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TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
Yokohama, Japan

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

**Yokohama, Japan**

**1 - 6 November 1999**

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**REPORT****OPENING OF THE SESSION (Agenda Item 1)**

1. The Twenty-seventh Session of the International Tropical Timber Council was opened by the Chairperson of the Council, Mr. Jean Williams Sollo (Cameroon). The Council observed a minute silence in honour of victims of the Egypt Air disaster. In his opening address, the Chairperson welcomed delegates to the Session and expressed his gratitude and appreciation to the Government of Japan, and in particular, to the authorities of the City of Yokohama, for their continuous support to ITTO and the warm and cordial reception accorded to delegates.
2. The Chairperson drew Members' attention to issues to be addressed by the Session. He said that the selection of a new Executive Director for the Organization was of utmost importance and crucial to the credibility, maturity and future direction of the Organization, hence the need to select from, among the candidates, one with technical expertise and know-how. The Chairperson expressed concern about the ITTO Year 2000 Objective and called on Members to redouble their efforts and give priority attention to it in the implementation of policies and programmes aimed at sustainable management of tropical forest.
3. Mr. Shotaro Oshima, Director-General, Economic Affairs Bureau of the Ministry of Foreign Affairs of Japan, representing the host government, said that coming shortly was the Year 2000, a year full of important events such as the new round of negotiation at the WTO, UNCTAD-X and the G8 Summit Meeting in Okinawa and also the target year of the ITTO's Year 2000 Objective. He mentioned that the Year 2000 could be considered to be a turning point for ITTO, in that it would provide an opportunity for ITTO to review its achievements and to ponder upon a new perspective towards the 21<sup>st</sup> Century. He said that ITTO had been one of the most successful international organizations and that the Japanese Government had been rendering positive support to the Organization. He maintained that the transboundary initiatives for the conservation purpose might be one of the areas of ITTO's future advancement and that there might be a need for ITTO to strengthen its public relations activities.
4. H.E.Dr. Christina Amoako-Nuama, Minister for Lands and Forestry of the Republic of Ghana informed the meeting about institutional changes in the Ghana forestry sector which had made the Forestry Commission a corporate umbrella organization for all forestry sector institutions. She also spoke about the forest certification and labelling process in Ghana and stated that the general framework of the standards developed followed the ITTO Criteria and Indicators. She re-stated Ghana's commitment to achieve sustainable forest management and invited the international community to assist Ghana to achieve these objectives. She said that the cost of promoting sustainable forest management should be considered as a global responsibility.
5. In his address to the Council, Honourable Dato' Seri Dr. Lim Keng Yaik, Minister of Primary Industries of Malaysia said that the timber sector in Malaysia contributed about US\$ 4 billion or 5.7 per cent of total export earnings of Malaysia in 1998. He said that the UNCED Declaration and the prescribed set of Forestry Principles were in consonance with ITTO's Objectives, in terms of defining the multi-faceted roles of forestry in the context of sustainable development and international trade. He mentioned that impediments to trade an account of environmental concerns had become practically the most serious non-tariff barrier against tropical timber in certain consuming markets and appealed to such consuming countries not to force tropical forest countries into a corner, where they would have no choice but to abandon their forest land to other uses.
6. H.E.M. Sylvestre Naah Ondoua, Minister of Environment and Forests of Cameroon, in his address to the Council said Cameroon had created a National Council for the rationale management and sustainable development of its forests. He said that a framework had been established for the management of tropical forests, known as the Yaounde Declaration. The Yaounde Declaration represented a declaration of all the countries in the sub-region to protect and sustainably manage the forest resources of the entire sub-region. He indicated that Cameroon, with the support of Chad, Congo, Gabon and Guinea had deposited a draft resolution at the United Nations that focused on North-South cooperation in the sustainable management of forestry resources. He hoped the resolution would receive support at the United Nations.
7. In his address to the Council, Mr. Jean Claude Kouassi, Minister of Environment and Forestry of Republic of Côte d'Ivoire, said that the problem of sustainable forestry had been an issue of concern to the international community for many years and was linked to sustainable development. He said

among the obstacles to sustainable management of forests in Africa was the need to satisfy the quest for arable land, increasing urbanization and population growth in both urban and rural areas, insufficient reforestation programmes to support wood processing industries as well as increasing need for fuelwood as a source of energy. He called for a constructive dialogue among politicians of developed nations and developing nations to achieve an environmental balance for the entire planet.

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

- 8 The Officer-in-Charge, Dr. Manoel Sobral Filho, reported that the Quorum for the Twenty-seventh 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, Mr. Jean Williams Sollo (Cameroon), referred to document ITTC(XXVII)/1 dated 20 August 1999 and invited comments from Members.
10. Ms. Jan McAlpine (U.S.A.), on behalf of United States delegation, endorsed the recommendation of the Informal Advisory Group that the provisional agenda be amended to include the "Report of the Expert Panel on the Review of the ITTO Fellowship Program".
11. The suggestion was approved by the Council and the provisional agenda was adopted as amended (Annex II).

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

12. The Officer-in-Charge, Dr. Manoel Sobral Filho, reported that the membership of the Council had not changed since the last Session of the Council in May/June 1999. Total membership remained fifty-three (53) countries, comprising twenty-nine (29) Producers and twenty-four (24) Consumers, including the European Community (Membership of the Council is attached as Annex III).

#### **PROPOSED DISTRIBUTION OF VOTES (Agenda Item 5)**

13. The Officer-in-Charge drew Council's attention to the annex in document ITTC(XXVII)/1 which detailed the proposed distribution of votes for 1999 as adopted by the Council at its Twenty-sixth Session. He indicated that the distribution of votes would be used for the assessment of the contribution of each Member to the Administrative Budget for 2000.

#### **ADMISSION OF OBSERVERS (Agenda Item 6)**

14. The Chairperson drew Council's attention to Document ITTC(XXVII)/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 OFFICER-IN-CHARGE (Agenda Item 7)**

15. The Officer-in-Charge, Dr. Manoel Sobral Filho, welcomed delegates to the Twenty-seventh Session. He thanked the Government of Japan, particularly the City of Yokohama, for hosting the Session.
16. Dr. Sobral acknowledged the participation of the Director-General of the Economic Affairs Bureau of the Japanese Ministry of Foreign Affairs, Mr. Shotaro Oshima; the Minister of Lands and Forestry of Ghana, H.E. Dr. Christina Amoako-Nuama; the Minister of Primary Industries of Malaysia, H.E. Dato' Seri Dr. Lim Keng Yaik; the Minister of Environment and Forests of Cameroon, H.E. Mr. Sylvestre Naah Ondoua; the Minister of Environment and Forestry of Côte d'Ivoire, H.E. Mr. Jean-Claude Kouassi; the Executive Secretary for the Brazilian Ministry of Environment and Renewable Resources, H.E. Mr. José Carlos Carvalho; and Dr. B.C.Y. Freezailah, the former Executive Director of ITTO.
17. Dr. Sobral briefed the Council on ITTO-related developments since the last Council Session. He informed the Council that pursuant to Decision 10(XXVI) requesting Members to prepare and submit overviews on progress achieved towards the Year 2000 Objective by 1 November 1999, only three out of 52 Member countries had so far done so. He called on the Council to build on Decision 10(XXVI) in order to increase ITTO's role and responsibilities for the collection and assessment of the required information. He said that would lessen the dependency on national reports to be provided by Members and ensure a timely and effective process.



18. The Officer-in-Charge informed the Council that "The ITTO Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests" had been published, as provided for in Decision 3(XXVI). He however, regretted that due to lack of financing, the organization of four training workshops on the use of the Manuals and the engagement of consultants to conduct field testing, as provided for in Decision 3(XXVI), had not been implemented. He drew Council's attention to document CFA(VI)/8 which outlined some possible measures to enhance communication outputs of the Organization. He briefed the Council on the work of three (3) inter-sessional panels which were convened by the Secretariat. These were: (i) the Expert Panel for the Technical Appraisal of Project and Pre-project Proposals, (ii) the Expert Panel on the Review of ITTO Fellowship Programme, and (iii) the Panel on Matters Related to Article 16 of ITTA, 1994.
19. Dr. Sobral highlighted some areas of increasing cooperation between ITTO and some international organizations. He said that ITTO co-organized with IUCN a regional workshop on Biodiversity Friendly Practices and Technologies in Colombo, Sri Lanka. ITTO also participated actively in an International Workshop on Model Forest for Field-level Application of Sustainable Forest Management, in Japan, and attended the Asia-Pacific African and South American rounds of meetings on Costa-Rica-Canada initiative in support of the program of work of the IFF.
20. The Officer-in-Charge drew Council's attention to some issues on the Council's agenda. He cited the Annual Review and Assessment of the World Timber Situation, based on the Joint Forest Sector Questionnaire, and called on Members to fulfill their information-sharing obligations by providing timely responses. He also mentioned the report of the Market Downturn Study and the Organization's Work Programme for the year 2000.

#### **REPORT OF THE INFORMAL ADVISORY GROUP (IAG) – Decision 3(XXII) (Agenda Item 8)**

21. The Chairperson, Mr. Jean Williams Sollo (Cameroon), reported that the Informal Advisory Group (IAG) established under Decision 3(XXII) met for the fifth time on Sunday, 31 October, 1999. The meeting was attended by the Chairperson and Vice-chairperson of Council, the Chairpersons of the Committees on Economic Information and Market Intelligence, Reforestation and Forest Management, Forest Industry, Finance and Administration, the two spokespersons, representative of the host government, Japan, and the Officer-in-Charge.
22. Issues discussed by the IAG included the ITTO Year 2000 Objective, allocation of unearmarked resources of the Bali Partnership Fund, the Work Programme for the year 2000, report of the Expert Panel on the Revision of the ITTO Fellowship Programme, appointment of a new Executive Director, cooperation with IFF, Council Decisions, developments of the climate change convention of relevance to ITTO, a request by Honduras for forgiveness of arrears to the Administrative Account and a request by Malaysia for Council's consideration of "Market transparency and a formal price formation mechanism - setting up a plywood exchange". (The full report of the IAG is attached as Annex VI.)
23. Dr. Untung Iskandar (Indonesia), and spokesperson for the Producer Group supported the adoption of the report of the IAG.
24. Mr. Mike Fullerton (Canada) requested for further clarification on a section of the report dealing with the possible relationship between ITTO and GEF.
25. Mr. Rae-Kwon Chung (Republic of Korea), Vice-Chairperson of the Council, provided further clarification on the issue. He informed the Council that during the last GEF Council Meeting in Washington, D.C., sustainable forest management projects were endorsed by the Council for financing and therefore, ITTO could explore collaboration with GEF to fund projects in the area of sustainable use of forests.

#### **ANNUAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TIMBER SITUATION (Agenda Item 9)**

26. The report was presented by Dr. Steve Johnson of the ITTO Secretariat.
27. In his presentation, Dr. Johnson said that the figures were preliminary and requested Members to check the data for their respective countries and inform the Secretariat of any changes by 31 December 1999, to enable the Secretariat finalize the document for distribution by early 2000.

