 4 Nov. 2000).
(xvii) In cooperation with industry and trade associations, organize and hold the ITTO 2001 Annual Market Discussions on the world tropical timber trade – during the Thirtieth Session of the ITTC, Abidjan, Côte d'Ivoire, 28 May – 2 June 2001 [Libreville Action Plan, section 3.1, goal 2, action 1].	Regular Sessions' work. The theme for the discussion to be finalized during the Twenty-seventh Session of the Committee (30 Oct. – 4 Nov. 2000).
(xviii) Monitor and analyze statistical data and other relevant information, including any information on undocumented trade [Libreville Action Plan, section 3.1, goal 1, action 4].	Routine. Regular Sessions' work.
(xix) Consider results of the study on the medium and longer term outlook for the tropical timber market [Libreville Action Plan, section 3.1, goal 2, action 2].	The study, implemented under pre-project PPD 27/99 (M), is expected to be completed in 2001.

APPENDIX D

STATEMENT OF THE TRADE Before the Twenty-ninth Session of the International Tropical Timber Council 3 November 2000

The Trade Advisory Group (T-A-G) comprising members of the private sector met several times during the 29th Session to discuss issues of importance to the trade. At the outset we would like to express our appreciation for the way in which the ITTC has sought the input of the T-A-G into its deliberations, in particular through its Decision at Lima which brought the T-A-G into being. To enhance this process we would like to offer the services of a T-A-G representative on the Expert Panel on Project Appraisal as we believe that the Panel would derive considerable benefit from the trade's input in this way.

We would also request country members of the ITTC to include trade representatives in their delegations at future ITTC meetings to facilitate increased participation by the trade. The T-A-G recognises that it too has a role to play in this respect and will do all it can to achieve this aim.

As we said in our Opening Statement, the T-A-G acknowledges the widespread concerns of many stakeholders about illegally sourced timber and illegal trading practices. We repeat that the T-A-G totally condemns illegal practices and commits itself to working with the ITTO, its member countries and other stakeholders towards their complete elimination. In this respect we would support the proposal that ITTO should assist member countries who request help to address illegal practices.

We would also like to express our hope that the Decisions related to the ITTO 2000 Objective, Communications & Outreach and Certification are speedily agreed and implemented.

The T-A-G believes the joint session Committees on Economic Information & Market Intelligence & Forest Industry was a very useful exercise. The T-A-G was particularly interested to hear the presentations on Life Cycle Assessment, the Competitiveness of Tropical Timber, Secondary Forest Products & the Reduction of Waste which have implications for both producer and consumer countries. We believe that these are important areas of work which need follow-up action at future meetings of the Committees to facilitate a flourishing trade in tropical timber products. We also believe that the subject of the positive contribution of the forest industry to sustainable economic development should be considered further and to this end would welcome the comments of delegates on the draft project idea which the T-A-G has tabled.

The T-A-G has also discussed the subject of the Annual Market Discussion for 2001, which will be on 'Regulations for a Sustainable Timber Trade – Relevant Issues'. This is a subject which we believe will be of considerable interest to delegates and we look forward to their active participation in this Discussion in May.

Finally we would encourage the ITTO to draw the attention of other international organisations and institutions working in the forestry trade arena to the value of taking into consideration the experience and expertise of those involved in the trade in tropical wood products and follow the example of the ITTC.

* * *

SUMMARY TABLE

TECHNICAL EVALUATION OF 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				
PPD 13/00 Rev.1 (M)	a,d,e,h,k,n	b,f	g,h	37,980	3	Peru	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: directly to the relevant Committee, or (b) to the Expert Panel.
 2. 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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TWENTY-SEVENTH SESSION
30 October – 4 November 2000
Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM
THE TWENTY-SEVENTH SESSION OF THE COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
30 October-4 November 2000**

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REPORT

Item 1 - Opening of the Session

The Twenty-seventh Session of the Committee was opened, on 30 October 2000, by the Chairperson of the Committee on Reforestation and Forest Management, Mr. Pisai Wasuwanich (Thailand). The list of participants is reproduced in document ITTC(XXIX)/Info.2 Rev.1.

Item 2 - Adoption of Agenda and Organization of Work

At its first meeting in a joint session on 30 October 2000, the Committee formally adopted the Agenda of its Twenty-seventh Session as contained in document CRF(XXVII)/1.

Item 3 - Admission of Observers

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

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

Dr. Abdul Rahman Abdul Rahim (Malaysia), Chairman of the Expert Panel, presented its report as contained in document CEM, CRF, CFI(XXVII)/1 Rev.1. He highlighted the general points of the report particularly:

- (viii) the necessity for pre-projects and projects to be formulated in full accordance with Decision 2(XXVI) and the ITTO Manual for Project Formulation, second edition, 1999;
- (ix) the need for clear explanations relating the pre-projects and projects with the objectives of the ITTA, 1994 and the ITTO Libreville Action Plan;
- (x) the inclusion of a clear map on an appropriate scale in the pre-project and project proposals, where relevant;
- (xi) some general points concerning the deficiencies in the pre-project and project proposals submitted including in the aspects of project formulation, logical framework, budget, supporting details, phased proposals and pre-projects;
- (xii) the desirability of preparing a Country Summary as a means to keep proposals short and succinct;
- (xiii) the large number of proposals being returned for further work and modification including those that had been prepared as follow-ups to pre-projects; and
- (xiv) the need for gender and equity issues to be given greater emphasis in pre-project and project proposals.

The Committees took note of the report of the Expert Panel and recommended to Council that the Terms of Reference used by the Panel to assess the project and pre-project proposals should be strengthened and more detailed criteria given to the Panel's assessment of the proposals in line with the comments provided by the Panel in its report.

Item 5 - Report on Completed Projects and Pre-Projects

5.1 COMPLETED PROJECTS

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

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

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

The Committee then proceeded to review the following completed projects:

(A) Completed Projects, Including Financial Audit

- 1) PD 13/97 Rev.1 (F) **Dissemination of New Remote Sensing Methodology through a Semi-Expert System** (Regional, Asia)

The Committee took note of the information that the project has been successfully completed and the main output the FCD-Mapper and the Users Guide as well as the Summary Report is available at JOFCA and the Secretariat. The completion report, the final financial statement and the audit financial report has been satisfactory submitted to the Secretariat. Therefore, the Committee decided to consider the project as completed.

- 2) PD 18/99 Rev.1 (M,F,I) **Latin American Forestry Congress** (Peru)

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 is available from the Secretariat upon request. Furthermore, the audited financial report had been received by the Secretariat. The Committee decided to consider the project as completed.

(B) Completed Projects, Pending Financial Audit

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

The Committee took note of the information that the audited financial report is being finished for submission to the PNG Forest Authority for approval before submission to the ITTO. The printing of the technical reports had not been completed due to failure to deliver on the part of the contracted printer. The Committee urged the Implementing Agency to take appropriate action to insure the finalization of all outstanding matters as soon as possible.

- 2) * PD 42/92 Rev.1 (F) **Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio, Phase I (Completed), Phase II (Completed)** (Peru)

The Committee noted that this project was reported as completed, pending the independent audited report, at the XXV CRF Session. It therefore urged the Executing Agency to submit the audited financial report to the Secretariat without any further delay.

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

The Secretariat highlighted that the Cameroon delegation informed the Committee that the audit report had been submitted to the ITTO, however, the Secretariat raised several matters for clarification. In this connection the Executing Agency has submitted an explanatory note to the ITTO. The Committee considered the project as completed upon clearance of the financial audit by the Secretariat.

- 4) 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 took note that the Final Report, as well as a series of publications, had been submitted by the Executing Agency. The final report and the publications are available from the Secretariat upon request. It further noted that the audited financial report of the project's accounts has not yet been submitted to the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the audited financial report of the project.

5) PD 10/95 Rev.2 (F) Evaluation of Silvicultural Trials of Indigenous Timber Species for Developing Forest Plantations in Gabon (Gabon)

The Secretariat highlighted the implementation and the achievements of the project. The Secretariat also informed the Committee that the remittance of contributions from the donor is still outstanding. Upon clearance of the audit report and settlement of financial contributions from the donor country, the Committee considered the project as completed.

6) PD 28/99 Rev.2 (F) A Scientific and Technical Workshop for S.E. Asia on Forest Restoration for Wildlife Conservation (Thailand)

The Committee noted that the final report, the technical documents and audited financial report had been submitted by the Executing Agency and accepted by the Secretariat. However the financial audit report is still outstanding. The Committee considered the project as completed upon submission and acceptance of the financial audit report.

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

5.2 COMPLETED PRE-PROJECTS

The Secretariat informed the Committee that document CRF(XXVII)/3 contains the pre-projects which have been completed including the final report, technical documentation and, where appropriate, a project proposal which has been submitted to the Secretariat and, in most cases, the audited financial report of the pre-project's accounts.

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

1) PPD 7/99 Rev.1 (F) Initiative to Develop a Conservation Project for the Condor Range Region (Ecuador and Peru)

The Committee took note that the Final Report and two technical reports, describing in detail the results of the activities of this pre-project, had been submitted by the Executing Agency. Moreover, the two main outputs of the pre-project had also been submitted to the Secretariat for consideration of the Committee and Council, namely the two Project Proposals: PD 2/00 Rev.2 (F) "Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Ecuadorian Component)" and PD 3/00 Rev.2 (F) "Bi-National Conservation and Peace in the Condor Range Region, Ecuador-Peru (Peruvian Component)". The final report and the publications are available upon request from the Secretariat. Therefore, the Committee decided to consider this pre-project as completed as soon as the Secretariat receives and agrees on the audited financial report of the pre-project submitted by the Executing Agency.

2) PPD 12/99 (F) Sustainable Tropical Forest Management through Community Participation in India (India)

Since the completion report and audited financial statement had been submitted to the Secretariat, the Committee considered the pre-project as completed.

Item 6 - Ex-post Evaluation

The Committee established a small informal open-ended working group to consider ex-post evaluation of projects. The group consisted of delegates representing China, Japan, Switzerland and Thailand. The group had before them document CRF(XXVII)/5 "List of Completed Projects in the Field of Reforestation and Forest Management Grouped according to Main Objective" and Decision 3(XXVIII) as a basis for their work. The Committee took note of the report from the group that the main objectives could be ranked in order of priority with the five most important groups ranked as follows:

- 1) Reduced Impact Logging,
- 2) Biodiversity Conservation/Conservation Areas,
- 3) Community Forestry, Community Participation,
- 4) Mangroves, and
- 5) Forest Fire.

The group then reported, that by eliminating those projects from the list for which ex-post evaluation were either selected or not relevant (35) a short list of 59 projects remained for which ex-post evaluation could be relevant for selection at this or future Sessions of the Committee. The Committee requested the Secretariat to prepare a document containing the short list for consideration at its next Session.

The following projects were selected for ex-post evaluation by the Committee at its Twenty-fifth Session:

- 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)
- and
- 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 Committee during its deliberations further selected the following project as candidate for ex-post evaluation:

- PD 18/94 Rev.1 (F) Ph I & II Participatory Forest Development in the Alto Mayo Region for the Sustainable Management of Moist Tropical Forests - Phase I & Phase II (Peru)

As funds for ex-post evaluations are now available through the pooled resources of unspent project monitoring and evaluation funds, the Committee asked the Secretariat to proceed with the ex-post evaluation of the selected projects.

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(XXVII)/4) by the Secretariat on the 106 projects, in the field of Reforestation and Forest Management, that have been approved by the Council, and which are either: A) in the process of implementation (79), B) awaiting the signing of an Agreement (14), C) pending finance (9), or D) falling under the sunset provision since the last Session (4).