28. He indicated that there had been a general decline in exports of all wood and wood products since 1994. The most seriously affected were logs, followed by panels and sawnwood. He said changes in consumer imports of tropical and non-tropical timber showed that tropical timber imports had been hit harder than non-tropical timbers.
29. Dr. Johnson said that Japan's roundwood equivalent imports of non-tropical primary timber products were 26.7 million m<sup>3</sup> in 1996, falling to 18.3 million m<sup>3</sup> in 1998 and recovering to 23.4 million m<sup>3</sup> in 1999. On secondary processed wood products (SPWP), he said growth in markets for these products from ITTO Producer countries levelled during the crisis. He indicated that, most countries had put in place a program to promote value-added processing and that there was a substantial scope for Producer countries to benefit from the huge global market for SPWP, equal to \$30.8 billion in 1998.
30. Dr. Johnson pointed out that, the 1999 Annual Review included a price series analysis, providing price projections for benchmark species and products and hoped that such forecasting and outlook studies could be supported either through projects or decision related activities.
31. He appealed to Members to provide timely and reliable data to facilitate the compilation, review and assessment of the international timber situation. He said, ITTO's largest tropical sawnwood producer provided no data on production of any timber products in 1999. Seven of the ITTO Consumer Members that responded to the Joint Questionnaire provided no data on their tropical timber trade in 1998, among them were some major importers.
32. In conclusion, Dr. Johnson said that the lack of reliable trade figures would make any review of ITTO's progress towards the attainment of the Year 2000 Objective subject to uncertainties and doubts.
33. In his contribution, Dr. Ivan Tomaselli (Brazil) stressed the importance of the information provided by Members for the Annual Review and from his experience in data gathering could anticipate the difficulties experienced by the Secretariat in gathering and compiling information from all over the world. He commended the efforts of the Secretariat.

#### **ITTO YEAR 2000 OBJECTIVE – DECISION 10(XXVI) (Agenda Item 10)**

34. The Officer-in-Charge, Dr. Manoel Sobral Filho, elaborated on actions taken by the Secretariat, pursuant to Decision 10(XXVI). He informed the Council that in response to Secretariat's appeal for funds to implement the consultancy required under the decision, the Government of Japan had generously agreed to provide US\$100,000 to finance the consultancy work. The Secretariat had also written to all Member countries to submit a report with an overview on progress towards achievement of the Year 2000 Objective.
35. Mr. Enzo Barattini (EU) informed the Council that the European Union and its Member states planned to give an overview on what had been done in the Union with regard to the Year 2000 Objective.
36. Mr. Kazuo Tanaka (Japan), said the Government of Japan would continue to attach great importance to the ITTO's Year 2000 Objective. Japan had therefore been supporting Member countries to achieve the ITTO Year 2000 Objective through the financing of various projects, pre-projects and activities. He confirmed the statement by the Officer-in-Charge, that Japan had provided funds to cover the cost of employment of consultants to prepare a report on Members' progress, pursuant to Decision 10(XXVI). He urged other donors to provide support for the same purpose. He also appealed to Member countries to use the Manuals on the application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests.
37. Mr. Richard Dewdney (U.K.), on behalf of the Consumer caucus, informed the Council that the issue had been discussed in the Consumer caucus and Consumer Members had been urged to endeavour to meet the deadline of 15 December 1999. He also said that the Consumer caucus was of the opinion that regional consultants might be needed to assist the two consultants who would be tasked to put the reports together. He gave an indication that the Government of U.K. might assist in financing the process.
38. The Chairperson, Mr. Jean Williams Sollo (Cameroon), drew Members' attention to the recommendation by the IAG to extend the deadline for Members to submit their reports, to 15 December 1999.

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

39. Dr. Manoel Sobral Filho, Officer-in-Charge, recalled Decision 3(XVI) which called on Members to inform the ITTO at the earliest opportunity of any proposals by Members to list internationally traded tropical timber species in CITES appendices, and informed the Council that he had not been advised by any Member or CITES of any such proposals.

**FREQUENCY AND DURATION OF THE SESSIONS OF COUNCIL AND COMMITTEES – DECISION 4(XXVI) (Agenda Item 12)**

40. The Officer-in-Charge, Dr. Manoel Sobral Filho, drew Council's attention to document ITTC(XXVI)/5. He said, the document outlined proposals on information needed to be collected and the procedures required to collect the information. Dr. Sobral said, the idea of convening an inter-sessional working group to carry out a preliminary review and reassessment, taking into account the information provided by Members and the Secretariat had been proposed in the document under reference. He indicated that the information required covered areas related to the work and participation of delegates, particularly small delegations, financial implications on individual Member countries and host country, as well as implications of the overall performance and efficiency of the Organization.
41. In his contribution, Mr. Walter Bastiaanse (The Netherlands) said the proposal to convene an inter-sessional working group to examine all the information provided by Members and the Secretariat, was expensive and proposed that the working group should instead be convened during the Twenty-eighth Council Session.
42. Mr. Kazuo Tanaka (Japan) raised a query on the feasibility of convening an inter-sessional working group. He was of the opinion, that the Secretariat should provide a more detailed information on the subject.
43. Mr. Enzo Barattini (European Union) supported the position expressed by the Netherlands and Japan. He indicated that the European Union was hesitant to accept the idea of convening an inter-sessional working group considering the cost implications. He thanked the Secretariat for the document, and suggested that it might be necessary to expand on it with some proposals or possibilities on what should be done. In his opinion, that would facilitate the decision making process. He also wanted the view of the Secretariat regarding the duration and time period of the Council Sessions.
44. Dr. Manoel Sobral Filho, Officer-in-Charge, provided further clarification on the subject. He recalled that at the Twenty-sixth Session, the Council already considered a document ITTC(XXVI)/11 prepared by the Secretariat with options on duration and frequency of Council Sessions. However, Decision 4(XXVI) requested the Secretariat to identify the type of information necessary. He indicated that the perception of Member countries was indeed necessary to facilitate the review and assessment of the frequency and duration of Sessions of the Council and Committees. Also, the document ITTC(XXVI)/11 could be further elaborated by providing information on financial implications for the various options. Dr. Sobral further explained that the idea of convening a working group was put forward to allow enough time to deliberate on the issue, which would not be possible during the Council Session.
45. Dr. Untung Iskandar (Indonesia), on behalf of the Indonesia delegation, suggested that since there was an urgent need to respond to developments in the trade and fluctuations in the tropical timber market as well as face the insurmountable task of global challenges in the demand for sustainable forest management, Indonesia would support the current schedule of bi-annual Sessions of the Council and Committees which facilitate the implementation of the ITTO project cycle and stimulate effective progress towards sustainable forest management. He said that an inter-sessional panel would be a financial burden on the Organization.
46. Mr. Hyung-Kwang Kim (Republic of Korea) on behalf of the Korean delegation suggested that the Secretariat should prepare a standard questionnaire containing all relevant information and the various options to enable Member countries respond accordingly. This, in his opinion, would assist the Secretariat or a working group in reassessing the various options.
47. Ms. Fu Li (China, People's Republic of) supported the position expressed by Japan, EU and the Netherlands. She also supported the suggestion put forward by Republic of Korea and indicated that a questionnaire would facilitate further discussions on the issue.

48. The Chairperson, Mr. Jean Williams Sollo referred the matter to the caucuses for further discussions.

**REPORT ON THE MANUAL ON RULES AND PROCEDURES FOR PROJECT IMPLEMENTATION –  
DECISION 2(XXVI) (Agenda Item 13)**

49. The report was presented by Dr. Steve Johnson of the ITTO Secretariat.
50. He referred to document ITTC(XXVII)/6 and indicated that the Secretariat had changed the title to reflect the content of the document which covered all aspects of ITTO projects, from identification and formulation of projects to approval, implementation, monitoring and evaluation.
51. Dr. Steve Johnson said that the Secretariat had recommended that the chapter dealing with financial rules be deleted and instead the original document [CFA(II)/5 Rev.2] be referred to or annexed to the Rules and Procedures. He said, the section of the consultants reports dealing with guidelines for the selection and employment of consultants and guidelines for the procurement and payment of goods and services financed from the Special Account contained changes which were supposed to provide more flexibility in hiring professionals. However, the first of these modifications (requiring legal status as an individual contractor and no employment linkages) actually made the retainment of individual consultants less flexible. The second modification, regarding exclusions was confusing and he suggested a re-wording.
52. He said that the Council should consider extending the scope of the Guidelines for the Selection and Employment of Consultants and Guidelines for the Procurement and Payment of Goods and Services Financed from the Special Account, to cover financing provided from the Bali Partnership Fund. He indicated that the final three parts of chapter 3 of the consultants report covered travel arrangements/authorization hospitality and channels of communication and was an attempt to extent the ITTO Staff Rules on travel and hospitality to projects which could lead to insurmountable logistical problems and suggested that the section be deleted, since any proposed travel would be detailed in an approved project document.
53. Dr. Johnson concluded by indicating that the channels of communication suggested by the consultants in the "Manual on Rules and Procedures for Project Implementation" introduced several layers of bureaucracy and should be deleted.
54. Dr. James Gasana (Switzerland) on behalf of the Swiss delegation commended the Secretariat for the report. He commented on the paragraph dealing with the ITTO Project Cycle and suggested the inclusion of the following text: "The project and pre-project proposals recommended by the Expert Panel should reach Member countries at least 5 weeks before the Session during which they would be evaluated". He also suggested that the signing of project proposals should take place at least 5 months before the Council Session following the one during which it was approved. Under Project Implementation and Monitoring, Dr. Gasana suggested that, in order to ensure effective participation of representatives of donor countries in the steering committee meetings, the dates of such meetings must be communicated, at least six months before the meeting, unless exceptional circumstances justify a shorter period. He further proposed that the rules and procedures for the Bali Partnership Fund should also be defined.
55. Mr. John Martinez (Australia), on behalf of the Australian delegation, proposed that countries that had not provided any of their pledged funds by the following Session be required to explain the delay. To facilitate the process, Mr. Martinez suggested that it might be appropriate for the Council to take a decision that pledges made at one Session should reach the Secretariat not later than the following scheduled Session. He said that if pledged funds were not received twelve months after the date of pledging, funds should be returned to those donors who had contributed their pledged funds.
56. Dr. Manoel Sobral Filho, Officer-in-Charge, referred to the comments and suggestions made by Mr. John Martinez (Australia). He said that the Council could establish these procedures, by reaching a consensus and having them documented in the Council report for the Session, and such procedures would then be implemented by the Secretariat. Referring to earlier suggestions made by Dr. James Gasana (Switzerland), Dr. Sobral said that it might be a bit difficult for the Secretariat to be able to plan steering committee meetings, six months in advance. He indicated that there were over 200 projects with very few project managers, who could not be shifted easily because of language and also professional expertise. He suggested 3 months as an alternative.

57. Dr. James Gasana (Switzerland) informed the Council that it would be very appropriate to fix the date for steering committee meetings in consultation with all the parties involved. He indicated that, that would make the procedure much more flexible and allow donor countries who would want to participate in such meetings, the opportunity to do so.
58. Dr. Ivan Tomaselli (Brazil) said that from the point of view of implementing agencies, fixing the date for steering committee meetings, six months in advance, would be quite difficult and suggested that there should be some flexibility.