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

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

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 have 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 are as follows:

(A) Projects under implementation

1) PD 68/89 Rev.1 (F) Management of the Tapaj s National Forest for Sustainable Production of Industrial Timber (Brazil)

The Committee took note of the information that the field activities were progressing and that the project staff had been engaged. The Committee reiterated and urged the Implementing Agency to provide the annual audit, the project progress report and the financial statement to the ITTO in full and on time.

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

The project technical reports and the completion report has been finalised and reviewed by the Project Technical Committee. They will be presented at the upcoming Project Steering Committee meeting before submission to the ITTO. The Implementing Agency was requested to inform all interested parties of the date of the national seminar for wide dissemination of the results of the project. Upon request from the Implementing Agency, the Committee agreed to grant the project an extension until April 2001 without additional funds.

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

The Malaysian delegation reported to the Committee that the consultant has been appointed and the inception report has been finalized. The Japanese delegation requested that the adjusted workplan should be prepared and an extension was required. The Committee requested the Executing Agency to submit the revised workplan covering the period of December 2000 until December 2002.

4) 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 (Completed), Phase II (Completed) & Phase III (Operational) (China)

The Chinese delegation informed the Committee that the project would be completed by December 2000, and suggested that the final tranche of funds be transferred soon in order to finalize necessary reports. The Secretariat advised the Committee that the final tranche of funds will be released upon clearance of outstanding matters related to the audit reports of Phase I and Phase II. In response to the Swiss delegation, the Chinese delegation indicated that a new proposal is being considered. The Committee took note of this information.

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

The Committee noted with concern the information that several of the technical output had not been completed in particular the Forest Management Plan. It further noted that the audit procedure required for the release of the contribution from the Common Fund for Commodities (CFC) was seriously delayed, and that the audit for 1999 had been requested but not yet completed. Presentations of the results of the project's activities are planned for the next Session in May 2001. The Committee urged the Implementing Agency to expedite the audit procedures needed for the release of funds from the CFC and to complete and submit all outstanding documents to the ITTO. Upon request from the Implementing Agency, the Committee agreed to grant the project an extension, without additional funds, until December 2000.

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

The Congolese delegation informed the Committee in the current status of the implementation which requires additional funds of US\$ 10,000 in order to finalize the Management Plan. The Secretariat affirmed that the balance of project funds is insufficient to meet the requirement. In view of this situation, the Committee agreed to grant the project an extension until May 2001 with additional funds and recommends to the Council to allocate US\$ 10,550 to this project.

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

The Committee took note of the Executing Agency's request for an extension in time 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, to allow for the completion of the project activities.

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

The Committee took note of the information from the Implementing Agency that the Ph.D student had been awarded his degree and returned from the U.K. to serve on the project and that the process of engaging the international consultant had been initiated after some delay.

- 9) **PD 26/93 Rev.1 (F) Development of Bentuang Karimun Nature Reserve as National Park (Phase I) (Indonesia)**

The Swiss delegation requested information on the status of submission of Phase II of the project. The Secretariat informed the Committee that the Phase II has been submitted to the ITTO as project PD 44/00 (F) which is currently under the consideration of Expert Panel. The Committee suggested that the aspect of trans-boundary should be adequately addressed in the proposal of Phase II.

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

The Committee urged the Implementing Agency to ensure that the completion report, the final financial statement and the auditor's report are prepared and submitted to the ITTO as soon as possible in order to complete this project.

- 11) **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 (Operational) (Peru)**

The Committee took note of the Expert Panel's suggestion for an ex-post evaluation to assess the achievements and shortcomings of this project prior to the final formulation of the follow-up project PD 47/00 (F) "Participatory Sustainable Management of Tropical Forests by the Aguaruna Native Communities in the Alto Mayo – San Martin Region" and incorporate any relevant recommendations stemming from it into the revised proposal. In this light, the Committee recommended an ex-post evaluation be carried out for this project immediately after its completion.

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

The Committee took note of the information that this project Phase II is soon to be completed and that the main activities, including less damaging construction of roads, will be continued under the proposed third phase (PD 12/99 Rev.2 (F)). A workshop to disseminate the important and interesting results are planned for a wide audience on 18th to 19th December 2000 in Kuching. The Committee urged the Implementing Agency to submit all the technical and other documents to the ITTO to complete this phase of the project.

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

The Committee noted the submission of a budget reallocation and an extension in time until the end of March 2001, without additional funds, for the successful completion of this project, as outlined in document CRF(XXVII)/6. In this light, the Committee endorsed the extension until March 2001 and the related budgetary changes, and approved the aforementioned document as the second addendum to the project document PD 37/95 Rev.2 (F), and recommended its immediate implementation.

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

The Committee took note of the progress achieved in project implementation to date and further observed the project's first phase required additional time to complete its activities. As such, the Committee endorsed an extension of the project for a period of six months until the end of June 2001, without additional funds, to allow for the successful completion of this first phase.

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

The Committee recognized that, due to important traditional consultations with and between the indigenous communities and other reasons, the technical aspects of the project were falling behind schedule. It also took note of the Project Steering Committee's request to carry out an independent mid-term evaluation to assess the lessons learnt to date from this five-year project and provide recommendations to strengthen the project's activities with a view to successfully achieving the project's objectives. In this light, the Committee approved the execution of an independent mid-term evaluation, to be financed from the ITTO monitoring and evaluation budget assigned to this project, in order to review the achievements to date and propose means to strengthen future project work.

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

The Congolese Delegation informed the Committee that the project encountered slight delay in the implementation due to arrangement with the national bank to receive the last tranche of funds. In this view, an extension of three months is requested. The Committee agreed to grant the project an extension until April 2001 without additional funds.

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

The Malaysian delegation explained the project work in progress and indicated that the project may require an extension with additional funds in order to complete the road construction, to be submitted for consideration of forthcoming Session. The Committee took note of this information.

- 18) **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) (Togo)**

The Togolese delegation briefed the Committee on the project work in progress and upon request of the Japanese delegation, it was explained that the 552 ha plantation has been achieved under the Phase I, while the remaining target about 2,000 ha will be planted under the Phase II and Phase III of the project. The Committee took note of this information.

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

The Committee noted the submission of a modified workplan to incorporate some additional activities and a budget reallocation for the implementation of the aforementioned new activities as outlined in document CRF(XXVII)/7. The Committee agreed with the changes entailing the expansion of the project's activities and the restructuring of the budget, approved the aforementioned document as an addendum to the project document PD 42/96 Rev.1 (F), and recommended its immediate implementation. The Committee further decided to grant the project an extension until the end of December 2000 without additional funds.

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

The Executing Agency briefed the Committee on the implementation of the project, advising that, due to the initial late start-up of the project, more time is needed to complete the remaining project activities. The Committee agreed to grant the project an extension until the end of August 2001, without additional funds.

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

The Committee took note of the information from the project that delays had been experienced due to difficulties in engaging consultants for the Iwokrama Rainforest project of which this project is a part. There have also been problems to obtain reliable remote sensing information and forest inventory data. The Committee reiterated its urge to the Implementing Agency to submit project progress reports, annual audit and financial statements to the ITTO in full and on time.

22) PD 12/97 Rev.1 (F) Forest, Science and Sustainability: The Bulungan Model Forest (Indonesia)

The representative from the Implementing Agency briefed the Committee on project implementation and proposed an extension until 31 December 2001 with additional funds, as indicated in CRF(XXVII)/9. The Swiss delegation praised the project achievements and recommended that a linkage and cooperation should be established with other initiative in Indonesia, namely Kayan Mentarang National Park, in particular on conservation aspect. The Committee agreed to approve the extension of the project until 31 December 2001 with budget revision and additional funds as specified in the document CRF(XXVII)/9. The Committee also recommended that the Council to allocate additional funds of US\$ 130,741 for its immediate implementation.

23) PD 14/97 Rev.1 (F) Global Mangrove Database and Information System (GLOMIS) - Phase I (Global)

The representatives from GLOMIS, the Implementing Agency, explained the current progress made and indicated that the remaining work which includes the launching of the web-site. In this view, an extension was requested until March 2001 and financing of Phase II has been requested as indicated in CRF(XXVII)/10 Rev.1. The Japanese delegation stressed the importance of the mangrove conservation and expressed support in this area. The Committee agreed to grant the project an extension of Phase I until March 2001 and approved the Addendum contained in the document CRF(XXVII)/10 Rev.1. The Committee also agreed to recommend the Council to allocate US\$ 209,868 to implement the Phase II of the project as contained in the Addendum.

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

The Committee, noting a potential for delays in several project activities, urged the Executing Agency to strive to achieve all project objectives within the remaining timeframe allocated to the project.

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

The Committee recognized 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. It further noted that the Executing Agency is studying several alternatives, such as the production of bamboo charcoal and chemical extractives, for its implementation as a project component instead of the original one. As such, the Committee requested the Executing Agency to inform of the proposed changes at its next Session.

26) PD 4/98 Rev.1 (F) Silviculture and Economics of Improved Natural Forest Management in Ghana (Ghana)

The Committee took note of the information that reports would be forthcoming soon and urged the Implementing Agency to submit project progress reports, annual audit and financial statements to the ITTO in full and on time.

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

The Japanese and Swiss delegations requested the Implementing Agency to provide information about the implementation of this project such as an updated workplan and progress reports. The Implementing Agency informed the Committee that the reports have now been prepared. The Committee urged the Implementing Agency to provide progress reports, financial statements and annual audit to the ITTO in full and on time. The Committee agreed to grant the project an extension until April 2001 without additional funds.

- 28) 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 (Operational), Stage II (Operational) (Gabon)**

The Japanese and Swiss delegations requested the Implementing Agency to provide information about the implementation of this project. The Implementing Agency informed the Committee that the reports have now been prepared. The Committee urged the Implementing Agency to provide progress reports, financial statements and annual audit to the ITTO in full and on time. The Committee agreed to grant the project an extension until April 2001 without additional funds.

- 29) 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 conference will be held in Quito, Ecuador on 29-31 January 2001 and that the Executing Agency required some additional time in order to finalize the completion report and publish the conference proceedings. In view of this, the Committee decided to grant the project an extension without additional funds until the end of March, 2001.

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

The Secretariat announced that the International Conference on Timber Plantation Development will take place in Manila, the Philippines, from 7 to 9 November 2001. The Committee took note of this information.

(B) Projects awaiting implementation agreement

No Comments.

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

- 1) PD 60/97 Rev.2 (F) **Technology Development for the Production of Lesser Known Tree Species (LKTS) as Alternative Raw Materials for Forest-based Industries (Philippines)**
- 2) PD 10/98 Rev.1 (F) **Participatory Forest Management by the Indigenous Communities of the Chimanes Region, Beni, Bolivia (Bolivia)**
- 3) PD 13/98 Rev.2 (F) **Establishment of a National Network of Permanent Plots of Forest Species (NPPNFS) (Colombia)**
- 4) PD 30/98 Rev.2 (F) **Study of Silvicultural Techniques for the Sexual and Asexual Reproduction of Chanul (*Humiriastrum procerum*) (Ecuador)**

7.2 PRE-PROJECT WORK IN PROGRESS

Sixteen 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(XXVII)/4.

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

(A) Pre-Projects under implementation

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

The Committee received with interest the presentation by the consultant on the results so far obtained through visits and response to the questionnaire. The Committee acknowledged this as an

important activity for the ITTO and requested the consultants to prepare and submit a full project proposal through the ITTO's normal project cycle for consideration of the Council. The Committee urged all members who had not yet responded to the questionnaire to do so urgently and send the response to the consultants before the end of November 2000.