**REPORT ON THE DOWNTURN IN THE INTERNATIONAL TROPICAL TIMBER MARKET –  
DECISION 6(XXIV) (Agenda Item 14)**

59. The Chairperson, Mr. Jean Williams Sollo (Cameroon) referred to document ITTC(XXVII)/7 and invited the consultants, Dr. Ivan Tomaselli and Mr. Geoffrey Pleydell to present the report.
60. In his presentation, Dr. Ivan Tomaselli (Brazil) expressed gratitude to all those who assisted them in their work. He gave a brief background to the study, and a brief description of the general overview of the extent of the market downturn. He said that, with respect to tropical logs, exports had been declining for the last 10 years and there was no significant impact of the Asian crisis on the trend. In the case of plywood, exports had increased over the last ten years. However, the Asian crisis had a significant effect and exports dropped significantly in 1997 and 1998.
61. Dr. Ivan Tomaselli said on the overall, tropical wood exports had decreased over the last ten years, and provided a price analysis and indicated that for most commodities, prices had dropped over the last 4 years.
62. He said that most Asian countries were seriously affected by the downturn. He identified the countries "most seriously" affected as Indonesia, Japan, Korea, Malaysia, Papua New Guinea, Philippines, Thailand and Gabon. Countries classified as "affected" were Brazil, Cameroon, Ghana, Peru, New Zealand and Chile. Countries that were not affected were China, United States and most countries in Europe.
63. He said that the main factors that had contributed to the market downturn were macro-economic factors. He cited over-confidence brought about by a long period of fast growth, increasing foreign capital flow and strengths of exports as the main factors that contributed to the market downturn. Dr. Tomaselli said, analysis of other commodity products revealed that timber became an expensive product which might have accounted for the substitution of timber in some markets by aluminum and plastics. He cited other sectorial factors as crisis in the construction industry, concentration of tropical wood production and trade in the Asia region, market distortions, devaluation, and imbalance in supply and demand.
64. Dr. Tomaselli provided a brief on current market conditions. He said, demand was increasing in Asia but recovery of prices had been slow. He concluded by saying that the market had lost confidence in many developing economies which had resulted in restricted capital flow.
65. In his presentation, Mr. Geoffrey Pleydell focused on the findings and implications of the study. He said that the Asian financial crisis was related to international perception of national economies, with over-borrowing and over-commitment in economies and called for action in relevant international institutions to stabilize aspects of global finance which it left unchecked, could cause very serious problems for the economies and people of individual countries. He mentioned that, ITTO's ability to record changing trade circumstances was already being catered for in the Tropical Timber Market Information Newsletter, and suggested that it might be possible to extend the newsletter to cover forward analysis and forecasts.
66. One of the key lessons to be learned from the crisis, according to Mr. Pleydell was the need to move from a raw material commodity trade to a market orientated wood product trade and that ITTO could assist in the process of increasing abilities and opportunities in the field of further processing as well as assisting exporters to develop more positive marketing policies and more positive product identification. Mr. Pleydell mentioned the informal barriers to trade in some markets due to environmental concerns but regretted that the progress towards sustainable forest management, being made by ITTO Producer Members seemed not to be known in the market place.
67. Mr. Pleydell mentioned possible ways in which ITTO might stimulate activities to make the trade less vulnerable. He also said that governments had a role to play and suggested sustainable production

- and plantations development to ensure long term continuity of raw material resources as one of the ways in which governments could assist. Mr. Pleydell said, the informal trade group had become a strong supporter of the Organization, notably through the market discussions and suggested that it might be possible to formalize an acceptable status for the informal trade group.
68. In his contribution, Mr. Kazuo Tanaka (Japan) commended the work of consultants. He however said, some of the recommendations might need further discussions and suggested that the report be considered as a source of information for further deliberations by the Council.
69. Mr. Tang Seng Hock (Malaysia) said that coming from the private sector, he was very impressed about the report. He referred to a section of the report which suggested the need for pricing instruments, including hedging, in terms of feasibility and risk management in the context of facilitating trade development. He said that there was no transparent or structured form of price benchmarking and price information discovery mechanism for tropical wood to minimize the duration of price distortions. He mentioned the recommendation in the report that, there was no risk management tool that would allow buyers and sellers to hedge their risk forward and said, such a risk management tool could increase liquidity and market access for the trade. Mr. Tan Seng Hock indicated that the lack of price transparency could erode the confidence of the trade to handle and promote the market for timber products in competition with other substitutes and there was the need for greater effort to win back the market for tropical timber.
70. Mr. Robert Rawson (Australia) commended the consultants for the report and said many of the issues raised in the report were beyond the control of ITTO. He said that the lack of awareness about ITTO in terms of efforts towards sustainable forest management meant that all Members of the Organization should be more promotional about the achievements of the Organization.
71. Mr. Richard Dewdney (U.K.), welcomed the report of the consultants and suggested further discussions at the Committees or perhaps at future Sessions. He welcomed the recommendation that the national and international macro-economic issues that caused the market downturn were outside the control of the forestry sector. He suggested that the report could have more explicitly addressed the need to capture the global and national externalities that forests provide through the various services such as watersheds, biodiversity and carbon sinks. Mr. Dewdney informed the Council about the financing being undertaken under the auspices of the Intergovernmental Forum on Forests (IFF) and a report submitted at the third Session of the IFF by the UNDP Program on Forests. He said that the report looked at innovative mechanisms for forestry in moving investment resources away from unsustainable forest management towards a more sustainable forest management capturing the externalities that forests provide. He encouraged delegates to make themselves aware of the debate at the IFF. He supported the earlier suggestion by Australia for ITTO to enhance its information exchange and its general communications strategy.
72. Mr. Ralph Friedländer (Switzerland), commended the consultants report. He said that when the interim report was presented, Switzerland suggested that the recommendations should be operational and related to the Libreville Action Plan. He therefore suggested that more work had to be done in relating the recommendations to the Libreville Action Plan. Mr. Friedländer supported the statements made by U.K. and Australia about putting ITTO in the international limelight. He also commented on a section of the report on capital flight and said financial markets might accelerate trends already in place but are not the cause of flight of capital and called for more reflection on the issue.
73. Dr. Untung Iskandar (Indonesia), on behalf of the Indonesia delegation, commended the work of the consultants. He suggested that several important points should be emphasized and cited capital flight and changes in foreign exchange as issues beyond ITTO's mandate. He further referred to the recommendation in the report that, "ITTO should clarify the degree to which its mandate permits focus on added-value products, encourage the diversification of products and markets and encourage project work focusing on increased efficiency in the production and trade chain", and said, these recommendations would expand the work of ITTO.
74. Mr. Manuel Hernandez Paz (Honduras), commended the work of the consultants. He said that Producing countries were under pressure to set aside extensive areas of tropical forests for conservation purposes which could affect the trade in the near future. He also said that there was pressure on forest management practices and the requirement for forest certification which impact on the trade and suggested that further consideration should be given to these issues in addressing the market downturn.

75. H.E.M. Sylvestre Naah Ondoua (Cameroon), thanked the consultants for the report. He informed the Council that Cameroon had banned the export of logs of traditional species and that could have an impact on the market for tropical logs even though Cameroon did not hold a large share of the market. He requested Consumer countries to provide technology transfer to assist in the domestic processing of logs in developing countries. He said that could have an impact on prices as well as the conservation of forest resources. H.E.M. Naah Ondoua mentioned that Cameroon had two areas of major concern in forestry and cited them as environmental, economic and social development. He mentioned that, most Producing countries rely on forest resources and said, there were still a large number of species that had not been exploited in Cameroon and called for assistance from Consumer countries to carry out research into the lesser-used species in order to reduce the pressure on the traditional species.
76. Mr. Alhassan Attah (Ghana), on behalf of the Ghanaian delegation, commended the consultants for the report. He indicated that some of the recommendations were beyond the scope of ITTO and suggested further discussions on the recommendations at the Committee level. He suggested that the issue of trade forecast had to be looked into in greater detail because that was an area where most Producing countries were encountering problems. He suggested collaboration between the UN-ECE and ITTO in that regard.
77. Dr. B.C.Y. Freezailah (Malaysia) echoed words of appreciation for the comprehensive report. He said that markets and prices were important and fundamental in terms of promoting sustainable forest management. He commented on the issue of timber certification, the erosion of market share and the collapse of prices for tropical timber in the last two years and sought further clarification on the role and importance of timber certification in recapturing some of the lost market for tropical timber.
78. H.E.Mr. Jean Claude Kouassi (Côte d'Ivoire) commended the consultants' report. He said that many of the recommendations were innovating and required initiatives from Member countries. He cited specifically, the role of marketing and raising awareness about progress achieved towards sustainable forest management. H.E.Mr. Jean Claude Kouassi called for clearly defined roles for Member states and ITTO in order to achieve synergy.
79. Mr. Hyung-Kwang Kim (Republic of Korea) commended the consultants' report. He spoke about the need for technology development for processing of small diameter species of tropical timber and called on ITTO to focus more attention on such technological development. He also spoke about removal of obstacles such as tax barriers for investment into plantation development.
80. Mr. Chen Xuhe (People's Republic of China) commended the consultants for a comprehensive report. He said that China viewed development and environmental protection as equally important and therefore sustainable forest management should further promote more effective utilization of forest resources. He expressed the desire for China to collaborate with Cameroon in that regard.
81. The Chairperson, Mr. Jean Williams Sollo, suggested that the issues raised should be discussed further at the Committee level.

#### **THE APPLICATION OF CRITERIA AND INDICATORS FOR SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS – DECISION 3(XXVI) (Agenda Item 15)**

82. The Officer-in-Charge, Dr. Manoel Sobral Filho reported on the agenda item. He informed the Council that pursuant to Decision 3(XXVI), the Secretariat had published in all three languages and circulated the "Manuals on the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests" both at the Forest Management Unit and at the National level, after due consultation with the consultants. With regard to the field testing of the Manual and the training workshops on the application of the Manual, Dr. Sobral reported that those aspects had not been implemented for lack of funds. He also briefed the Council about the Montreal Process meeting in the United States and on another Criteria and Indicators initiatives being organized by CATIE, IUFRO and FAO in Costa Rica, which the Secretariat would be participating and presenting the ITTO initiatives on Criteria and Indicators.

**REPORT OF THE PANEL ON MATTERS RELATED TO ARTICLE-16 OF THE ITTA, 1994 (Agenda Item 16)**

83. The Chairperson, Mr. Jean Williams Sollo (Cameroon), invited Dr. Untung Iskandar (Indonesia), Co-Chairperson of the Panel on Matters Related to Article 16 of ITTA, 1994 to present the report of the Panel.
84. In his presentation, Dr. Untung Iskandar (Indonesia) drew Council's attention to document ITTC(XXVII)/8. He said that pursuant to Decision 8(XXVI) Annex 1, the Panel met from 27 to 29 September 1999, in Yokohama. The Panel comprised: Dr. Untung Iskandar (Indonesia), Mr. Richard Dewdney (U.K.), Dr. B.C.Y. Freezailah (Malaysia), Mr. Enzo Barattini (E.U.), Mr. Luciano Helmold Macieira (Brazil), Mr. Zhou Dalin (China), Mr. Jean Bosco Samgba Ahanda (Cameroon), Ms. Jan McAlpine (U.S.A.), Dr. Josefina Takahashi (Peru) and Mr. Kazuo Tanaka (Japan).
85. Dr. Iskandar briefed the Council about the format adopted by the Panel for the examination of applications. These were: nationality, government endorsement, date of receipt of application at ITTO Headquarters, age of applicant, background, language skills and professional experience. The profile of each candidate was compiled based on the format adopted.
86. He said that a three-point indicative rating system was used in assessing the background, language skills and professional experience of candidates. He informed Members that the Secretariat had on 16 September 1999 circulated to Panel Members, seven applications with government endorsement received by 14 September 1999. The applications were from (in alphabetical order): Valentino L. Cabansag (Philippines); Claude René Heimo (Switzerland); Göran Nilson Axberg (Sweden); Ram Prasad (India); Uday Raj Sharma (Nepal); Manoel Sobral Filho (Brazil); and Don Dayapala Wijewardana (New Zealand). In addition, the Secretariat had also sent to Panel Members another application with government endorsement received on 16 September 1999 from Silvia Heredia de Páez (Venezuela). The Panel also noted that additional 38 expressions of interest and applications without government endorsement were received by 14 September 1999.
87. Dr. Untung Iskandar said, the Panel after assessment, agreed to present for the consideration of the Council, an indicative shortlist of four candidates (in alphabetical order); Claude René Heimo (Switzerland, Consumer), Ram Prasad (India, Producer), Manoel Sobral Filho (Brazil, Producer) and Don Dayapala Wijewardana (New Zealand, Consumer). He said that the Panel encountered some difficulties in assessing government endorsements and requested the Secretariat to verify the government endorsement of the shortlisted candidates and report its findings to the Council at the Twenty-seventh Session.
88. The Chairperson, Mr. Jean Williams Sollo, invited the Secretariat to report on its findings with respect to the verification of government endorsement of the candidates. The Secretariat informed the Council that confirmation of government endorsement had been received from the governments of Brazil, New Zealand and Switzerland in respect of Dr. Manoel Sobral Filho, Mr. Don Dayapala Wijewardana and Mr. Claude René Heimo, respectively.
89. Mr. Mike Fullerton (Canada) sought clarification and implications of the information provided by the Secretariat.
90. The Chairperson, Mr. Jean Williams Sollo (Cameroon) explained that the report implied that only three of candidates could be considered as having their applications endorsed by their respective governments. He also informed the Council, that as agreed by the Informal Advisory Group, the candidates would be required to make statements to the Council. The meeting was adjourned.
91. On resumption of business, the Chairperson, Mr. Jean Williams Sollo, informed the Council that the candidates had been informed through letters to appear before the Council to make a 15-minute presentation.
92. Mr. Rae-Kwon Chung, Vice-Chairperson of the Council, drew a ballot to determine the order in which the candidates were to make their presentations. Each candidate made a 15-minute presentation to the Council outlining his vision for the Organization, should he be appointed as Executive Director. The presentations were made in the following order: Claude René Heimo, Dr. Manoel Sobral Filho and Mr. Don Dayapala Wijewardana.