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

The Congolese delegation explained the difficulty in finalizing the report due to the absence of appointed consultant, in spite of several efforts to contact the consultant. The Congolese delegation requested access to the remaining funds previously allocated for consultant to be utilized for finalizing the report using a national consultant. The Committee urged the Implementing Agency to make the final approach to the consultant. Unless specified otherwise in the Agreement between the Implementing Agency and the consultant, the Committee authorized the use of unspent funds to engage a national consultant for finalizing the project reports.

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

The Committee urged the Executing Agency to present the pre-project's final report, the audited financial statement and the project proposal to the Secretariat without further delay.

4) PPD 11/97 (F) Assessment of the Forestry Sector (Liberia)

The Committee took note of the information that the pre-project is delayed due to serious difficulties with communication lines in and out of the country.

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

The Implementing Agency informed the Council that the study has been completed and a project proposal as a main output will be submitted soon to the ITTO. The Committee took note of this information.

6) PPD 19/99 Rev.1 (F) Strengthening Sustainable Management of Natural Forests in Asia-Pacific (Indonesia and Australia)

The Secretariat announced that the International Conference on Reduced Impact Logging will be held from 26 February to 1 March 2001 in Kuching, Sarawak, Malaysia. The Secretariat further informed the Committee that the consultant of the pre-project has been recruited. The Committee took note of this information.

(B) Pre-Projects awaiting implementation agreement

No comments

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

- 1) PPD 10/96 Rev.2 (F) Preliminary Study of a Project on the Production of Timber by the Agroforestry Method in the Wawa Region (Plateaux Region of Togo) (Togo)
- 2) PPD 16/98 Rev.1 (F) Management of the Aboulaye Forest Estate (Togo)

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 40/98 Rev.2 (F) Preparation for the Implementation of a Community-Based Sustainable Forest Development Plan in the Miguel River Basin, District of Donoso (Pending Finance) (Panama)

- 2) PD 52/98 Rev.3 (F) Establishing a Network of Permanent Sampling Plots for Monitoring the Dynamics of Reforestation in Côte d'Ivoire (Pending Finance) (Côte d'Ivoire)
- 3) PD 55/98 Rev.3 (F) Evaluation of Mangrove Forests in the North-East of the Orinoco Delta Region in Venezuela with a View to Sustainable Forest Utilization (Pending Finance) (Venezuela)
- 4) PD 56/98 Rev.2 (F) Criteria and Indicators for the Sustainable Development of Venezuelan Forests (Pending Finance) (Venezuela)
- 5) PD 32/99 Rev.2 (F) Productive Forest Management for the Rural Reserve Area of Guaviare (Pending Finance) (Colombia)
- 6) 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 (Pending Finance) (Central African Republic)
- 7) 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 (Pending Finance) (Colombia)
- 8) PD 49/99 Rev.2 (F) Pilot Plan for the Sustainable Management of 10,000 Hectares of Secondary Forest in San Lorenzo, Esmeraldas (Pending Finance) (Ecuador)
- 9) PD 63/99 Rev.2 (F) Integrated and Participatory Management of Ottotomo Forest Reserve (Pending Finance) (Cameroon)

* To be sunset before the Thirtieth Session of the Council if full financing not secured before January 2001.

(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 4/99 Rev.2 (F) Pre-Project for the Protection and Sustainable Use of Forest Resources in the Special Management Area of Darien (Pending Finance) (Colombia)
- 3) PPD 22/99 Rev.1 (F) Improved Living Standard of the People through Community Participation in Sustainable Forest Management (Pending Finance) (Cambodia)
- 4) 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)

* To be sunset before the Thirtieth Session of the Council if full financing not secured before January 2001.

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

The Committee recalled its recommendation to the Council during its Eleventh Session in Yokohama in November 1992, requesting the Secretariat not to forward any revisions of proposals requiring complete reformulation until these revisions had again been technically evaluated by the Expert Panel. In compliance

with this, nine project proposals were considered by the Committee; similarly one pre-project proposal was considered.

• **PROJECTS ASSESSED BY THE COMMITTEE**

Project No.	Title
PD 12/99 Rev.2 (F)	Model Forest Management Area (MFMA) – Phase III (Malaysia)
PD 17/99 Rev.3 (F)	National Forest Inventory and Forest Resources Monitoring Program in Bolivia (INFOBOL-2001) (Bolivia)
PD 62/99 Rev.3 (F)	Reforestation Pilot Project for the Recovery of Degraded Areas in the Medium Doce River Region, State of Minas Gerais, Brazil (Brazil)
PD 12/00 Rev.3 (F)	Developing and Extending of Criteria and Indicators for Sustainable Management of Natural Tropical Forests in China (China)
PD 17/00 Rev.2 (F)	Conservation and Development in the Natural Protected Areas System of Tambopata (Peru) – Madidi (Bolivia) (Peru & Bolivia)
PD 37/00 Rev.1 (F)	Operational Strategy for Sustainable Forestry Development with Community Participation in India (India)
PD 38/00 Rev.1 (F)	Management of Kayan Mentarang National Park (KMNP) to Promote Trans-boundary Conservation along the Border between Indonesia and Malaysian States of Sabah and Sarawak – Phase I (Indonesia)
PD 42/00 Rev.1 (F)	Training of Trainers for the Application of the ITTO, and the National Criteria and Indicators of Sustainable Forest Management at Forest Management Unit Level (Indonesia)
PD 50/00 Rev.1 (F)	Forest Inventory for the Conservation and Sustainable Management of Mahogany – <i>Swietenia macrophylla</i> King – in the Brazilian Amazon Region (Brazil)

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 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 (Togo)

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

The Committee took note of the information that the policy issues in relation to a framework for new ITTO Guidelines on Reduced Impact Logging and Rehabilitation of Degraded Forest Lands as well as the Training Courses for ITTO Criteria and Indicators had been discussed under the relevant agenda items for the Council.

Similarly ITTO's Work Programme for year 2001 had been dealt with by the Council and the Committee had no further comments.

Item 10 - Election of Chairperson and Vice-Chairperson for 2001

The Vice-Chairperson of this year, Mr. Chen Xuhe of the People's Republic of China, was elected as Chairperson for 2001 with acclamation. A delegate from Thailand proposed Mr. Antonio Morizaki of Peru as Vice-Chairperson, and he was subsequently elected for 2001 with acclamation.

Item 11 - Dates and Venues of the Twenty-eighth, Twenty-ninth and Thirtieth Sessions of the Committees

The Committee decided that the dates and venues of its Twenty-eighth, Twenty-ninth and Thirtieth Sessions of the Committees will be determined in relation to the Council's decision on the dates and venues of its Sessions.

Item 12 - Other Business

(a) Presentations of Project and Pre-Project Results

A special presentation on the following pre-projects was held during the Council Session:

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

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 17/99 Rev.3 (F) and the corresponding Addendum CRF(XXVII)/12 and allocate US\$ 397,777 for its implementation.
2. The Committee recommended that the Council approve PD 62/99 Rev.3 (F) and allocate US\$ 543,892 for its implementation.
3. The Committee recommended that the Council approve PD 12/00 Rev.3 (F) and allocate US\$ 323,252 for its implementation.
4. The Committee recommended that the Council approve PD 17/00 Rev.2 (F) and the corresponding Addendum CRF(XXVII)/14 and allocate US\$ 970,305 for its implementation.
5. The Committee recommended that the Council approve PD 37/00 Rev.1 (F) and allocate US\$ 594,678 for its implementation.
6. The Committee recommended that the Council approve PD 38/00 Rev.1 (F) and allocate US\$ 853,398 for its implementation.
7. The Committee recommended that the Council approve PD 42/00 Rev.1 (F) and allocate US\$ 326,523 for its implementation.
8. The Committee recommended that the Council approve PD 50/00 Rev.1 (F) and the corresponding Addendum CRF(XXVII)/11 and allocate US\$ 1,974,834 for the implementation of Phase I, US\$ 3,203,847 for the implementation of Phase II and US\$ 11,305,689 for the implementation of Phase III.

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

1. The Committee recommended that the Council approve PPD 12/00 Rev.1 (F) and allocate US\$ 50,620 for its implementation.

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

1. The Committee recommended that the Council approve the request for additional funding for PD 2/93 Rev.1 (F) and allocate US\$ 10,550 to finalize the work of the project.
2. The Committee recommended that the Council approve the request for additional funding for PD 12/97 Rev.1 (F) as specified in CRF(XXVII)/9 and allocate US\$ 130,741 for its implementation.

3. The Committee recommended that the Council approve the request for additional funding for PD 14/97 Rev.1 (F) as specified in the Addendum CRF(XXVII)/10 Rev.1 and allocate US\$ 209,868 for its implementation.

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

Conclusion of the Twenty-seventh Committee

The Committee noted that the revised project proposal addressed the Expert Panel's comments and recommendations. The Committee, however, requested the proposing agency to further reduce the costs for professional staff, involve more directly the logging concessionaires in the cost sharing and increase the social components of the proposal. The Committee recommend to the ITTC that the proposal be revised and resubmitted directly to the relevant Committee.

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

Conclusion of the Twenty-seventh Committee

The Committee noted that the Submitting Government decided to, in accordance with Decision 2(X) Annex 2 Point 2 "Sunset Provision", revise and resubmit the project as PD 17/99 Rev.3 (F) to the Council for decision. The Committee also took note of the declaration made by the Government of Bolivia clarifying the establishment of permanent sample plots, describing the detailed list of capital items to be purchased and reiterating that the Centre for Forest Evaluation and Information (CIEF) will be legally established during the project's inception phase, as contained in Addendum CRF(XXVII)/12. In this light, the Committee approved the project PD 17/99 Rev.3 (F) and its corresponding Addendum CRF(XXVII)/12 and recommended the Council to allocate US\$ 397,777 for its immediate implementation.

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

Conclusion of the Twenty-seventh Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 62/99 Rev.3 (F) and recommended the Council to allocate US\$ 543,892 for its immediate implementation.

4. PD 12/00 Rev.3 (F) Developing and Extending of Criteria and Indicators for Sustainable Management of Natural Tropical Forests in China (China)

Conclusion of the Twenty-seventh Committee

The Swiss and Japanese delegations made observations on the detailed budget provision for project personnel and irrelevancy of some project activities proposed. The Chinese delegation clarified some of the pertinent issues and suggested that the project document be revised taking into account the observations made and in consultation with interested delegations. The Secretariat informed the Committee that the project document has been revised as PD 12/00 Rev.3 (F). The Committee approved the project PD 12/00 Rev.3 (F) and recommended the Council to allocate US\$ 323,252 for its immediate implementation.

5. **PD 17/00 Rev.2 (F) Conservation and Development in the Natural Protected Areas System of Tambopata (Peru) – Madidi (Bolivia) (Peru & Bolivia)**

Conclusion of the Twenty-seventh Committee

The Committee noted that the revised project proposal and the Addendum presented as document CRF(XXVII)/14 adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 17/00 Rev.2 (F) and the corresponding Addendum CRF(XXVII)/14 and recommended the Council to allocate US\$ 970,305 for its immediate implementation.

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

Conclusion of the Twenty-seventh Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 37/00 Rev.1 (F) and recommended the Council to allocate US\$ 594,678 for its immediate implementation.

7. **PD 38/00 Rev.1 (F) Management of Kayan Mentarang National Park (KMNP) to Promote Trans-boundary Conservation along the Border between Indonesia and Malaysian States of Sabah and Sarawak – Phase I (Indonesia)**

Conclusion of the Twenty-seventh Committee

In response to the Japanese delegation, the Indonesian delegation clarified the structure of the project organization which includes a project management unit. The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 38/00 Rev.1 (F) and recommended the Council to allocate US\$ 853,398 for its immediate implementation.