93. The Chairperson, Mr. Jean Williams Sollo (Cameroon) thanked the candidates for their presentations and asked Members of the Council to reflect on the presentations of the candidates in selecting the new Executive Director.
94. Dr. Untung Iskandar (Indonesia), spokesperson of the Producer Group, informed the Council that the Producer Group had unanimously decided to support Dr. Manoel Sobral Filho for the post of Executive Director.
95. Mr. Lammers Van Bueren (Netherlands), referred to the statement made by the Producer spokesperson and sought further clarification on the matter. In his opinion, the presentations by the candidates were supposed to assist Members in their evaluation of the applicants and in forming opinion on each of the candidates.
96. Mr. Jeroen Cooreman (Luxembourg/Belgium), expressed regret about the statement made by the Producer spokesperson. In his opinion, the statement was untimely and premature and gave the impression that the presentations by the candidates were not necessary in arriving at a decision on the choice of a suitable candidate for the position of Executive Director.
97. Mr. Richard Dewdney (U.K.), spokesperson of the Consumer Group, expressed concern similar to those expressed by the delegation of the Netherlands and Belgium.
98. Mr. Enzo Barattini (European Union), endorsed the position expressed by the delegation of the Netherlands, Belgium, and U.K. He said the European Union would adopt a position within the framework of the procedure agreed after consultations and discussions, in order to select the candidate most capable for the position of Executive Director.
99. Mr. E.O. Nsenkyire (Ghana) informed the Council that the Producer Group had earlier evaluated the candidature of Dr. Manoel Sobral Filho (Producer) based on his curriculum vitae and considered him very capable for the position of Executive Director. However, having heard the presentations of all the candidates, in the opinion of the Ghanaian delegation, the Producer Group would reconvene to assess all the other candidates.
100. The Chairperson, Mr. Jean Williams Sollo (Cameroon) deferred further discussions on the subject and requested the caucuses to consider the subject in greater detail to enable the Council arrive at a decision. The Session was adjourned.
101. On resumption of business, the Chairperson, Mr. Jean Williams Sollo, invited the spokespersons to address the Council on the outcome of deliberations in their respective caucuses.
102. Dr. Untung Iskandar (Indonesia), spokesperson for the Producer Group, on behalf of the Producer Group, expressed deep gratitude to the Consumer Group for their cooperation and understanding which had resulted in a consensus on the appointment of the Executive Director. He said the two caucuses had agreed to appoint Dr. Manoel Sobral Filho, from Brazil as the Executive Director of the Organization. In his opinion, that was a remarkable achievement in international cooperation, looking at the difficulties other organizations face in selecting their chief Executive. He also acknowledged with gratitude the flexibility and understanding exhibited by Mr. Don Wijewardana (New Zealand) and Mr. Claude Heimo (Switzerland) which facilitated the process of reaching a consensus. Dr. Untung Iskandar also thanked Mr. Richard Dewdney, the Consumer spokesperson and Members of the Consumer Contact Group, Messrs. Enzo Barattini (EU), Kazuo Tanaka (Japan) and Ralph Friedländer (Switzerland) for their understanding and flexibility which enabled the Producers and Consumers to reach a consensus. (The full text of the statement is attached as Annex VII)
103. Mr. Richard Dewdney (U.K.), spokesperson for the Consumer Group, informed the Council that the Consumer caucus had joined with the Producer caucus to fully and unconditionally support Dr. Manoel Sobral Filho to be the Executive Director of the Organization. He said Dr. Manoel Sobral Filho had demonstrated his capabilities having acted as Officer-in-Charge for the best part of the year. Mr. Dewdney said the task of selecting the Executive Director had been daunting because all the three candidates were excellent candidates.
104. Mr. Dewdney (U.K.) said that many valuable lessons had been learned in the selection process which should be reflected upon, at the appropriate time. He said, the year 2000 would be a very significant year for the Organization. He cited the conclusion of the UN Intergovernmental Forum on Forests and possibly the beginning of a Seattle trade round as well as UNCTAD X, and said the

appointment of the Executive Director would serve as an excellent opportunity to reflect on the future direction of the Organization (The full text of the statement is attached as Annex VII)

105. Statements of congratulations on the selection of Dr. Manoel Sobral Filho, as Executive Director were made by New Zealand (Mr. Don Wijewardana); Switzerland (Mr. Ralph Friedländer); Ghana, on behalf of the African Group (Mr. E.O. Nsenkyire); Japan (Mr. Kazuo Tanaka); United States (Ms. Jan McAlpine); Honduras (Mr. Manuel Hernandez Paz); Peru (Dra. Josefina Takahashi Sato); European Union (Mr. Enzo Barattini); China and Egypt (Ms. Fu Li), Thailand (Mr. Pisal Wasuwanich); Colombia (Dra. Angela Andrade Perez); Malaysia (Dr. B.C.Y. Freezailah); Food and Agriculture Organization of the United Nations (Mr. I.J. Bourke); Brazil (Mr. Fernando Guimerães Reis); Ecuador (H.E.Mr. Juan Salazar Sancisi); Venezuela (Mr. Orlando Ortegano); Australia (Mr. Robert Rawson); Bolivia (Mr. Pedro Brozovich); Panama (Mr. Carlos Alberto Gomez Martinez) and Gabon (Mr. Joachim Bilé Allogho).
106. Mr. Jean Williams Sollo (Cameroon), Chairperson of the Council, congratulated Dr. Manoel Sobral Filho, the Executive Director-elect, and assured him of the Council's support. He also thanked the Council Members for achieving a consensus. He expressed his sincere thanks to the other candidates for their excellent performances and understanding which allowed the Council to achieve a consensus.

#### **DRAFT WORK PROGRAMME FOR THE YEAR 2000 (Agenda Item 17)**

107. The Executive Director, Dr. Manoel Sobral Filho presented the draft work programme for the year 2000.
108. He said that the draft work programme had been prepared in consultation with the two spokespersons and Member countries, although there was no explicit decision by the Council to that effect. He referred to document ITTC(XXVII)/9 and said the classification had been based on Decision 7(XXV). He also informed the Council that suggestions from the Governments of the United States, Japan and Sweden had been incorporated into the draft work programme and expressed his gratitude to the governments of United States, Sweden and Japan for their useful suggestions. Dr. Sobral said that, as suggested by the Council, the draft work programme had been related, as far as possible, to the ITTA, 1994, Libreville Action Plan and relevant previous Council decisions.
109. Dr. James Gasana (Switzerland) commended the Secretariat for the draft work programme. He commented on ex-post evaluations and indicated that much attention had not been given to it in the past.
110. Mr. Douglas MacCleery (U.S.A.) associated the US delegation with the comments made by Switzerland and indicated that the draft work programme had been well prepared. He also said that ex-post evaluation of projects was a very important part of the projects cycle and the procedure for identifying projects for ex-post evaluation and their funding were issues that had to be addressed. He requested that the Secretariat should evaluate the issue and propose a simple procedure for identifying projects or groups of projects which would require ex-post evaluations as well a simple and cost effective means of carrying out these ex-post evaluations, including alternative financing mechanisms for such evaluations.
111. Dr. Manoel Sobral Filho, Executive Director, informed the Council that the Secretariat had taken note of the request by the United States delegation and would present a report to the Council on possible procedures to facilitate identification of projects that merit ex-post evaluation as well as possible financial mechanisms to support ex-post evaluation. He referred to an earlier decision on ex-post evaluation which indicated that ex-post evaluation should be carried out with the participation of at least 3 independent parties or consultants which was extremely costly and difficult.
112. Mr. Douglas MacCleery (U.S.A.) said that the United States was also aware of the decision on ex-post evaluation which required 3 independent persons and indicated that, that decision might need to be reviewed. He welcomed the suggestion by the Secretariat to look at the decision and to propose any amendments as necessary.
113. Ms. Aulikki Kauppila (Finland), on behalf of the European Union, commended the Secretariat for the draft work programme. She supported the positions expressed by the United States and Switzerland on the importance of ex-post evaluations and their financing mechanisms. She welcomed the

proposal by the Secretariat to present a report on ex-post evaluations for the consideration of the next Session of the Council.

114. Mr. A.N. Attah (Ghana) congratulated the Secretariat for the draft work programme and indicated that the Committee on Economic Information and Market Intelligence had discussed the draft work programme for the Committee and had set up a small working group to review the various studies proposed by the Secretariat.
115. Ms. Ellen Conway (U.S.A.) suggested that the Secretariat should utilize the internet as much as possible in the dissemination of ITTO publications.
116. Ms. Jan McAlpine (U.S.A.) said that there was a strong correlation between the work programme, the Libreville Action Plan and the budget of the Organization, and called on the Council to look at the inter-relationship between the three areas as a means to focus the Organization's work and identify areas of priority for the Organization. She said that would have implications on how the work programme should be structured.
117. Mr. Waskito Suryodibroto (Indonesia), referred to the IAG recommendation about the participation of ITTO in meetings of the UNFCCC and suggested that it should be included in the draft work programme.
118. The Chairperson, Mr. Jean Williams Sollo (Cameroon) suggested the adoption of the draft work programme, as amended.

#### **REPORT OF THE EXPERT PANEL ON THE REVIEW OF THE ITTO FELLOWSHIP PROGRAMME (Agenda Item 18)**

119. The report was presented by Mr. John Michael Jacques Louis Martinez (Australia). The Panel comprised Ms. Stephanie Caswell (U.S.A.), Chairperson, Mr. John Michael Jacques Louis Martinez (Australia), Mr. Pralong Dumrongthai (Thailand), Mr. Danilo Silva Chiriboga (Ecuador), Mr. Michael James (U.K.) and Mr. E. Siisi-Wilson (Ghana).
120. Mr. Martinez (Australia) said that the panel reviewed the programme with the objective of proposing improvements to the promotion, development and management of the program.
121. Mr. Martinez provided a brief background of the fellowship programme. He said that during the last twelve Sessions of the Council [ITTC(XV) to (XXVI)]: November 1993 – May 1999), the total financial contribution for the programme amounted to US\$2,779,350. The Government of Japan had contributed 78% of the total funds, U.S.A. (8%), Australia (7%), Netherlands (7%). He said 352 awards had been granted so far, with an average of 30 awards per Session. 68% of the awards were in the field of Reforestation and Forest Management; 25% in Forest Industry; and 7% in Economic Information and Market Intelligence. He indicated that 28% of the total awards were to applicants from Africa, 35% from Asia/Pacific and 19% from Latin America.
122. Mr. Martinez informed the Council that the number of applications received per Session has increased substantially from about 70 to over 200. He said that all awardees were required to submit to ITTO, two copies of fellowship reports resulting from activities undertaken under their fellowship programmes. He mentioned that recent issues of the TFU contained articles summarizing and disseminating results of the most outstanding work funded by the fellowship programme.
123. The panel recommended that, the objective of the ITTO fellowship program should be revised and clarified. It suggested the following objective: "To develop human resources and enhance professional expertise in Member countries in tropical forestry and related disciplines, with a view to promoting sustainable management of tropical forests, efficient utilization and processing of tropical timber and better economic information on the international trade in tropical timber".
124. He said that the panel made further recommendations on the eligible activities, priority areas, selection criteria, selection screening process, membership of the panel as well as increasing the visibility and recognition of the program within ITTO. It recommended that PD1/93 be eliminated as the program's funding mechanism and that instead a special fund to be known as the "Freezailah Fellowship Fund" be established as a sub-account of the Special Account.