8. **PD 42/00 Rev.1 (F) Training of Trainers for the Application of the ITTO, and the National Criteria and Indicators of Sustainable Forest Management at Forest Management Unit Level (Indonesia)**

Conclusion of the Twenty-seventh Committee

Upon request of the Japanese delegation, the Indonesian delegation clarified the status of the Association of the Indonesian Concession Holders (APHI) and the mandate of this Association. The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 42/00 Rev.1 (F) and recommended the Council to allocate US\$ 326,523 for its immediate implementation.

9. **PD 50/00 Rev.1 (F) Forest Inventory for the Conservation and Sustainable Management of Mahogany – *Swietenia macrophylla* King – in the Brazilian Amazon Region (Brazil)**

Conclusion of the Twenty-seventh Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. The Committee also reviewed the Addendum CRF(XXVII)/11 submitted by the Executing Agency dividing the Project into three distinct phases with their corresponding budgets. Therefore, the Committee approved the project PD 50/00 Rev.1 (F) and the corresponding Addendum CRF(XXVII)/11 and recommended the Council to allocate US\$ 1,974,834 for the immediate implementation of Phase I, allocate US\$ 3,203,847 for the implementation of Phase II, and further allocate US\$ 11,305,689 for the implementation of Phase III.

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS

- 1. PPD 12/00 Rev.1 (F) Development of a National Strategy and Master Plan in the Field of Forestry Research and Development with a View to Contributing to the Improvement of Industrial Timber Production in Togo (Togo)**

Conclusion of the Twenty-seventh Committee

The Committee noted that the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 12/00 Rev.1 (F) and recommended the Council to allocate US\$ 50,620 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-SEVENTH SESSION OF THE COMMITTEE

PROJECT DOCUMENT	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Months)	RECOMMENDATION*	
				20th EP	27th CRF
PD 12/99 Rev.2 (F)	1,166,100	Malaysia	36	1 + BPF	2a
PD 17/99 Rev.3 (F)	397,777	Bolivia	24	5	1
PD 62/99 Rev.3 (F)	543,892	Brazil	12	5	1
PD 12/00 Rev.3 (F)	323,252	China	36	1	1
PD 17/00 Rev.2 (F)	970,305	Peru & Bolivia	24 (Ph.I)	1	1
PD 37/00 Rev.1 (F)	594,678	India	48	1	1
PD 38/00 Rev.1 (F)	853,398	Indonesia & Malaysia	24	1 + BPF	1
PD 42/00 Rev.1 (F)	326,523	Indonesia	24	1 + BPF	1
PD 50/00 Rev.1 (F)	1,974,834 (Ph.I) 3,203,847 (Ph.II) 11,305,689 (Ph.III)	Brazil	12 (Ph.I) 12 (Ph.II) 36 (Ph.III)	5 (Sp.**)	1
PPD 12/00 Rev.1 (F)	50,620	Togo	6	1	1

* For Categories of Recommendation see Table B.

** The Panel concluded that, in view of the financing required, the project needs to be appraised by the Committee for recommendation to the Council.

TABLE B

Categories of Decision for 20th Expert Panel	Categories of Recommendation from 27th CRF to the Council
<ol style="list-style-type: none"> 1. The Panel concluded that, with the incorporation of (any minor) (the) amendments noted, the (pre-) project proposal could be commended to the Committee for final appraisal. (In the view of the Panel, this (pre-) project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).) 2. The Panel concluded that the (pre-) project proposal requires essential modifications (which are necessary for the project to succeed) and the Panel will need to assess the modified (pre-) project proposal before it can commend it to the Committee for final appraisal. 3. The Panel concluded that a re-formulation of the (pre-) project proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal. 4. The Panel concluded that a pre-project (not exceeding US\$) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal. <ol style="list-style-type: none"> a: (Such a pre-project proposal could be commended to the Committee for final appraisal.) b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.) 5. The Panel concluded that it could not commend the modified or revised (pre-) project proposal and submits it to the Committee for further appraisal. 6. The Panel concluded that the (pre-) project proposal (, in its present form,) is not sufficiently relevant to the mandate of ITTO. (The Panel encourages the submitting agency to seek other sources of project support.) 7. The Panel concluded that there is insufficient information to assess the (pre-) project proposal adequately. <p>(Text in Parentheses is optional.)</p>	<ol style="list-style-type: none"> 1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing. 2. Recommend to the ITTC that the proposal be revised and resubmitted: <ol style="list-style-type: none"> a) directly to the relevant Committee, or b) to the Expert Panel. 3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994. 4. Recommend to the ITTC that a decision on the proposal be deferred until the next session. 6. Recommend to the ITTC that the proposal should not be further considered by ITTO.

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30 October – 4 November 2000
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

TWENTY-SEVENTH SESSION OF THE COMMITTEE ON FOREST INDUSTRY

Table of Contents

Report

Appendix I: Technical Assessment of Project Proposals

REPORT

1. Introduction

The Twenty-seventh Session was opened on 30 October 2000 by Ms. Kayoko Fukushima (Japan), the Chairperson of the Committee. The List of Participants is reproduced in Document [ITTC(XXIX)/Info.2 Rev.1].

2. Adoption of Agenda and Organization of Work

At its first meeting on 30 October 2000, the Committee adopted the agenda of its Twenty-seventh Session as contained in Document CFI(XXVII)/1.

3. Admission of Observers

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

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

The Committee took note of the report of the Twentieth Expert Panel for Technical Appraisal of Project Proposals, as contained in the document CEM,CRF,CFI(XXVII)/1 Rev.1. The Committee considered in more detail the Panel's observations contained under the report's general points section, and urged project-submitting countries, implementing agencies and the ITTO Secretariat to take these general points into account in their work related to project proposals in order to facilitate the Panel's appraisal work.

Dr. Abd. Rahman Bin Abd. Rahim (Malaysia), Chairman of the Expert Panel, presented the Panel's report. He highlighted the following points:

- (xv) the necessity for pre-projects and projects to be formulated in full accordance with Decision 2(XXVI) and the revised ITTO Manual for Project Formulation;
- (xvi) the need for clear explanation in relating the pre-projects and projects with the objectives of the ITTA, 1994 and the ITTO Libreville Action Plan;
- (xvii) the inclusion of a clear map on an appropriate scale in the pre-project and project proposals;
- (xviii) some general points concerning the deficiencies in the pre-project and project proposals submitted including in the aspects of project formulation, logical framework, budget, supporting details, phased proposals and pre-projects;
- (xix) the desirability of preparing a Country Summary as a means of keeping proposals short and succinct;
- (xx) the large number of proposals being returned for further work and modification, including those that had been prepared as follow-ups to pre-projects; and
- (xxi) the need for gender and equity issues to be given greater emphasis in pre-project and project proposals.

5. Report on Completed Projects and Pre-Projects

The Committee took note of the work completed under the following projects:

PD 179/91 Rev.2 (M,I) Industrial Utilization and Improved Marketing of Some Ghanaian Lesser-Used Timber Species from Sustainably Managed Forests (Ghana)

PD 17/93 Rev.3 (M,F,I) ITTO Network for Information Sharing and Project Support (Global)

The Committee expressed its satisfaction with the successful completion of the two projects summaries of which are presented in document CFI(XXVII)/3.

On PD 179/91 Rev.2 (M,I), the delegate from Ghana explained the importance of the LUS research and marketing work carried out by the Forest Research Institute of Ghana (FORIG). The project's timeframe had been extended to: fully determine the effect of harvesting the selected LUS on forest ecology and management; to study the influence on the lives of forest dwellers; and to establish the basic technological properties and the machining characteristics of Ghanaian LUS. The inclusion of five additional furniture training workshops in the centers of Kumasi, Accra, Takoradi, Koforidua and Sunyani allowed for a greater dissemination of new joinery techniques for the small furniture makers and

/...

craftsmen in Ghana. The Committee was informed of the higher awareness that had been created in the industry about the need for increased and further processing of selected LUS as a means of broadening the forest resource base on a sustainable basis. Finally, the Committee noted that a proper marketing strategy must be put in place to ensure a continuous market sustainability and that the critical factor of the availability of an adequate long-term resource supply was the key to LUS product development.

On project PD 17/93 Rev.3 (M,F,I), which, *inter alia*, published 22 editions of the Tropical Forest Update in English, French and Spanish, the Secretariat requested that outstanding funds of US\$196,997.00 be transferred to the follow-up project PD 13/99 Rev.2 (M,F,I), under which the Tropical Forest Update continues to be published. The delegate from Japan recalled the reservation expressed earlier by his country that activities related to the TFU are financed through project funding, while the delegate from the U.S.A. expressed support for the balance of funds of project PD 17/93 Rev.3 (M,F,I) to be transferred to PD 13/99 Rev.2 (M,F,I). The Committee requested the Secretariat to consult with Japan and Denmark, the other donor countries of this project, in order to seek their concurrence on this transfer of funds.

6. Ex-Post Evaluation

The Secretariat informed the Committee on the status of the ex-post evaluation of project PD 107/90 (I) "Strategies for Sustainable Wood Industries in Sarawak (Malaysia)", which was selected for ex-post evaluation during the 26th Session. The Secretariat indicated that the TORs for the consultant to carry out the ex-post evaluation have been developed and that contacts are underway to identify a suitable consultant. Activities will be initiated as soon as donors authorize the use of funds from the pool of funds established in line with Decision 3(XXVIII) to finance ex-post evaluation activities.

The Committee decided to commission an ex-post evaluation for the following group of projects completed in the People's Republic of China:

- PD 20/95 Rev.2 (I) Chemical Modification of Bamboo Culms and Their Resistance to Weathering
- PD 21/95 Rev.2 (I) Comprehensive Studies of the Structure and Properties of Rattans for Effective Utilization
- PD 24/95 Rev.1 (I) The Identification, Properties and Uses of the Tropical Timber Imported to China from Latin America
- PD 3/96 Rev.2 (I) Development and Extension of Rubberwood Processing and Utilization Technology

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

The Committee took note of progress on the implementation of the following project and pre-project studies:

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) |
| PD109/90 Rev.4 (F,I) | Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Côte d'Ivoire (Côte d'Ivoire) |
| 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 15/97 Rev.2 (I)	Strategic Plan for the Upgrading of the Industrial Forestry Infrastructure of Panama (Panama)
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)
PD 34/99 Rev.2 (I)	Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines (Philippines)
PD 40/99 Rev.2 (I)	Fourth Plywood and Tropical Timber International Congress (Brazil)
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)

B. Projects awaiting implementation agreement:

PD 46/97 Rev.3 (I)	Community Forest Products Processing in the Puerto Dias Extractive Reserve (Brazil)
PD 31/99 Rev.3 (I)	Non-timber Production and Sustainable Development in the Amazon (Brazil)
PD 36/99 Rev.4 (I)	Processing and Utilization of Almaciga (<i>Agathisphilippinensis</i> 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 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)

C. Projects awaiting financing:

PD 46/98 Rev.3 (I) *Development of the Indian Rubberwood Industry (Phase I) (India)*

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

PD 14/99 Rev.2 (I) *General Nomenclature of Tropical Timber (France)*

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 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)

D. Project coming under sunset provision

PD 41/98 Rev.2 (I) National Seminar Workshop on the Promotion of Plantation Timber Utilization (Philippines)

PRE-PROJECTS

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 1/98 Rev.2 (I) Rubberwood Utilization and Marketing in Thailand (Thailand)

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)

PPD 18/99 Rev.2 (I) Utilization of Tropical Plantation Timber in the Southern Part of China (China)

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

PPD 25/99 (I) Review of the Status of Further Processing of Tropical Timber in Producing Countries (Global)

B. Pre-projects awaiting implementation agreement:

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)

C. Pre-projects awaiting financing:

PPD 14/98 Rev.2 (I)	Development of Forest Industries in Congo (Congo)
PPD 10/99 Rev.1 (I)	Utilization of Small Logs from Forest Plantation in Thailand (Thailand)
PPD 15/99 Rev.2 (I)	Pre-Project for the Ecuadorian Tropical Timber Industry Environmental Management (Ecuador)
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)
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)

The Committee had detailed discussions on the implementation of project PD 73/89 (M,F,I) regarding (i) the necessity of conducting a mid-term evaluation of the project, (ii) the organization of additional project formulation training workshops and (iii) the additional funds requested for consultancy services in project formulation.