125. He indicated that, depending on the availability of funds, an average of 25-30 fellowships should be awarded at each Council Session, and the maximum amount for any one fellowship should be around US\$10,000.00.
126. The Chairperson, Mr. Jean Williams Sollo (Cameroon) thanked the panel for an excellent report and invited comments from Members of the Council.
127. Statements of commendation and support for the panel's recommendation to re-name the fellowship program as "Freezailah Fellowship Fund" were made by delegations of Ghana, United States, the European Union, United Kingdom, Japan, Indonesia and Honduras.
128. The Chairperson, Mr. Jean Williams Sollo (Cameroon) referred the matter to the caucuses for further discussions.

#### **REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 19)**

129. The report of the Credentials Committee was presented by Ms. Ellen Conway (U.S.A.), Chairperson of the Committee.
130. She referred to document ITTC(XXVII)/3. She reported that the Committee which comprised representatives from China, Germany, Japan, Peru, Philippines, Thailand, Togo and U.S.A. met on 4 November, 1999 and examined and accepted the credentials of 42 countries and the European Community which participated in the Twenty-seventy Session of the ITTC and Sessions of the associated Committees.

#### **PLEDGES TO THE SPECIAL ACCOUNT AND THE BALI PARTNERSHIP FUND (Agenda Item 20)**

131. The Chairperson, Mr. Jean Williams Sollo, invited Members to make voluntary contributions to the Special Account and the Bali Partnership Fund.
132. Mr. Richard Dewdney (U.K.) pledged US\$50,000 on behalf of the Government of U.K. towards further work on the Year 2000 Objective. He indicated that the contribution was in support of consultancy work under the Year 2000 Objective.
133. Mr. Ralph Friedländer (Switzerland), on behalf of the Swiss Government, pledged an amount of US\$1.5 million to the Swiss Trust Fund of the Special Account. In addition, Switzerland pledged US\$1.0 million to Sub Account "B" of the Bali Partnership Fund. He also indicated Switzerland's intention to close the Special Window of the Swiss Trust Fund in the Special Account and transfer the amount of US\$320,000 in that window to Sub Account "B" of the Bali Partnership Fund. Switzerland also agreed to the transfer of 50% of the accumulated interest earned in the Swiss Trust Fund amounting to about US\$260,000 to Sub Account "B" of the Bali Partnership Fund, bringing the total amount pledged to this Sub Account to US\$1.6 million. Mr. Friedländer said that Switzerland would like to show its commitment to ITTO in order to make the Organization functional to achieve its objectives. He was confident that other delegations would pledge to Sub Account B of the Bali Partnership Fund. Mr. Friedländer thanked all delegates who had contributed to the drafting of Decisions 6(XXVI) and 9(XXVII) on the Bali Partnership Fund.
134. The Chairperson, Mr. Jean Williams Sollo thanked Switzerland and U.K. for their generous contributions.

#### **REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES AND THE FELLOWSHIP SELECTION PANEL (Agenda Item 21)**

135. Mr. A. N. Attah (Ghana), Chairperson of the Committee on Economic Information and Market Intelligence presented the report on the work of the Committee. He referred to document CEM(XXV)/7 Rev.2. He said that the Committee considered the report of ex-post evaluations of 2 projects and indicated that several important lessons had been drawn from these ex-post evaluations.
136. Mr. Attah mentioned that the Committee noted the status of nine (9) projects, pre-projects and activities under implementation. The Committee also noted that four (4) projects and one pre-project were pending agreement while six projects were pending financing. The Committee recommended six new project and pre-project proposals to the Council for approval and funding.

137. He informed the Council that in terms of policy work, the Committee considered eleven (11) issues. These included market access, the downturn in the tropical timber market, the draft work programme, IFF and the theme for 2000 Annual Market Discussion. The Committee also discussed the statement by the informal trade group.
138. He informed the Council that Ms. Astrid Bergquist (Sweden) was elected as Chairperson of the Committee for 2000, while Mr. Luciano Helmold Macieira (Brazil) was elected as Vice-Chairperson.
139. Dra. Angela Andrade Perez (Colombia), Chairperson of the Committee on Forest Industry, presented the report of the Committee. She referred to document CFI(XXV)/7. She said that the Committee noted with satisfaction the reports of three completed projects and one pre-project. The Committee expressed particular satisfaction with the publications and CD-ROM data-bases produced under these projects and requested the Secretariat to take the necessary action for their wide distribution and dissemination.
140. She said, the Committee noted and reviewed the progress in the implementation of twenty-two (22) projects and seven (7) pre-projects. Dra. Angela Andrade Perez said that the Committee considered two (2) new project proposals and six new pre-project proposals and recommended them to the Council for approval and funding. Policy issues considered by the Committee included: (i) Guidelines on increasing utilization efficiency and reduction of losses; (ii) voluntary code of conduct of the forest industry, and (iii) preparation of terms of reference and recommendations for a review of the status of further processing of tropical timber.
141. She informed the Council that the Committee had elected Ms. Kayoko Fukushima (Japan) as the Chairperson of the Committee and Dr. Abdul Rashid Hj. Abdul Malik (Malaysia) as the Vice-Chairperson for 2000.
142. Dr. James Gasana (Switzerland), Chairperson of the Committee on Reforestation and Forest Management reported on the work of the Committee. He referred Members to document CRF(XXV)/12 Rev.1. He said that the Committee reviewed the completion reports of two projects, with financial audit and six (6) completed projects without financial audit and requested the Executing Agencies of these projects to submit the audited financial reports before the Committee's next Session. The Committee also noted with satisfaction one (1) completed pre-project. The Committee requested the Secretariat to institute a procedure for identifying projects or groups of projects requiring ex-post evaluations and suggest a cost effective way to carry out ex-post evaluations.
143. Dr. Gasana mentioned that the Committee had recommended to carry out ex-post evaluation on four (4) completed projects and also noted that there were 66 projects under implementation and reviewed the progress in implementation of twenty-four (24) of these projects. The Committee also noted that there were eighteen (18) pre-projects under implementation and reviewed the progress in implementation of two (2) of these pre-projects.
144. Dr. Gasana said that the Committee recommended 11 new project proposals and 2 new pre-project proposals, and one activity for Council's approval and funding.
145. The Committee elected Mr. Pisal Wasuwanich (Thailand) as the Chairperson of the Committee and Mr. Chen Xuhe (China) as Vice-Chairperson for 2000.
146. Mr. Luciano Helmold Macieira (Brazil), Chairperson of the Committee on Finance and Administration reported on the work of the Committee. He referred Members to document CFA (VI)/9 Rev.1. He said, the Committee reviewed and recommended to the Council for approval the draft administrative budget for the financial year 2000 which amounted to US\$4,465,940.00 representing an increase of 8.39% against the approved budget for 1999. The increase was due to the weakened strength of the United States dollar against the Japanese Yen.
147. With regard to large arrears in contributions to the administrative budget, the Secretariat informed the Committee that consultations with other commodity organizations confirmed that write-offs of arrearages in contribution had never been exercised by any commodity organization. The Committee appealed to Members to settle their indebtedness to the Organization. The Committee noted that the balance of the working capital account stood at US\$2,960,989.46.
148. With regard to the resources of the Bali Partnership Fund, the Committee noted that the unearmarked resources (Sub Account B) of the BPF amounted to US\$4,174,024.32. Mr. Luciano

- Macieira said that the Committee decided to recommend to the Council "Arthur Andersen Co., Tokyo" to audit the accounts of the Organization for the financial year 1999.
149. Mr. Luciano Helmold Macieira (Brazil) informed the Council that the Committee discussed the "Progress and Cost Implications for Further Development of the ITTO Home page" and "ITTO Information Policy and Strategy" and commended the Secretariat for improvements in the ITTO Homepage and the distribution of documents through the homepage sub-site.
  150. The Committee elected Ms. Ellen Conway (U.S.A.) as Chairperson of the Committee and Mr. Batoum Themotio (Cameroon) as Vice-Chairperson for 2000.
  151. Mr. Rae-Kwon Chung (Republic of Korea), Vice-Chairperson of the Council, reported on the work of Fellowship Selection Panel. He said that a total of 96 fellowship applications (75 from Producer countries and 21 from Consumer countries) were considered by the Panel. The panel recommended for approval twenty-five (25) applications, subject to the availability of funds at a total cost of approximately US\$120,000. He said that the Panel used the selection criteria to review the applications, taking into account the need to maintain as much as possible a balance between the three subject areas and the different geographic regions and gender of applicants.

#### **ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2000 (Agenda Item 22)**

152. Mr. Richard Dewdney (U.K.), spokesperson for the Consumer Group, nominated Dra. Josefina Takahashi Sato (Peru) as the Vice-Chairperson of the Council for 2000. Dra. Josefina Takahashi Sato is the Head of the National Institute for Natural Resources of Peru (INRENA). She is also the Chairperson of the Technical Secretariat responsible for coordinating the Consultative Group on International Agricultural Research (CGIAR) and head of the International Contract Management Unit (UGECI) responsible for coordination, administration, supervision and evaluation of externally funded projects in Peru. She was the Chairperson of the Governing Agency for the Integrated Care of Children and Adolescents in Peru from 1994 to 1996. She served as a member of the Advisory Council of the World Wildlife Fund (WWF) – World Bank (WB) Alliance and a member of the Board of Directors of the International Potato Center (CIP). She also served as the Chairperson of the Board of Directors of the National Fund for State Protected Areas (PROFONANPE) of Peru.
153. The nomination of Dra. Josefina Takahashi Sato was seconded by New Zealand (Mr. Don Wijewardana), Korea (Mr. Hyung-Kwong Kim) and Brazil (Mr. Luciano Helmold Macieira). The nomination was unanimously approved by the Council.
154. Dr. Untung Iskandar (Indonesia), spokesperson for the Producer Group, nominated Mr. Rae-Kwon Chung (Republic of Korea) as the Chairperson of the Council for 2000. Mr. Rae-Kwon Chung majored in Economics and obtained a Master of Science degree (MSc) in Science for Foreign Service from Georgetown Graduate School of Foreign Service, Washington, D.C., U.S.A. He served as Director for Global Environment Affairs of the Ministry of Foreign Affairs of the Republic of Korea and participated in several international environmental conferences on Climate Change, Biodiversity, Desertification, Bio-safety Protocol and Basel Convention, including the Rio Earth Summit in 1992. Mr. Rae-Kwon Chung served at Korean Missions to the OECD in Paris and the Permanent Mission of Korea to the United Nations and participated in the works of the UN in the field of Sustainable Development and Environment. He served as the rapporteur of the second Committee of the UN General Assembly and as the coordinator for technology transfer of the first COP of Climate Change Convention. He was appointed the Deputy Director-General for Environment of the Ministry of Foreign Affairs and Trade of the Republic of Korea, in March 1999, a position he currently holds.
155. The nomination of Mr. Rae-Kwon Chung was seconded by Switzerland (Mr. Ralph Friedländer), Ghana (Mr. E.O. Nsenkyire), Australia (Mr. Robert Rawson) and Japan (Mr. Kazuo Tanaka). The Council unanimously approved the nomination.
156. The out-going Chairperson, Mr. Jean Williams Sollo (Cameroon) congratulated the newly elected Chairperson and Vice-Chairperson of the Council.
157. In a statement to the Council, Mr. Rae-Kwon Chung, Chairperson-elect, thanked the Council for entrusting him with the high responsibility of Chairperson of the Council for the year 2000. He said that ITTO had been instrumental since its inception in operationalizing the concept of sustainable forest management and mobilizing the common endeavour of producers and consumers for sustainable development and conservation of tropical forests. He promised to build on the

achievements of ITTO's objectives and further strengthen the standing of ITTO in the global framework for sustainable development in the next millenium.

158. Mr. Rae-Kwon Chung congratulated the Council for being able to unanimously appoint the Executive Director, Dr. Manoel Sobral Filho, by consensus. He said that the unanimous support for Dr. Sobral bore testimony to the maturity and solidarity of the Council and augured well for the future of the Organization in the next millenium. He also congratulated the out-going Chairperson, Mr. Jean Williams Sollo, for his maturity and flexible leadership. He commended Dr. B.C.Y. Freezailah, the former Executive Director who led the Secretariat throughout the early precarious days and successfully laid down the foundation of ITTO.
159. He said that the issues of carbon sequestration, emission trading and the clean development mechanism (CDM) which were being negotiated at the 5<sup>th</sup> Conference of Parties of the Climate Change Convention would have direct impact on the work of ITTO and called on Members to explore the potential implications of these newly emerging carbon stabilizing mechanisms.
160. Mr. Rae-Kwon Chung mentioned that he was confident that the leadership of Dr. Manoel Sobral Filho, the new Executive Director, would vitalize the work of the Organization and catalyze lively and constructive dialogues between the Secretariat and the Council.

#### **DATES AND VENUE OF THE THIRTIETH SESSION OF THE COUNCIL AND ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 23)**

161. The Secretariat informed the Council that the preliminary dates and venue of the Thirtieth Session of the Council and Associated Sessions of the Committees are 28 May – 2 June 2001 in Abidjan, Côte d'Ivoire.
162. Mr. Enzo Barattini (EU) commented on the dates of the May/June Sessions of the Council and indicated that he had noticed that they often coincide with the Sessions of the International Coffee Organization. He promised to check on the dates of the ICO and inform the Secretariat accordingly to avoid any clash of dates, for the two meetings.

#### **OTHER BUSINESS (Agenda Item 24)**

##### **Statement by Delegation of Vanuatu**

163. Mr. Livo Mele (Vanuatu) presented a statement by the Government of Vanuatu to the Council.
164. He thanked the Council for allowing Vanuatu to participate in the Session of the Council for the second time, as an Observer. He said that Vanuatu was very keen to become a Member of the ITTO because the Government of Vanuatu fully supported the objectives and principles of ITTO. He mentioned a range of measures being implemented by Vanuatu to achieve sustainable management of its forest. These included: (i) 1997 National Forest Policy; (ii) 1997 Revision of the Forestry Legislation; (iii) implementation of the code of logging practice; (iv) reduced impact logging guidelines and silviculture prescription; and (v) restructuring of the Forestry Department.
165. Mr. Mele commended the Government of Japan, particularly the City of Yokohama, for the warm reception accorded to the delegates.

##### **Statement by the Informal Trade Group**

166. Mr. Michael James (U.K.), on behalf of the Informal Trade Group, welcomed the growing debate on trade and other market related issues at recent ITTC meetings, particularly the opportunity for the Informal Trade Group to exchange its views on a regular basis on important issues of current concern, in the ever changing patterns of the international tropical timber market.
167. He informed the Council that the provisional theme for the market discussion to be held in Peru would be: "What does it take to be responsible and successful in the international tropical timber market?" He said that despite the market improvement in the international tropical timber market since the dramatic downturn in many producer countries in 1997/8, the tropical timber trade still had been woefully underperforming, in the face of growing competition from other timber and non-timber products and in the light of continuing and growing environmental criticism from NGO's and others who still fail to recognize, deliberately or from lack of available information, the marked progress made by many Member countries towards the achievement of the Year 2000 Objective.

168. Mr. Michael James said that the Informal Trade Group would want the Secretariat to set in motion arrangements to formalize an acceptable status for the Group by setting aside a period of time at each Session of the ITTC for Trade Members to report on important developments in the market place since the previous meetings. He urged Member countries to include trade representatives in their delegation.

#### **DECISIONS AND REPORT OF THE SESSION (Agenda Item 25)**

169. The Chairperson, Mr. Jean Williams Sollo (Cameroon), referred to documents ITTC(XXVII)/10 Rev.1 to ITTC(XXVII)/20 comprising the eleven Decisions for adoption by the Council at its Twenty-seventh Session. The Council approved all the Decisions (these are reproduced in this report as Annex IV). Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedure was to be applied to the circulation of the Decisions and the Council Report to Members.

#### **CLOSING SESSION (Agenda Item 26)**

##### **Statement by Delegation of Gabon**

170. Mr. Joachim Bilé Allogho (Gabon) on behalf of the delegation of Gabon expressed satisfaction with the work of the Twenty-seventh Session of the Council and congratulated Dr. Manoel Sobral Filho, on his appointment as Executive Director of the Organization. He said the selection process indicated the maturity of the Organization. On the issue of ITTO Year 2000 Objective, he said that the Organization had to establish priorities in reaching the goals of the Organization with regard to the management of tropical forest. Mr. Bilé Allogho said that it was time for the Organization to pay particular attention to the needs of the African countries.

##### **Statement by the Consumer Spokesperson**

171. Mr. Richard Dewdney (U.K.), spokesperson of the Consumer Group, on behalf of the Consumer caucus, wholeheartedly welcomed Dr. Manoel Sobral Filho, as the new Executive Director of the Organization. He said that the Organization would face serious challenges in the future but was confident that Dr. Manoel Sobral was more than apt to the job, having exhibited so much energy, passion, spirit and diplomacy. He expressed his thanks to Messrs. Don Wijewardana and Claude Heimo for taking part in the election, as well as the spirit they exhibited.
172. Mr. Richard Dewdney also commended the able leadership of the Chairperson of the Council, Mr. Jean Williams Sollo (Cameroon), and the Secretariat for its efficiency and hard work. He also commended the efforts of the interpreters and translators. Mr. Richard Dewdney expressed sincere thanks to the Government of Japan, particularly, the City of Yokohama for the warm hospitality accorded delegates during the Sessions.
173. Mr. Dewdney commended the Producer Spokesperson, Dr. Untung Iskandar, for the warm and friendly atmosphere that characterized their discussions.
174. He referred to the decisions adopted at the Session and commended the efforts of all delegates. He cited specifically, the Draft Work Programme, the ITTO Year 2000 Objective, the Bali Partnership Fund, the Fellowship Programme and the Framework for Guidelines on Tropical Forest Management. He acknowledged the depth of policy discussions emerging from the Committees and said, that was a healthy development.
175. On future direction of the Organization, Mr. Dewdney spoke about the important processes taking place in the international forestry world and cited the IFF and the WTO meeting in Seattle, U.S.A. and said that the place of ITTO in these rapidly evolving landscape would have to be discussed at the next Session of the Council.

##### **Statement by the Producer Spokesperson**

176. Dr. Untung Iskandar (Indonesia), spokesperson of the Producer Group, on behalf of the Producer caucus, commended the Chairperson of the Council, Mr. Jean Williams Sollo (Cameroon) for his able leadership. He congratulated Dr. Manoel Sobral Filho, on his appointment as Executive Director of the Organization and was confident about Dr. Sobral's abilities, dedication, vigor and energy in leading ITTO into the new millenium.
177. Dr. Iskandar (Indonesia) said that he was pleased with the decisions adopted by the Council. He cited the ITTO Fellowship Programme, the Year 2000 Objective, the Framework for Guidelines on Tropical Forest Management, the ITTO Work Programme for the Year 2000, the Bali Partnership Fund and the Market Downturn as important decisions adopted by the Council. He expressed his



satisfaction with the achievements of ITTO under Dr. B.C.Y. Freezailah, the first Executive Director, and said he had every confidence that Dr. Sobral would lead the Organization to greater achievements.

178. Dr. Untung Iskandar commended the hospitality and generous support of the Government of Japan particularly the City of Yokohama. He also thanked the Government of Switzerland for the financial support. He expressed his appreciation to the Secretariat, the interpreters and translators for their dedication and support. Dr. Untung Iskandar paid tribute to Mr. Richard Dewdney, the Consumer spokesperson, for his tolerance and understanding which enabled the caucuses to reach consensus on many issues.
179. In concluding, Dr. Untung Iskandar congratulated the Chairperson of the Council, Mr. Jean Williams Sollo, for his patience in accommodating the dynamic process of consultations and his able leadership. He welcomed the new Chairperson, Mr. Rae-Kwon Chung (Republic of Korea) and pledged to support him in the next Council Session.

#### **Statement by the Delegation of Japan**

180. Mr. Kazuo Tanaka (Japan) said that the appointment of the new Executive Director, Dr. Manoel Sobral Filho, marked an important step for ITTO. On behalf of the Japanese delegation, Mr. Tanaka said they were very pleased that a successor to Dr. Freezailah had been appointed. He said the cooperative spirit of Members made it possible for the Executive Director to be appointed by consensus. He indicated that many lessons had been learnt from the selection process and the need to reflect upon these lessons, for similar exercises in the future. He said, Japan would cooperate and assist the new Executive Director in steering the Organization into the future.
181. Mr. Tanaka (Japan) mentioned other achievements of the Session. He cited the mechanism for the allocation of funds under the Bali Partnership Fund, improvements to the ITTO Fellowship Programme, the Year 2000 Objective, the Draft Work Programme, Rules and Procedures Applying to ITTO Projects and Framework for Guidelines on Tropical Forest Management, as some of the important decisions of the Session. He thanked the Chairperson, Mr. Jean Williams Sollo for his able leadership which enabled the Council to make such achievements during the Session.
182. Mr. Tanaka, on behalf of the Government of Japan commended the staff of the ITTO Secretariat for their excellent work. He thanked the interpreters, translators and staff of the Yokohama liaison office and the volunteers for their dedication and excellent contribution to the organization of the Session.

#### **Statement by the Delegation of the Republic of Korea**

183. Mr. Hyung-Kwang Kim (Republic of Korea), on behalf of the Korean delegation, thanked the Government of Japan, particularly the City of Yokohama for the warm hospitality accorded delegates and the great support to the Council. He was pleased with the decision on the Year 2000 Objective and congratulated Members of the Council for the historic achievement. Mr. Kim also congratulated Dr. Sobral Filho, on his appointment as the Executive Director of ITTO. He said that the Republic of Korea was looking forward to working closely with ITTO under the leadership of Dr. Sobral Filho. He indicated that, he was very impressed about the democratic process in ITTO, which enabled the Council to appoint the Executive Director by consensus. Mr. Kim said that there was, however, room for improvement, in terms of time management of the meetings.

#### **Statement by the Delegation of the European Union**

184. Mr. Enzo Barattini (EU), on behalf of the European Union congratulated Dr. Manoel Sobral Filho, on his appointment as Executive Director and indicated that the European Union had absolute confidence in Dr. Sobral Filho. He also recognized the merit of Messrs. Don Wijewardana and Claude Heimo as candidates for the position of Executive Director. Mr. Barattini recognized the contribution of Dr. Freezailah, the first Executive Director who was present at the Session. Mr. Barattini expressed satisfaction with the 11 decisions adopted by the Council. He said that ITTO was facing great challenges and was confident that under the leadership of Dr. Sobral Filho, ITTO would be able to overcome all the challenges. He congratulated the Chairperson of the Council, Mr. Jean Williams Sollo (Cameroon), for his able leadership which enabled the Council to reach a consensus on the appointment of the Executive Director. He welcomed the new Chairperson of the Council, Mr. Rae-Kwon Chung (Republic of Korea) and pledged the continued support of the European Union to the new Chairperson. Mr. Barattini thanked the Government of Japan for the hospitality accorded to delegates. He thanked the Secretariat the translators and interpreters for the assistance accorded to delegates.