Recalling that Decision 2 (XXVI) approved the organization of project formulation workshops to provide training on the use of the revised ITTO Manual for Project Formulation, 1999, the Committee was pleased to learn that four regional training workshops had been conducted in Indonesia, Brazil, Cameroon and Trinidad and Tobago from December 1999 to July 2000. Considering that there is a continuous need for improvement of project proposals and a need to enhance the project formulation capabilities of personnel in new member countries, the Committee agreed to recommend to the Council approval of the organization of additional training workshops with additional funds amounting to US\$300,000.00.

In order to facilitate the work of consultants in the formulation of project proposals, which are strategically important for the Organization, the Committee agreed to recommend to the Council the approval of additional funds amounting to US\$100,000.00.

Recalling that this project provides important regular services of interest to all Members of the Organization, as mentioned above, the Committee recommended that the Council consider funding the amount of US\$400,000.00 through the Sub-account B of the Bali Partnership Fund.

The Committee resumed discussion on whether to start field implementation of project PD 209/91 Rev.2 (I). The Secretariat called the attention of the Committee to the fact that contractual arrangements for project implementation were completed in February 1993 but, because of difficult working conditions in the country, field implementation had not started. Since then, the Committee had requested the Secretariat to closely monitor the situation in order to assess whether working conditions in the country had improved to the extent that implementation of the project could be initiated.

Previous contacts with the Democratic Republic of Congo (DRC) had indicated that working conditions were good enough to initiate project activities. This has been confirmed by a consultant engaged by ITTO under PPD 50/91 (I) and who traveled to the DRC in May 2000. The consultant indicated that working conditions in Kinshasa, where the Executing Agency (The Wood Promotion Center) is located, are suitable to initiate project activities. However, he advised that activities should not focus only on lesser used species (LUS), but should also include activities to facilitate the trade of well

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known species, as the national timber industry has been destroyed during the civil war and is in desperate need for rehabilitation.

The Committee agreed on the initiation of project activities upon further confirmation by the DRC that working conditions are back to normal and that the Executing Agency is ready to implement the project. The Committee also agreed to widen the scope of the project to include well known species. Finally, the Committee requested the Secretariat to consult with the donor country on whether project funding could be resumed in order to start implementation.

When considering implementation of project PD 47/94 Rev.3 (I), the Committee noted that the project had been extended due to the devastation caused by Hurricane Mitch in the project area, and that funds for project monitoring by ITTO have been exhausted. The Committee agreed that project contingency funds (US\$20,000) included in the project budget be used to ensure the continued monitoring of the project until its completion.

The Committee noted that the changes included in document CFI(XXVII)/9 will ensure improved implementation of the second phase of project PD 13/95 Rev.3 (I), based on experience generated in the implementation of the first phase. In particular, the changes will help strengthen the assistance of the Executing Agency to national institutions and reinforce the role of the timber industry in the planning and implementation of project activities, thus ensuring the sustainability of the project. The Committee further noted that no budget increase was requested. The Committee decided therefore to approve the proposed changes in PD 13/95 Rev.3 (I)-Phase II as included in document CFI(XXVII)/9.

While reviewing activities implemented under pre-project PPD 50/91 (I), the Secretariat informed the Committee that the Consultant who was engaged to finalize the pre-project activities, in particular the reformulation of project PD 205/91 (I) "National Saw Maintenance Centre", had successfully completed his mission to the Democratic Republic of Congo. The Consultant is now working on the re-formulation of project proposal PD 205/91 (I).

In its review of the implementation of pre-project PPD 13/98 Rev.2 (I), the Committee was informed by the Fiji delegate that the field survey and local workshop were expected to start in November 2000 with release of the pre-project funds to the Fiji Forest Department (executing agency) from the Fiji Ministry of Finance. The Committee urged the Government of Fiji to expedite the release of funds to allow full implementation of the pre-project.

While reviewing the progress of the implementation of pre-project PPD 15/98 Rev.2 (I), the Secretariat informed the Committee that all necessary funds pledged by the donors have now been received by ITTO and that the first tranche of funds is being disbursed in order to initiate the preparations for the organization of the ATO/ITTO conference.

The Committee discussed the financing of PD 13/99 Rev.2 (M,F,I)-Phase II. Taking into account the interest of this project to all ITTO Member countries, the Government of Japan suggested that the project should be financed from sources other than project funding.

8. Consideration of Project and Pre-Project Proposals

Three project proposals were submitted by Member governments in time for Committee consideration and appraisal:

PROJECTS

PD 61/99 Rev.2 (I)	Increasing the Efficiency in the Tropical Timber Conversion and Utilization of Residues from Sustainable Sources (Brazil)
PD 24/00 Rev.1 (I)	Promotion of Sustainable Utilization of Rattan from Plantation in Thailand (Thailand)
PD 40/00 Rev.1 (I)	Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)

The Committee considered in detail the results of the evaluation of earlier versions of these projects carried out by the Twentieth Expert Panel for Technical Appraisal of Project Proposals, as

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contained in document CEM,CRF,CFI(XXVII)/1. The final versions were thoroughly evaluated by the Committee. The detailed results of the Committee's evaluation and appraisal of these three project proposals are presented in Appendix I.

Two project ideas were submitted by the Government of Congo, one on "Sustainable Management of Non-Wood Forest Products (NWFP) in the Forests of Southern and Northern Congo under Management", and the other on "Sustainable Management of *Diospyros crassiflora* (Ebony) in order to Sustain Enhancement Activities". The Committee acknowledged the presentation of both project ideas made by the Government of Congo. It indicated its interest in both, particularly the one on non-wood forest products. However, the Committee was of the opinion that any eventual project proposal in this regard should focus on documenting current activities related to the utilization of NWFP and the establishment of a database. The Committee also observed that the Government of Congo had submitted additional project ideas in the other ITTO committees. The Committee therefore advised that a prioritization of these project ideas was essential and that an assessment of the forestry situation on the country might be necessary in order to identify priority areas for action.

9. Policy Work

In an effort to both streamline the work and enhance debate of policy issues, a joint session of the CEM and CFI committees was held for the first time. Four presentations were made, three from Consultants to ITTO projects and one invited presentation from a member of the Trade Advisory Group (TAG) on life cycle analysis in the timber sector.

In relation to PPD 24/99 (I) "Increasing the Utilization Efficiency and the Reduction of Losses and Waste Throughout the Production Chain", the consultant presented results of the study which involved an extensive review of the literature and a survey of mills in Ghana, Malaysia and Brazil. The analysis was conducted to determine the efficiencies in sawmilling and veneer and plywood production; technologies to reduce and use waste in the lumber industry; technologies to reduce and use waste in the veneer and plywood industries; policies, practices, measures and technologies which influence utilization in sawmilling and veneer and plywood manufacture; and advanced technologies and practices in developed countries which may not be as prevalent in sawmills and veneer and plywood manufacturing plants in developing countries. The recommendations proposed to the Committees included development of possible future guidelines on increasing recovery at the mill site, certification of mill efficiency and recovery processes, development of criteria for target recovery factors, subsidizing the replacement of obsolete equipment, and other techniques to enhance the use of secondary species. The Committee requested the Consultant to finalize the report consistently with the terms of reference for further consideration at the next sessions of the committees. In the meantime, delegations were invited to provide the Consultant with comments and recommendations in order to finalize the report.

A draft final report on PPD 25/99 (I) "Review of the Status of Further Processing of Tropical Timber in Producing Countries" was presented to the Joint Session of the Committees. This report, which provides a detailed and well structured analysis of the production and trade in further processed wood, contained recommendations for ITTO and for member countries. In view of the range and extent of the recommendations, the consultant was requested to prioritize these, taking into account the objective of the project. The Committee requested the Consultant to finalize the report, which will be tabled for further consideration at the next sessions of the Committees. In the meantime, delegations were invited to provide the Consultant with input in order to finalize the report.

The aim of Project PD 26/99 (M) is to assess the competitiveness of tropical timber and timber products vis-avis timber and non-timber substitutes. An interim report was provided to the Joint Session of the Committees and the draft final report will be presented at the Twenty-eighth Session of the Committees. In his report, the consultant drew attention to the perceived strengths and weaknesses of tropical timber products in the market place. The debate following the presentation focused on the apparent weakness of small and medium enterprises (SMEs) in producer countries to properly perceive the changing characteristics in the various markets for tropical timber products. There was also discussion of whether the survey was revealing any particular information on consumer perceptions of the competitiveness of lesser used species (LUS). The consultant advised the committees that the survey methodology would draw out this if in fact it was an issue in the mind of the various producers and consumers being surveyed.

The presentation on life cycle analysis (LCA) highlighted the extent to which competitors to timber, especially the steel and plastics industries, were utilising LCA to aggressively promote their own products in competition with wood. The speaker provided details of highly positive LCA results for some wood products. It was noted that these particular examples suggest that LCA could be a tool for tropical timber

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producers to generate some positive promotion. A decision was taken to maintain LCA on the agenda to be revisited at the next Session of the Committee.

During the regular Session of the Committee on Forest Industry, the delegate of Ghana presented further work resulting from project PD 33/95 Rev.3 (M,F,I), which had been reported as completed at the Twenty-sixth Session of the Committee [CFI(XXVI)/3]. The Committee discussed in detail one of the main outputs of the project, the "Draft Guidelines on the Conservation, Management and Sustainable Utilization of Lesser Used Species" [CFI(XXVII)/6]. The chapters in the document cover principles and recommended actions related to LUS policy and legislation, environmental and management considerations, technical, promotion, marketing and socio-economic considerations. The Committee commended the quality of the work carried out and recommended the use of the LUS Guidelines as a technical reference document in order to promote LUS sustainable management and trade. The Committee further decided to make the document available in the ITTO publications series.

10. Election of Chairperson and Vice-Chairperson of the Committee for the Year 2001

The Committee elected Dr. Abdul Rashid Hj. Ab. Malik (Malaysia) as the Chairperson and Ms. Candy Green (U.S.A.) as the Vice-Chairperson for 2001.

11. Dates and Venue of the Twenty-eighth, Twenty-ninth and Thirtieth Sessions of the Committee

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

12. Other Business

No issue was considered under this agenda item.

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 proposals:

- | | |
|--------------------|---|
| PD 61/99 Rev.3 (I) | Increasing the Efficiency in the Tropical Timber Conversion and Utilization of Residues from Sustainable Sources (Brazil)
[US\$314,390.00] |
| PD 24/00 Rev.1 (I) | Promotion of Sustainable Utilization of Rattan from Plantation in Thailand (Thailand) [US\$292,457.00] |
| PD 40/00 Rev.2 (I) | Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia) [US\$477,433.00] |

2. To recommend to Council approval for additional funding of following project:

- | | |
|------------------|--|
| PD 73/89 (M,F,I) | Assistance for Project Identification and Formulation (Global)
[US\$400,000.00] |
|------------------|--|

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 46/98 Rev.3 (I) | Development of the Indian Rubberwood Industry (Phase I) (India)
[US\$283,097] |
| PD 13/99 Rev.2 (M,F,I) | ITTO Information Network and Project Support (Global) (Phase II)
[US\$516,106] |
| PD 14/99 Rev.2 (I) | General Nomenclature of Tropical Timber (France) [US\$113,413] |

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) [US\$139,999]
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) [US\$137,684]
PPD 14/98 Rev.2 (I)	Development of Forest Industries in Congo (Congo)
PPD 10/99 Rev.1 (I)	Utilization of Small Logs from Forest Plantation in Thailand (Thailand)
PPD 15/99 Rev.2 (I)	Pre-Project for the Ecuadorian Tropical Timber Industry Environmental Management (Ecuador) [US\$71,740]
PPD 17/99 Rev.1 (I)	Efficient Utilization of Bamboo in India (India) [US\$39,985]
PPD 20/99 Rev.2 (I)	Study on Utilization of Plantation Teak (Myanmar) [US\$49,529]
PPD 5/00 Rev.1 (I)	Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India (India) [US\$64,522]
PPD 7/00 (F,I)	Feasibility Study for the Production of Sawnwood from Tropical Forest Using Appropriate Technologies (Ecuador) [US\$57,986]

14. Report of the Session

The Committee adopted this report for submission to the Council.

Appendix I

Technical Evaluation of Project Proposals

PD 61/99 Rev.2 (I) Increasing the Efficiency in the Tropical Timber Conversion and Utilization of Residues from Sustainable Sources (Brazil)

The Secretariat informed the Committee that after two revisions of the project proposal, the Panel was of the opinion that its comments and recommendations were not fully addressed by the Government of Brazil, and that no substantial change was recorded from Rev.1 to Rev.2 of the proposal. Noting that no further substantial improvement could be expected from the submitting country, the Panel decided therefore to forward the proposal to Committee for final appraisal.

The Committee noted and was satisfied with the comprehensive explanation provided by the Government of Brazil on project objectives, strategy and activities. It further noted that the project is in line with other ITTO work in the field of technology development for the efficient utilization of timber biomass. Provided that an evaluation of the contribution of the Government of Brazil is included in the Project Document, the Committee decided to recommend to Council the approval of a further revised proposal [PD 61/99 Rev.3 (I)] incorporating the Government of Brazil's contribution.

PD 24/00 Rev.1 (I) Promotion of Sustainable Utilization of Rattan from Plantation in Thailand (Thailand)

The delegate from Thailand introduced the background information on the project proposal and emphasized the importance of the project to help in improving socio-economic development of the local communities through establishment of small and medium community-owned enterprises for rattan, which is commercially important for living and income generation of households in community forests. The Committee noted that the revised proposal adequately addressed the recommendations made by the Twentieth Expert Panel for Technical Appraisal of Project Proposals. Detailed information on the proposed two demonstration plots for studying the management of rattan plantation was provided in Output 1.1. Social information on the local communities in the project sites was also provided in Section 2.8 "Social Aspects".

The Committee questioned the information on the state of the forests in the project sites and the proposed rattan plantation areas. The Committee was informed by the delegate from Thailand that the proposed activities on the project site located in south Thailand would be focused on existing rattan plantations inside the forests. The activities on the project site in northeast Thailand would be focused on the establishment of new rattan plantations outside the forests for the production of edible rattan shoots and cane. Further, the Committee stressed that the project should support the work related to the sustainable management of the project sites by enhancing local community participation in the forest sector. Considering that sustainable utilization of rattan would contribute to the socio-economic development of the local communities and that the proposed guidelines for rattan management and harvesting to be developed by the project would be useful for promoting rattan in the country, the Committee decided to recommend to the Council the approval and implementation of project [PD 24/00 Rev.1 (I)].

PD 40/00 Rev.1 (I) Utilization of Small-Diameter Logs from Sustainable Sources for Bio-Composite Products (Indonesia)

The delegate from Indonesia introduced the amendments made in the revised proposal, based on the recommendations of the Twentieth Expert Panel for Technical Appraisal of Project Proposals. The Committee noted that the proposal would contribute to the promotion of the utilization of small-diameter logs for bio-composite products in Indonesia. This is in accordance with a goal for Forest Industry in the ITTO Libreville Action Plan. The Committee further noted that the revised proposal had fully incorporated the Expert Panel's recommendations. The Committee questioned the current regulations regarding minimum diameter in cutting and possible follow-up action after project completion. The Committee was informed by the delegate from Indonesia that the minimum diameter cutting in the Indonesian Selective Cutting and Replanting System is 50 cm and that the results of the project could provide best scientific information on the structure and composition of small-diameter logs (SDL) for future work related to the

revision of the Indonesian Selective Cutting System. The Committee expressed its interest in the project idea and discussed the possibility of phasing the proposed activities into two phases so that the results of phase I, to be focused on environmental assessment of SDL logging, could guide the phase II implementation of the remaining activities of the project.

The delegate from Indonesia expressed concern about the continuation of the proposed activities without separating two phases since the project was focused on the collection of comprehensive information on SDL, including their wood properties, by conducting a series of research work. The Committee was satisfied with this explanation. The Committee also recommended that the budget allocated for DSA be reduced. Following this recommendation, the proposal was revised during the Session to reduce the budget for DSA from US\$238,154 to US\$169,370. The Committee agreed on the importance of the project to all producer Members in promoting value-added products from SDL and decided to recommend to the Council the approval and implementation of the revised project proposal as contained in document PD 40/00 Rev.2 (I).

**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 61/99 Rev.3 (I)	c,d,f,i	Research and development for Further and increased processing	\$314,390.00	12 months	Brazil	1
PD 24/00 Rev.1 (I)	d, e, f, g	Research and development	\$292,457.00	3 years	Thailand	1
PD 40/00 Rev.2 (I)	c, f, i	Research and development	\$477,433.00	3 years	Indonesia	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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30 October – 4 November 2000
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

EIGHTH SESSION OF THE COMMITTEE ON

FINANCE AND ADMINISTRATION

(30 October – 4 November 2000, Yokohama, Japan)

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

EIGHTH SESSION OF THE COMMITTEE ON FINANCE AND ADMINISTRATION

Item 1: Opening by the Chairperson

1. The Session was opened by the Chairperson, Ms. Jan McAlpine (U.S.A.) who welcomed all delegates to the Session.

Item 2: Adoption of Agenda and Organization of Work

2. The Committee adopted its agenda as presented in document CFA(VIII)/1. The Chairperson drew the attention of the Committee to the work of the Sub-Committee under the Committee on Finance and Administration (CFA) for the allocation of funds under Sub-Account "B" of the BPF, created under Council Decision 9(XXVII), and chaired by the Vice-Chairperson of the Committee, Mr. Batoum Thémotio (Cameroon). She drew to the attention of the Sub-Committee that there remain two tasks that the Sub-Committee should look into at this Session: (a) discussion on the criteria and procedures for selection of actions, pre-projects and projects to be prioritized for financing under the Sub-Account "B" of the BPF; and (b) methodologies and procedures for monitoring the actions, pre-projects and projects already financed from this Sub-Account. The Chairperson suggested that the Sub-Committee should start its work immediately and submit its report to the Committee for consideration and inclusion in the Committee's recommendations to Council.

Item 3: Report of the Expert Panel for Technical Appraisal of Project Proposals

3. The Chairperson advised the Committee that the Report of the Twentieth Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI(XXVII)/1] was discussed in the joint Session of the Committees on 30 October 2000, 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 2001

4. The Secretariat introduced document CFA(VIII)/2, which had been distributed to Members in August 2000 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 1999 and 2000, the Secretariat made amendments to the draft budget for 2001 as presented in document CFA(VIII)/2/Amend.1, dated 23 October 2000, by applying the exchange rate of 107 Yen to US\$ 1.00 against the rate of 105 Yen to US\$1.00 which was used (in July 2000) in preparing the draft budget proposal. The Secretariat explained that the revised proposed budget for 2001 amounted to US\$4,635,373.00 against the original proposal of US\$4,711,086.00 (or an increase of 3.79% against the approved budget for 2000 of US\$4,465,940.00) and that the increase was due primarily to the inclusion of the post of one Projects Manager which had been funded from 1993 to 2000 from the resources of the Special Account through a voluntary contribution from Japan.

5. The delegate from the U.S.A., Ms. Candy Green, expressed support for the continued cost-saving efforts by the Secretariat to reduce expenditures wherever possible and encourage further efficiencies. Ms. Green stated that it is the view of the U.S. that the Organization should consider alternative financing mechanisms for the post of Projects Manager previously financed by the resources of the Special Account through voluntary contribution of Japan, to include, *inter alia*, finding similar voluntary contribution from another donor who would consider a similar commitment, potentially increasing the percentage levied on projects for programme support costs, or considering a delay in bringing aboard the new recruitment until such time as a reasonable financial arrangement can be made. Ms. Green added that the U.S. strongly supports budget discipline, and feels that the current increases can be absorbed, especially in light of the fact that the current Administrative Budget is projected to be underspent by approximately more than ten percent in 2000.

6. The Committee noted the comments from the United States and suggested that, in view of the shortage of time at the current Session, the proposal for alternative funding of staff be seriously considered and the Chairperson proposed that a working group of the CFA on financial matters be set up which will meet before May 2001 with the Secretariat to address a series of substantive issues, including inter alia the arrearages in contributions of Members, financial management of the Bali Partnership Fund, support for the Secretariat and more effective and efficient use of its resources, procedures for selecting Council venues, and attracting more funding to the Organization. Full discussion on the working group is recorded in this report under Agenda Item 13 (Other Business).

7. In view of the above, and to avoid disruption of the continued operation of the Secretariat, the Committee decided to recommend to the Council to approve the Administrative Budget for the Financial Year 2001 in the amount of US\$4,635,373.00. This amount will be further increased by US\$72,551.00 to take account of the discount to be granted to Members for early payment of their contributions in 2000 (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\$127,924.00 by utilizing the bank interest earned in 2000 (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 2001 is therefore US\$4,580,000.00 as presented in the document CFA(VIII)/2/Amend.2 (entitled "Approved Administrative Budget for the Financial Year 2001"). The amounts of assessed contributions from Members to the budget for 2001 are 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

8. The Secretariat introduced document CFA(VIII)/3 (prepared on 27 October 2000 to take into account the contribution from Indonesia that was received on that day), which details the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2000, including assessments, receipts, interest, and arrears. The Secretariat also informed the Committee that a number of members have advised the Secretariat that payments of contributions have recently been made; however, notifications of credits have not received by the banks.

9. The delegate from Honduras, Mr. Marco Vinicio Arias Brito, recommended the Committee that his country had requested the Secretariat to inform the Committee of Honduras' difficulty in paying its arrearages in contribution to previous years' budgets, which now amount to US\$288,127.43. He explained that Honduras suffered devastating destruction from Hurricane Mitch in 1999 to many parts of the country, and now is in the process of reconstruction. He affirmed to the Committee that in spite of the difficulties, his country recognized its commitments to the Organization and will try to fulfill its future obligations. Recently, Honduras had conveyed to the Secretariat a schedule to pay in full its contributions for the years 1999 and 2000 in twelve monthly installments beginning from September 2000 (the Secretariat confirmed that the first two payments had already been received). Mr. Arias Brito proposed to the Committee that Honduras arrearages in contribution be forgiven over the next five years at the rate of 20% of the total per year, on the condition that his country paid its contribution each of those next five years in full and in time.

10. The delegate from Ghana, H.E. Mr. J.E.K. Aggrey-Orleans, brought to the attention of the Committee the need for the Organization to resolve the general question of arrearages in contribution, particularly with certain African Members which have experienced serious economic and political problems like Liberia, the Republic of Congo or the Democratic Republic of the Congo, which are also unable to pay their contributions. The delegate from Bolivia, Mr. Javier Loayza Barea, informed the Committee later that his country had taken action to make some payments to the Administrative Account but due to the time difference between Bolivia and Japan, he was not able to make a confirmation and will contact the Secretariat about this soon after the Session. The Chairperson thanked Bolivia for this encouraging information.