**Closing Statement by the Executive Director, Dr. Manoel Sobral Filho**

185. Dr. Manoel Sobral Filho said that he was touched by the confidence reposed in him by Members and pledged to do his best as the Executive Director. He said that the ITTO Year 2000 Objective was the greatest challenge and the greatest opportunity facing the ITTO and was pleased with the decision adopted by the Council on the Year 2000 Objective. He indicated that the decision would strengthen the ability of the Organization to inform the public of the progress being made by Members and add credibility to the cause of ITTO. Dr. Sobral Filho said that in the year 2000, the Organization would be under pressure from the trade, Member countries and the public to demonstrate the progress made towards the Year 2000 Objective and said ITTO must be prepared to make a statement to the world in that regard. He welcomed the decision on the Bali Partnership Fund and said, it would further strengthen the ITTO project work.
186. The Executive Director suggested that, since six countries were responsible for about 90% of the total tropical timber exports of ITTO Producer Members, special and additional efforts in these countries would make the Organization more effective. He said, such efforts and assistance should be tailored to meet each Country's needs.
187. Dr. Sobral Filho called on the Council to give further thought to the suggestion made by the Informal Trade Group, to encourage increased levels of trade involvement in ITTO which would allow the trade to report on recent developments in the market place. On the issue of certification, the Executive Director suggested that the Council might wish to consider supporting a certification forum to discuss the development and mutual recognition of credible national and regional certification schemes.
188. The Executive Director welcomed the decision on the ITTO Fellowship Programme and was particularly pleased with the mechanism established for the continuous provision of funds to the program, as well as the re-christening of the Programme as the 'Freezailah Fellowship Fund". He said that would be a lasting tribute to the first Executive Director, Dr. B.C.Y. Freezailah.
189. Dr. Sobral Filho called on the Council to find ways to help enrich the lives of people living in the world's tropical forests, without wrecking the forest in the process. He expressed his sincere gratitude to the Government of Japan, particularly the City of Yokohama for the support they provide to ITTO. He also thanked the out-going Chairperson of the Council, Mr. Jean Williams Sollo (Cameroon) for his able leadership and welcomed the in-coming Chairperson, Mr. Rae-Kwon Chung (Republic of Korea) and looked forward to working under his able leadership.

**Closing Statement by the Chairperson, Mr. Jean Williams Sollo**

190. In his closing remarks, the Chairperson, Mr. Jean Williams Sollo, expressed satisfaction with the achievements of the Session. He was particularly pleased with the eleven (11) decisions adopted by the Council. He said that the decisions adopted would help to correct some of the shortcomings of the Organization, consolidate some of the achievements already made and guide and direct the future work of the Organization.
191. Mr. Jean Williams Sollo (Cameroon) thanked the donors for financing projects, pre-projects and activities of the Organization. He said that they had amply demonstrated their solidarity with the Producer countries in the search to achieve sustainable management of their forests. Mr. Sollo was very pleased with the decision on the ITTO Year 2000 Objective. He said that there would be a snowballing effect as a result of that decision. He welcomed the decision on the ITTO Fellowship Programme and said long term training would produce experts who would assist in the sustainable management of forests, especially in Producing Member countries.
192. Mr. Jean Williams Sollo congratulated the Chairpersons and Vice-Chairpersons of the Committees for their excellent reports. He also congratulated the Executive Director, Dr. Manoel Sobral Filho, and the Secretariat for the support they continued to provide to the Council and the Committees. Mr. Jean Williams Sollo expressed his sincere gratitude to the Government of Japan, particularly the City of Yokohama for the hospitality accorded to delegates. He thanked the translators and interpreters for their support. He thanked all delegates and wished them safe trip back home.
196. The Chairperson officially closed the Twenty-seventh Session of the ITTC.

## **ANNEX I**

### **LIST OF PARTICIPANTS**

**Document: ITTC(XXVII)/Info. 2 Rev.2**

Distr.  
General

ITTC(XXVII)/Info.2 Rev.2  
6 November 1999

English/French/Spanish

TWENTY-SEVENTH Session  
1 – 6 November 1999  
Yokohama, Japan

**LIST OF PARTICIPANTS**

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**LISTE DES PARTICIPANTS**

\* \* \* \* \*

**LISTA DE PARTICIPANTES**

**MEMBERS****AUSTRALIA**

- \* Mr. Robert Rawson  
Assistant Secretary, Forest Industries Branch,  
Department of Agriculture, Fisheries and Forestry,  
Canberra
- \*\* Mr. John Martinez  
Assistant Director, State and International  
Relations Section, Department of Agriculture,  
Fisheries and Forestry, Canberra

**BOLIVIA**

- \*\* Mr. Javier Loayza  
Minister, Embassy of Bolivia, Tokyo

**BRAZIL**

- \* Mr. Fernando Guimarães Reis  
Ambassador, Embassy of Brazil, Tokyo
- \*\* Mr. José Carlos Carvalho  
Secretary-Executive, Ministry of Environment,  
Brasilia
- \*\* Mr. Nei Futuro Bittencourt  
First Secretary, Embassy of Brazil, Tokyo
- \*\* Mr. Luciano Helmold Macieira  
First Secretary, Ministry of External Relations,  
Brasilia
- \*\* Ms. Cecilia G. Malaguti de Souza  
Manager, Multilateral Technical Cooperation,  
Brazilian Cooperation Agency, Ministry of External  
Relations, Brasilia
- \*\*\* Mr. Ovidio Gasparetto  
President of SINDIMAD, Director of AIMEX,  
Belém, Para
- \*\*\* Dr. Ivan Tomaselli  
Director, ABIMCI, Curitiba

**CAMBODIA**

- \* Mr. Ung Sam Ath  
Deputy Director of Afforestation Office, Department  
of Forestry, Phnom Penh

**CAMEROON**

- \* H.E.M. Sylvestre Naah Ondoua  
Minister, Ministère de l'Environnement et des  
Forêts, Yaoundé
- \*\* Mr. Jean Bosco Samgba Ahanda  
Ingenieur General des Eaux et Forêts et des  
Chases, Cabinet du Ministre de l'Environnement et  
des Forêts, Yaoundé
- \*\* H.E.Mr. André-Mariè Atangana-Zang  
Ambassador, Embassy of Cameroon, Tokyo
- \*\* Mr. Jean Williams Sollo  
Directeur General, ONADEF, Yaoundé
- \*\* Mr. Awa Onana  
Directeur de la Coopération et des Projets,  
Ministère de Environnement et Forêts, Yaoundé
- \*\* Mr. Batoum Themotio  
Directeur des Projets Co-finances, ONADEF,  
Yaoundé

- 
- Notes:       \* Representative/Représentant/Representante  
              \*\* Alternate representatives/Représentant suppléants/Representantes suplentes  
              \*\*\* Advisers/Conseillers/Asesores

**CANADA**

\* Mr. Mike Fullerton

Senior Policy Advisor, Canadian Forest Service,  
Natural Resources Canada, Ottawa

**CHINA, PEOPLE'S REPUBLIC OF**

\* Mr. Li Jiangyong

First Secretary, Embassy of the People's Republic  
of China, Tokyo

\*\* Ms. Fu Li

Official, Department of International Trade and  
Economic Affairs, Ministry of Foreign Trade and  
Economic Cooperation, Beijing

\*\* Ms. Jiang Xiaomei

Professor, The Research Institute of Wood  
Industry, Chinese Academy of Forestry, Beijing

\*\* Mr. Chen Xuhe

Professor, Director, Division of International  
Cooperation, Chinese Academy of Forestry,  
Beijing

\*\* Mr. Su Ming

Director, State Forestry Administration, Beijing

\*\* Mr. Shi Kunshan

Director of Division of International Cooperation,  
Professor of Institute of Science and Technique  
Information, Chinese Academy of Forestry, Beijing

**COLOMBIA**

\* Dra. Angela Andrade Perez

Directora General, Dirección Técnica de  
Ecosistemas, Ministerio del Medio Ambiente,  
Santafé de Bogotá

\* Ms. Carmenza Robledo

Project Leader, St. Gallen, Switzerland

\*\* Mr. Heliodoro Sanchez

Coordinador Proyecto Manglares, ACOFORE,  
Ministerio del Medio Ambiente, Santafé de Bogotá

\*\* Mr. Juan Carlos Larotta

First Secretary, Embassy of Colombia, Tokyo

\*\* Mr. Juan Turbay

Second Secretary, Embassy of Colombia, Tokyo

**COTE D'IVOIRE**

\* H.E.Mr. Jean-Claude Kouassi

Ministre de l'Environnement et de la Forêt, Abidjan

\*\* H.E.Mr. Koffi Patrice Anoh

Ambassador, Embassy of Côte d'Ivoire, Tokyo

\*\* Mr. Jean-Claude Anoh

Directeur Général, SODEFOR, Abidjan

\*\* Mr. Mamadou Sangare

Directeur des Etudes et Projets, SODEFOR,  
Abidjan

**ECUADOR**

\* H.E.Mr. Juan Salazar Sancisi

Ambassador, Embassy of Ecuador, Tokyo

\*\* Mr. Germán Espinoza

First Secretary, Embassy of Ecuador, Tokyo

**EGYPT**

\* Dr. Mamdouh Riad

Undersecretary of State for Afforestation and  
Environment, Ministry of Agriculture and Land  
Reclamation, Cairo

\*\* Mr. Ahmed M. Shaheen

Diplomat, Embassy of Egypt, Tokyo

**EUROPEAN COMMUNITY/EUROPEAN UNION**

- \* Mr. Enzo Barattini Deputy Head of Unit, European Commission, Brussels

**FINLAND**

- \* Ms. Aulikki Kauppila Counsellor, Ministry of Agriculture and Forestry, Helsinki  
\*\* Mr. Jari Sinkari Second Secretary, Embassy of Finland, Tokyo

**BELGIUM/LUXEMBOURG**

- \* Mr. Jeroen Cooreman Second Secretary, Belgian Embassy, Tokyo

**DENMARK**

- \* Mr. Kasper Rasmussen Special Attache, Royal Danish Embassy, Tokyo

**FRANCE**

- \* Mr. Jean-François Casabonne Masonnave First Secretary, Embassy of France, Tokyo

**GERMANY**

- \* Mr. Hagen Frost Head of Division, Federal Ministry of Economics and Technology, Berlin  
\*\*\* Mr. Dietrich Burger Coordinator Forest Certification Project, Deutsch Gesellschaft Fuer Technische Zusammenarbeit, GTZ, Eschborn

**ITALY**

- \* Mr. Fabrizio Lucentini Second Secretary, Economic and Commercial, Embassy of Italy, Tokyo

**NETHERLANDS**

- \* Mr. Walter A. Bastiaanse Deputy Head Division Investment Policy and International Organizations, Ministry of Economic Affairs, The Hague  
\*\* Mr. Derk de Groot Head, Forests Division, National Reference Centre Nature Management, Wageningen  
\*\* Mr. E.M. Lammerts van Bueren Director, Tropenbos Foundation, Wageningen  
\*\*\* Mr. Maarten J. Boef Second Secretary, Royal Netherlands Embassy, Tokyo

**SPAIN**

- \* Mr. Pilar Gracia Commercial Attache, Embassy of Spain, Tokyo  
\*\* Mr. Yoshio Minematsu Analyst, Embassy of Spain, Tokyo