11. The Committee acknowledged that the question of mounting arrearages will have to be addressed as proposed by the Chairperson in the CFA working group on financial matters (as indicated in paragraph 6 above), and that the report of this working group be discussed at the Ninth Session of the Committee in May 2001.

Item 6: Current Status of the Administrative Account

12. The Secretariat presented document CFA(VIII)/4 reporting the current status of the Administrative Budget for 2000 (as of 27 October 2000) 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 2000: (a) of \$70,172.00 from interest earned in 1999, and (b) an amount not exceeding \$200,000.00 from the Working Capital Account as authorized in Decision 6(XXVIII) in Lima, Peru, a small deficit of \$26,067.00 is anticipated. However, the Executive Director does not intend to request Council authorization for using further funds from the WCA, since he hopes to manage within the anticipated receipts.

13. The Committee took note of the report.

Item 7: Resources of the Special Account and the Bali Partnership Fund

14. The Chairperson welcomed Mr. Mahboob Hasan, Finance Administrative Officer, the newest addition to the Secretariat, who presented document CFA(VIII)/5, 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).

15. After introducing the document, Mr. Hasan added that the list of completed Pre-Projects, Projects and Activities included in the document showed an amount of US\$3.7 million as balance available to donors, out of which around US\$660,000 is funds remaining under "monitoring and evaluation". Agreement of the donors is requested for the transfer of their share of the remaining "monitoring and evaluation" funds, to the newly created "Pooled Sub-Accounts" for ex-post evaluations. The donors are also informed about the other remaining funds and are requested to consider reallocating these funds to contribute to finance the implementation of Projects approved by the ITTC, but still pending financing.

16. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that six Activities and two Projects with a total budget of \$2,070,231.00 had been funded from the resources of the Sub-Account "B" of the Bali Partnership Fund. And, the current available resources of the Sub-Account "B" amounted to \$5,076,579.80.

17. In response to a query by the Chairperson, Mr. Hasan explained that the Secretariat communicates directly to the respective donors with regard to the remaining available fund balances under the completed Pre-Projects, Projects and Activities.

18. The Chairperson appealed to the donors to consider the reallocation of the remaining funds to finance any arrears of pledges, as well as to finance the approved Pre-Projects, Projects and Activities, still pending financing.

19. The Committee took note of the document.

Item 8: Appointment of Auditor for 2000

20. Mr. Takeichi Ishikawa, Assistant Director, Management Services, introduced document CFA(VIII)/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 2000. These are: (a) Arthur Andersen & Co., Tokyo; (b) Deloitte Touche – Tomatsu & Co., Tokyo; and (c) PriceWaterhouseCoopers, Yokohama. Quotations were submitted in either Japanese Yen or U.S. dollar, ranging from US\$40,600.00 to US\$50,000.00, not including provisions for out-of-pocket expenses. All three firms have had experience auditing the Organization's accounts.

21. The delegate from the U.S.A., Ms. Candy Green, suggested that for the sake of efficiency, the Organization may consider the possibility of inviting bids for auditing the accounts of the Organizations to be made for two consecutive years instead of every year as currently being practiced. The delegate from Japan, Mr. Kazuo Tanaka, asked if this would benefit the work of the Secretariat and if there would be financial benefit from such a practice. The Secretariat advised that a continued engagement of auditors would make the auditing work in the second year smoother as the firm would already be familiarized with the

would make the auditing work in the second year smoother as the firm would already be familiarized with the rules and procedures as well as the accounts of the Organization. However, the Secretariat also reminded the Committee that the Financial Rules and Rules Relating to Projects of the Organization stipulated that "the same auditor shall not be appointed for more than three consecutive years" and two consecutive appointments of the same firm would make a total of four years.

22. Ms. Green suggested that the Committee recommend to the Council the selection of the firm "PriceWaterhouseCoopers, Yokohama" to audit the accounts of the Organization for the financial year 2000, noting that PriceWaterhouseCoopers had submitted the lowest bid for that work, and that firm appeared to meet all statutory requirements. The Committee decided to make this recommendation to Council. The Committee also decided to continue discussion at the next Session in May 2001 on the possibility of engaging auditors for two or three consecutive years and, if necessary, to recommend to Council an amendment to the Financial Rules and Rules Relating to Projects in this regard. This matter would be referred to the CFA inter-Sessional working group on financial matters to be convened before the next Session of the Committee.

Item 9: Medical and Health Insurance Scheme for non-Japanese Staff Members

23. The Secretariat presented document CFA(VIII)/7 that summarized the proposal for selection of an appropriate medical and health insurance plan for staff members of the Organization who are not Japanese nationals or permanent residents in Japan. The Chairperson commented that the Committee had already recognized that the present insurance scheme arranged by the Organization for these staff members is inadequate and had agreed at its Seventh Session (May 2000 in Lima, Peru) to authorize the Executive Director to select a new insurance scheme with benefits comparable to those provided to staff members of the United Nations, and that at this Session the Committee is required only to confirm its adoption of a proposed medical and health insurance plan.

24. The Committee, after hearing the presentation from the Secretariat on the selected medical and health insurance plan, together with financial implications to the Administrative Budget, decided to recommend to Council to select the plan proposed by International Health Insurance danmark a/s, which has an administrative office in Tokyo, "International Health and Hospital Plan (IHHP) – Principal Health Plan", with an annual deductible of US\$300.00 per insured person, for non-Japanese staff members of the Organization, and that a draft Decision on this selection will be presented to the drafting committee for adoption.

Item 10: Report of the Sub-Committee on the Sub-Account "B" of the Bali Partnership Fund

25. The report of the Sub-Committee on the Sub-Account "B" of the Bali Partnership Fund was made by the Chairperson of the Sub-Committee, Mr. Batoum Thémotio (Cameroon), and is attached as Annex I to this report.

Item 11: Election of Chairperson and Vice-Chairperson for 2001

26. The Vice-Chairperson of the Committee for 2000, Mr. Batoum Thémotio of Cameroon, was elected as Chairperson of the Committee for 2001. Ms. Kayoko Fukushima of Japan was elected as Vice-Chairperson of the Committee for 2001.

Item 12: Dates and Venue of the Ninth Session

27. The Committee agreed that the Ninth, Tenth and Eleventh Sessions would be held on the same dates and at the same venues as the Thirtieth, Thirty-first and Thirty-second Sessions of the Council.

Item 13: Other Business

(a) Inter-Sessional Working Group on Financial Matters

28. During its work at this Session, the Committee recognized that various financial and administrative issues have to be resolved urgently and that the time allotted for Committee work during the normal Session

is not adequate for in-depth deliberation. The Committee decided to set up a Working Group consisting of three representatives from each group of Producers and Consumers to meet for three working days in Yokohama with the Executive Director and the Secretariat to discuss and present a document for consideration by the next Session of the Committee to facilitate its work, among others, on the following matters:

- Criteria for selection of Projects, Pre-Projects and Activities to be financed from the Sub-Account "B" of the Bali Partnership Fund and methodologies for monitoring progress on these by the Sub-Committee of such Projects, Pre-Projects and Activities;
- How to attract new funding to the Organization, including resources for the Special Account and the Bali Partnership Fund, for financing Projects and Pre-Projects which have been approved but not been financed;
- Arrearages of Members to the Administrative Budgets of the Organization;
- Assistance to Council in identifying Members for hosting the Council and Committee Sessions outside Japan, including the possible recommendation of a back-up host country in case the first chosen Host becomes unavailable;
- How to better support the Secretariat and make more effective and efficient use of its resources.

29. The Executive Director joined in the discussion and praised the CFA for its efficiency in dealing with matters related to welfare of staff members of the Organization, like the insurance coverage for non-Japanese staff members of the Organization which the Committee approved at this Session. The Executive Director took the opportunity to bring to the attention of the Committee the social security plans for his staff of which the participation in the Provident Fund is offered to non-Japanese staff members only while those of Japanese nationals participate in the Government's national security plan.

30. The delegate from Japan, Ms. Kayoko Fukushima, informed the Committee that Japan has been having discussions with the Secretariat on the matter. The Chairperson suggested that the matter be dealt with bilaterally between the Government of Japan and the Secretariat through continued discussions for the time being, while it could also be included in the agenda of the CFA working group on financial matters.

31. The Committee proposed that the members of the Working Group to consist of the three main donors (Japan, Switzerland and the U.S.A.) representing the Consumers Group; and that the Producers Group consists of the Vice-Chairperson (Mr. Batoum Thémotio of Cameroon) who had been selected Chairperson of the Committee for 2001, and two members representing the Asia/Pacific and Latin American regions to be identified by the Spokesperson of the Producer Group.

32. Following the suggestion made by the Executive Director and confirmed by the Secretariat, the costs for this Working Group meeting (estimated at US\$34,288.00) are to be financed from the resources of the Programme Support Fund in the Special Account and the BPF which are already available in the Secretariat.

(b) Work Programme of the Committee for the Year 2001

33. The Committee noted that the Work Programme for the Year 2001 of the Committee of Finance and Administration which was presented in document ITTC(XXIX)/10 had been considered by the Council. The Committee took note of the Work Programme for the Year 2001 which is shown in Appendix II to this Report.

Item 14: Recommendations to the International Tropical Timber Council

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

- (1) To accept the revised Administrative Budget for the Financial Year 2001 of the amount of US\$4,635,373.00 as presented in document CFA(VIII)/2/Amend.2, noting that the U.S.A. disassociated itself from this consensus. The U.S. stated its belief that a zero nominal growth (ZNG) budget was achievable without damaging the Organization's capabilities. The assessed contributions from Members will be US\$4,580,000.00 to take account of the discount to be given to Members for timely payment of their contributions in 2000 and to utilize part of the bank interest earned in the same year;

- (2) To appoint the firm "PriceWaterhouseCoopers, Yokohama" to audit the accounts of the Organization for the financial year 2000;
- (3) To recommend to Council to authorize the setting up of the Inter-Sessional Working Group of the CFA on financial matters which will meet in Yokohama before the May 2001 Session to discuss matters related to arrearages in contributions of Members and other financial matters to facilitate the work of the Committee at its Ninth Session. The costs for this Working Group meeting (estimated at US\$34,288.00) are to be financed from the resources of the Programme Support Fund in the Special Account and/or the BPF already available in the Secretariat; and
- (4) To recommend to Council to allocate financing of the activities, pre-projects and projects from the Sub-Account "B" of the Bali Partnership Fund taking into account the priority list as proposed by the Sub-Committee of the CFA in the Annex I to this report.

Item 15: Report of the Session

35. The Committee adopted this report as amended.

Annex I

Report of the Sub-Committee on Sub-Account "B" of the Bali Partnership Fund

1. The Sub-Committee on Sub-Account "B" of the Bali Partnership Fund (BPF) is established by Decision 9(XXVII) for the prioritization and monitoring of non-country specific actions, Pre-Projects and Projects funded by the Bali Partnership Fund.
2. The Sub-Committee was chaired by the Vice-Chairperson of the CFA, Mr. Batoum Thémotio (Cameroon) and composed of:
 - (a) Three consumer member representatives that are main contributors to the BPF;
 - (i) Mrs. Kayoko Fukushima (Japan)
 - (ii) Dr. Jürgen Blaser (Switzerland); and
 - (iii) Ms. Candy Green (U.S.A.).
 - (b) Three producer member representatives, one from each geographic region:
 - (i) Mr. Rodrigo Sanchez (Colombia) - Latin America;
 - (ii) H.E. Mr. J.E.K. Aggrey-Orleans (Ghana) - Africa; and
 - (iii) Mr. Shaharuddin Mohamad Ismail (Malaysia) – Asia/Pacific.
3. The Sub-Committee held its Second Meeting during the Eighth Session of the CFA.
4. The Secretariat informed the Sub-Committee that as at the Twenty-eighth Session of the Council, six Activities and two Projects with a total budget amount of \$2,070,231.00 had been funded from the resources of the Sub-Account "B". The Sub-Committee was further advised by the Secretariat that current resources of the Sub-Account "B" at this Session amounted to \$5,076,579.80.
5. The Sub-Committee identified the need for the development of appropriate procedural guidelines and criteria for selection of projects, pre-projects and activities to be funded from the Sub-Account "B" of the BPF, in view of the availability of limited financial resources under this Account. The criteria and procedures would include: (a) prioritizing projects, pre-projects and activities for recommendation to the Council for financing; and (b) monitoring progress of projects, pre-projects and activities already financed from the Sub-Account "B" of the BPF.
6. The Sub-Committee, with a view to develop the guidelines, requested the Secretariat to provide background information with regard to the operation procedures of the Sub-Account "B" of the BPF. The Secretariat provided copies of relevant decisions of the Council as well as copy of the Council decisions that approved the various Activities and Projects for financing under this Account and detailed financial information on the ongoing Activities and Projects. The Secretariat also informed the Sub-Committee that the Progress regarding the implementation of the Activities and Projects financed from the Sub-Account "B" of the BPF are reported in the Council and/or in the relevant Committee on Technical Divisions which are directly responsible for the implementation.
7. The Sub-Committee, after a review of the information and documents provided by the Secretariat, concluded that appropriate guidelines be developed urgently with regard to the criteria and procedures for selection, prioritization and the development of a centralized reporting system for subsequent monitoring actions. However, the Sub-Committee acknowledged that such a task would require more time than is presently available.
8. Accordingly, the Sub-Committee recommends that an Inter-Session Working Group on Financial Matters envisaged under the Committee on Finance and Administration should consider, among others, the development of an appropriate guidelines for the operational procedures of the Sub-Account "B" of the BPF.
9. Members of the Sub-Committee participated in the Chairperson's open-ended drafting group meetings in order to obtain information on decisions relevant to actions, Pre-Projects and Projects eligible for financing from the resources of the Sub-Account "B" of the BPF. The list of prioritized actions, Pre-Projects and Projects is as follows:

- (1) Expert Panel for Technical Appraisal of Project Proposals, Twenty-first Meeting (\$93,500.00)
- (2) PD 73 /89 (M,F,I) - Additional Fund (\$400,000.00)
- (3) PD 13/99 Rev.2 (M,F,I) Phase II (\$516,106.00)
- (4) The ITTO Objective 2000 [Decision 2(XXIX)]
- (5) Communication and Outreach Activities [Decision 3(XXIX)]
- (6) Cooperation Between the International Tropical Timber Organization (ITTO) and the African Timber Organization (ATO) [Decision 4(XXIX)]
- (7) Mangrove Conservation Programme [Decision 9(XXIX)]
- (8) New ITTO Action Plan [Decision 11(XXIX)]
- (9) The Role of the ITTO in International and Regional Organizations and Fora [Decision 13(XXIX)]

Annex II

**WORK PROGRAMME FOR YEAR 2001
COMMITTEE ON FINANCE AND ADMINISTRATION**

ADMINISTRATIVE AND FINANCE ACTIVITIES

Activity	Implementation Approach and Cost Implications
(x) Review the independent audited statement for the 2000 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(xi) 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.
(xii) Examine and make recommendations to Council regarding the approval of the Organization's administrative budget proposals for the year 2002 [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(xiii) 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.
(xiv) 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.
(xv) Continue its work with a view to make recommendations to Council on the Organization's information policy, strategy and work.	Routine. Regular Sessions' work.
(xvi) Assist and make recommendations to the Council for the allocation of funds under the Bali Partnership Fund sub-account B, and monitor implementation of the actions, pre-projects and projects funded by the sub-account B, [ITTC Decision 9(XXVII)].	Routine. Regular Sessions' work.
(xvii) Convene the report of the Inter-Sessional CFA Working Group on Financial Matters and make recommendations to Council regarding, <i>inter alia</i> , criteria for selection of activities, pre-projects and projects to be financed from the Sub-Account B of the BPF; treatment of arrearages of Members to the Administrative Budgets, and other financial related matters. [Report of the CFA at its Eighth Session].	Regular Sessions' work.
(xviii) Review at the Ninth Session of the Committee, the costs for personnel and translation chargeable to the resources of the Programme Support Fund in the Special Account and make recommendations to Council [ITTC Decisions 5(XI) and 8(XXVIII)]	Regular Sessions' work.

ANNEX VI

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(XXIX)/2

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TWENTY-NINTH SESSION
30 October – 4 November 2000
Yokohama, Japan

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

**29 October 2000
Yokohama, Japan**

**Seventh Meeting of the Informal Advisory Group (IAG)
Yokohama, Japan, 29 October 2000**

Report of the Chairman

The Seventh Meeting of the IAG was convened on Sunday, 29 October 2000 at the ITTO Secretariat Conference Room at 10:00 a.m. under the chairmanship of Mr. Rae-Kwon Chung (Republic of Korea), Chairman of the Council. The meeting was attended by Dra. Josefina Takahashi Sato (Peru), Vice-Chairperson of the Council, Ms. Astrid Bergquist (Sweden), Chairperson of the Committee on Economic Information and Market Intelligence, Mr. Pisal Wasuwanich (Thailand), Chairman of the Committee on Reforestation and Forest Management, Ms. Kayoko Fukushima (Japan), Chairperson of the Committee on Forest Industry, Ms. Jan McAlpine (U.S.A.), Chairperson of the Committee on Finance and Administration, Mr. Kazuo Tanaka (Japan), Representative of the Host Country, Dr. Untung Iskandar (Indonesia), Producer Spokesperson, Ms. Aulikki Kauppila (Finland), Consumer Spokesperson, Dr. Abdul Rashid Hj. Abdul Malik (Malaysia), Vice-Chairman of the Committee on Forest Industry, 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 Sixth Meeting, 23 May 2000;
 - ii. The ITTO Year 2000 Objective – next steps;
 - iii. Matters Relating to Article 35 of the ITTA, 1994;
 - iv. Work Programme for the Year 2001;
 - v. The role of ITTO on issues on the Forest and Forest-Products Related International Agenda including:
 - The International Arrangement for Forests (IAF) incorporating the United Nations Forum on Forests (UNFF) and the Collaborative Partnership on Forests (CPF);
 - The United Nations Framework Convention on Climate Change (UNFCCC), the Intergovernmental Panel on Climate Change (IPCC) and the Kyoto Protocol;
 - The Convention on Biological Diversity;
 - The Global Environment Facility (GEF);
 - vi. Other Matters.
2. In its deliberation, the IAG noted and made reference to the Report of the Informal Advisory Group (IAG) at its Sixth Meeting held on 23 May 2000 in Lima, Peru as contained in document ITTC(XXVIII)/2 dated 23 May 2000.
3. The Group noted that following the review of the progress made in the achievement of the ITTO Year 2000 Objective, Council at its previous Session adopted Statement 1 (XXVIII) by which it affirmed its full commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources. In the context of facilitating further consideration of the review and decision on the Objective by Council at its current Session, the Group agreed to recommend that emphasis be placed by Council on the mapping out of a focussed and strategic plan of action in the medium and long term to implement the commitment. Such a plan should contain specific and achievable medium term goals that could be duly integrated into the next ITTO Action Plan for the period beginning from 2002. It was further recommended that Council at its current Session should focus on finalising the concept and elements of the strategic plan of action with a view to initiating an appropriate inter-sessional assignment to work out the details.
4. The Group noted that matters relating to the review of the scope of the ITTA, 1994 as provided for under Article 35 of the Agreement might no longer be as controversial as it was during the negotiation of the Agreement. Considering that the review should be carried out in 2001, the Group agreed to recommend that a brief discussion of the issue be initiated by Council at its current Session with a view to laying the ground for the proper conduct of the review in 2001.
5. The Group noted the draft 2001 Work Programme for Council, its Committees and the ITTO Secretariat as contained in document ITTC(XXIX)/10. It was felt that the work programme proposed

should be matched with the allocated time and resources available. As the existing one week duration of the Sessions of Council and its Committees was likely to be retained, the Group agreed to recommend that appropriate efforts be undertaken to enhance the effective use of the one-week duration of the Sessions. This could be achieved by ensuring that the agendas set were not too ambitious and by allocating adequate time for the preparation and dissemination of documents to members. The existing inter-sessional work including the convening of expert panels, which had been considered effective in alleviating the burden of Council and its Committees, should be further strengthened and planned to avoid overloading. The Group further recognised the need to undertake periodic assessment of the work of Council, its Committees and the ITTO Secretariat with a view to finding ways and means to further improve the efficiency and effectiveness of the conduct of their work.

6. The Group noted the latest developments relating to the international forest agenda including the adoption by the Economic and Social Council of the United Nations (ECOSOC) of the resolution for the setting up of the International Arrangement on Forests (IAF) incorporating the establishment of the United Nations Forum on Forests (UNFF) and the formation of the Collaborative Partnership on Forests (CPF). It also noted that issues relating to land-use, land-use change and forests and the inclusion of forests in the Clean Development Mechanism (CDM) were being actively considered under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. With the Global Environment Facility (GEF) looking into the consideration of more projects pertaining to the sustainable use of biological diversity in addition to those on the conservation of biological diversity, there would be greater opportunities for funding of more projects on sustainable forest management by the Facility. The Committee further noted that the Convention on Biological Diversity had also established an adhoc Technical Expert Group to assist in its work on forest biological diversity.
7. In view of the accumulated experience of ITTO in contributing to the work of the Intergovernmental Panel on Forests (IPF) and the Intergovernmental Forum on Forests (IFF), the Group agreed to recommend that ITTO be assigned with an appropriate role to play in the context of the IAF, UNFF and CPF and the related country-led initiatives being advanced in this regard. Considering the extent to which forest issues were actively being deliberated upon by other organizations and agencies, the Group further recommended that a comprehensive approach be taken to facilitate the strategic engagement of ITTO with UNFCCC, GEF, CBD and other organizations and agencies which were considering issues of direct relevance to the work of ITTO. Such engagement should be carried out in a balanced manner in relation to the other work and priorities of ITTO. Given the relative importance of these issues, the Group agreed to recommend that the Role of ITTO on Issues on the Forest and Forest-Products Related Agenda be upgraded as a separate substantive item on the Agenda of Council at its current Session.
8. On other matters, the Group agreed to recommend that appropriate arrangements be made by the ITTO Secretariat to facilitate the coordination among donors in the allocation of funds to projects, pre-projects and activities during the course of the current Session of the Council, as requested.
9. The Group considered the possible list of decisions to be considered and adopted by the Council at its Twenty-ninth Session as follows:
 - i. Projects, Pre-projects and Activities
 - ii. ITTO Year 2000 Objective (possibly more than one decision to include illegal logging and Criteria and Indicators)
 - iii. Development of a Comprehensive Framework and Practical Working Manuals on all Relevant Aspects of Sustainable Tropical Forest Management
 - iv. Strategic Communications and Outreach Framework
 - v. Certification
 - vi. The Role of ITTO in Forest and Forest Products Related International Agenda
 - vii. ITTO Work Programme for the Year 2001
 - viii. New ITTO Action Plan
 - ix. Cooperation between ITTO and ATO
 - x. ITTO Response to Indonesia's Request for Assistance
 - xi. Frequency and Duration of Council and Committee Sessions
 - xii. Extension of the ITTA, 1994
 - xiii. Medical and Health Insurance Scheme for Non-Japanese Staff Members
 - xiv. Appointment of Auditors for 2000

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