**SWEDEN**

\* Ms. Astrid Bergquist

Deputy Director, Ministry of Industry, Employment and Communications, Stockholm

**UNITED KINGDOM**

\* Mr. Richard Dewdney

Environment Policy Department, Department for International Development, London

\*\* Mr. Michael Dudley

Head, International Policy, Forestry Commission, Edinburgh

\*\*\* Mr. Michael James

Trade Advisor, Timber Trade Federation, London

**FIJI**

\* Mr. Laiakini Jiko

Acting Conservator of Forests, Forestry Department Headquarters, Suva

**GABON**

\* Mr. Joachim Bilé Allogho

Directeur des Inventaires et des Aménagements Forésters, Libreville

\*\* Mr. Alphonse Owele

Directeur du Développement de l'Industrie et du Commerce du Bois, Libreville

**GHANA**

\* Hon.Dr. Christina Amoako-Nuama

Minister of State, Ministry of Lands &amp; Forestry, Accra

\*\* H.E.Mr. Togbe Kpokou III

Ambassador, Embassy of the Republic of Ghana, Tokyo

\*\* Mr. Edward O. Nsenkyire

Ag. Chief Executive, Forestry Commission, Accra

\*\* Mr. Samuel K. Appiah

Managing Director, Timber Export Development Board, Takoradi

\*\* Mr. Emmanuel Siisi-Wilson

Technical Director, Ministry of Lands &amp; Forestry, Accra

\*\* Mr. Alhassan N. Attah

London Office Manager, Timber Export Development Board, London

\*\* Mr. Joseph Wireko-Brobby

Timber Trade and Industry Representative, Kumasi

**HONDURAS**

\* S.E.Mr. Edgardo Sevilla

Ambassador, Embassy of the Republic of Honduras, Tokyo

\*\* Mr. Angel Murillo

Adviser, Ministry of Foreign Affairs, Tegucigalpa

\*\*\* Mr. Manuel Hernandez Paz

Executive Director, Escuela Nacional de Ciencias Forestales, Siguatepeque

**INDONESIA**

\*\*\* H.E.Mr. Soemadi Brotodiningrat

Ambassador, Embassy of the Republic of Indonesia, Tokyo

\* Mr. Waskito Suryodibroto

Director General of Production Forest Utilization, Ministry of Forestry and Estate Crops, Jakarta

\*\* Mr. Moezdan Razak

Minister, Deputy Chief of Mission, Embassy of the Republic of Indonesia, Tokyo

\*\* Mr. Eliver Radjagoekgoek

Commercial and Industrial Attache, Embassy of the Republic of Indonesia, Tokyo



- \*\* Dr. Untung Iskandar  
 \*\* Mr. Boedijono  
 \*\* Dr. Tachrir Fathoni  
 \*\* Mr. Aryono  
 \*\* Ms. Sri Murniningtyas  
 \*\* Mr. Hardjono  
 \*\* Ms. Lasmini  
 \*\* Mr. Agus P. Saptono  
 \*\* Dr. Mochamad Sambas Sabarnurdin  
 \*\* Mr. A.A. Malik  
 \*\* Mr. Dani Pitoyo  
 \*\* Mr. Daru Asycarya  
 \*\* Mr. Jimmy Purwonegoro
- Director of International Cooperation, Jakarta  
 Director of Center for Standardization, Ministry of Forestry and Estate Crops, Jakarta  
 Forestry Attache, Embassy of the Republic of Indonesia, Tokyo  
 Head of Utilization Forest Product Sub Directorate, Ministry of Forestry and Estate Crops, Jakarta  
 Head, Subdirector of Tourism Development for Region II, Directorate of Nature Tourism, Ministry of Forestry and Estate Crops, Jakarta  
 Head, Sub Division of UN-Cooperation, Bureau of International Cooperation, Ministry of Forestry and Estate Crops, Jakarta  
 Head of International Technical Cooperation Section, Director General of Production Forest Utilization, Ministry of Forestry and Estate Crops, Jakarta  
 Second Secretary, Embassy of the Republic of Indonesia, Tokyo  
 Dean Faculty of Forestry, Gadjahmada University, Yogyakarta  
 Head, Environment & Ecolabelling Department, The Association of Indonesian Forest Concession Holders, Jakarta  
 Vice Chairman, Research and Development Division, Indonesian Wood Product Association (APKINDO), Jakarta  
 Training Specialist, Indonesian Ecolabelling Institute (LEI), Jakarta  
 Executive Director, Indonesian Sawmiller Association, Jakarta

## JAPAN

- \* Mr. Shotaro Oshima  
 \*\* Mr. Kazuo Tanaka  
 \*\* Mr. Ichiro Nagame  
 \*\* Mr. Osamu Hashiramoto  
 \*\* Ms. Kayoko Fukushima  
 \*\* Mr. Takashi Yokoyama  
 \*\* Mr. Kenji Fujita  
 \*\* Mr. Yoshiki Takahama  
 \*\* Ms. Makiko Uemoto  
 \*\* Mr. Junji Matsumoto  
 \*\* Mr. Kenjiro Takamoto  
 \*\* Mr. Yuji Miyake
- Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs, Tokyo  
 Senior Assistant, Developing Economies Division, Economic Affairs Bureau, Ministry of Foreign Affairs, Tokyo  
 Deputy Director, International Forestry Cooperation Office, Forestry Agency, Tokyo  
 Assistant Director, Wood Products Trade Office, Forestry Agency, Tokyo  
 Assistant Director, Developing Economies Division, Economic Affairs Bureau, Ministry of Foreign Affairs, Tokyo  
 Official, Developing Economies Division, Economic Affairs Bureau, Ministry of Foreign Affairs, Tokyo  
 Assistant Director, Control and Cooperation Division, Global Environment Department, Environment Agency, Tokyo  
 Technical Official, Wood Products Trade Office, Forestry Agency, Tokyo  
 Section Chief, International Forestry Cooperation Office, Forestry Agency, Tokyo  
 Technical Officer, Research and Extension Division, Forestry Agency, Tokyo  
 Official, Developing Economies Division, Economic Affairs Bureau, Ministry of Foreign Affairs, Tokyo  
 Technical Official, Control and Cooperation Division, Global Environment Department, Environment Agency, Tokyo

*** Mr. Katsuhiro Kotari	Vice President of Japan Forest Owners Association, Tokyo
*** Mr. Sadao Saito	Vice Chairman, Liaison & Coordination Office for International Organizations, Yokohama
*** Mr. Yoshio Utsuki	Executive Director, Japan Overseas Forestry Consultants Association, Tokyo
*** Mr. Tatsuo Ushigome	Director, General Affairs Bureau, City of Yokohama, Yokohama
*** Mr. Kenichi Narita	Director, Office of International Relations, General Affairs Bureau, City of Yokohama, Yokohama
*** Mr. Eiji Takuma	Assistant Director, Liaison & Coordination Office for International Organizations, Yokohama
*** Mr. Hiroyuki Chiba	Research Officer, Japan Overseas Forestry Consultants Association, Tokyo
*** Mr. Atsushi Rikimaru	Remote Sensing Expert [for PD13/97 Rev.1 (F)]

**MALAYSIA**

** H.E.Dato' Seri Dr. Lim Keng Yaik	Minister, Ministry of Primary Industries, Kuala Lumpur
* Mr. Abdul Hanan Alang Endut	Under Secretary, Ministry of Primary Industries, Kuala Lumpur
** Dato' Zul Mukhshar bin Dato' Md. Shaari	Director General, Forestry Department of Peninsular Malaysia, Kuala Lumpur
** Dato' Abdul Rashid bin Mat Amin	Director General, Malaysia Timber Industry Board, Kuala Lumpur
** Dato' Dr. Freezailah bin Che Yeom	Chairman, National Timber Certification Council, Malaysia (NTCC), Kuala Lumpur
** Mr. Penguang Manggil	Senior Assistant Director, Forestry Department of Sarawak, Sarawak
** Mr. Rahim Sulaiman	Deputy Director (Planning), Forestry Department of Sabah, Sabah
** Dr. Abdul Rashid Hj. Ab. Malik	Director, Corporate Affairs Divisions, Forest Research Institute of Malaysia, Kuala Lumpur
** Dr. Roslan bin Ismail	Director, Regional Centre for Forest Management, Kuala Lumpur
** Mr. Ahmad bin Osman	Assistant Secretary, Ministry of Primary Industries, Kuala Lumpur
** Mr. Raja Badrul Nizam	Officer, Corporate Affairs Divisions, Malaysia Timber Council, Kuala Lumpur
** Mr. Barney Chan	General Manager, Sarawak Timber Association, Sarawak
** Mr. Tan Seng Hock	The Malaysian Panel-Products Manufacturers Association, Kuala Lumpur
** Mr. Tean Rean	Second Secretary, Embassy of Malaysia, Tokyo

**MYANMAR**

* U Than Swe	Director, Planning & Statistics Department, Ministry of Forestry, Yangon
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**NEPAL**

* Mr. I.S. Karki	Director General, Department of Forests, Kathmandu
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**NEW ZEALAND**

* Mr. Don Wijewardana	Director, International Forestry Policy, Ministry of Agriculture and Forestry, Wellington
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**TOGO**

\* Mr. Agogno Koffi

Direction Générale de l'ODEF, Ministère de  
l'Environnement et de la Protection Forestière,  
Lomé

**UNITED STATES OF AMERICA**

\* Ms. Jan L. McAlpine

Senior Foreign Affairs Official, Office of Ecology  
and Terrestrial Conservation, Bureau of Oceans  
and International Environmental and Scientific  
Affairs, United States Department of State,  
Washington, D.C.

\*\*\* Ms. Ellen M. Conway

International Conservation Officer, Office of  
Ecology and Terrestrial Conservation, Bureau of  
Oceans and International Environmental &  
Scientific Affairs, United States Department of  
State, Washington, D.C.

\*\*\* Ms. Sarah Smiley

International Trade Specialist, United States  
Department of Commerce, International Trade  
Administration, Washington, D.C.

\*\*\* Mr. Douglas W. MacCleery

Assistant Director, Forest Management, United  
States Department of Agriculture, Washington,  
D.C.

**VENEZUELA**

\* Mr. Orlando Ortegaño

Director General, Sectorial del Recurso Forestal,  
Oficina de Desarrollo Profesional Y Relaciones  
Internacionales, Ministerio del Ambiente y de los  
Recursos Naturales, Caracas

## OBSERVERS

### Governments

#### PORTUGAL

Ms. Vanda Dias Sequeira

First Secretary, Embassy of Portugal, Tokyo

#### VANUATU

Mr. Livo Mele

Director of Forests, Department of Forests,  
Port Vila

Mr. Adam Gerrand

Principal Forest Officer, Department of  
Forests, Port Vila

### Permanent Observers

#### UNCTAD

Mr. Erik Chrispeels

Senior Legal Officer, Geneva

#### UNITED NATIONS UNIVERSITY

Mr. Timothy Afful-Koomson

Ph.D. Fellow UNU Institute of Advanced  
Studies

### Specialized Agencies

#### FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)

Dr. I.J. Bourke

Senior Forestry Trade Analyst, Forest  
Products Division, Forestry Department

#### INTERNATIONAL TRADE CENTRE (UNCTAD/WTO)

Mr. Jukka Tissari

Market Development Officer

### Inter-Governmental Organizations

#### INTERNATIONAL NETWORK FOR BAMBOO AND RATTAN (INBAR)

Mr. James Pfeifer  
Mr. Zhang Zhongtian

Executive Director  
Development Officer

### Non-Governmental Organizations

#### CENTER FOR INTERNATIONAL FORESTRY RESEARCH (CIFOR)

Mr. Mafa Evaristus Chipeta

Deputy Director General

**HIROSAR JAYA SDN. BHD.**

Mr. Morris Kapong Senap  
Mr. Yoshinori Kochi  
Mr. Kazunari Takahashi

Forest Department of Sarawak, Sarawak  
Managing Director  
Advisor

**INTERNATIONAL SOCIETY FOR MANGROVE ECOSYSTEM (ISME)**

Prof. Shigeyuki Baba  
Mr. Motokatsu Watanabe

Executive Secretary  
Member

**JAPAN LUMBER IMPORTERS' ASSOCIATION**

Mr. Minoru Yasuda

Executive Director

**JAPAN PLYWOOD MANUFACTURERS' ASSOCIATION**

Mr. Kanji Kori

Executive Director

**LEONARD INTERNATIONAL TRADING**

Mr. Leonard Fomekong

Director

**MARKET DEVELOPMENT AND INFORMATION SERVICES**

Ms. Marion Pleydell

Research Assistant

**PROJECT PROMOTION SERVICES INC.**

Mr. James Patrick Cunningham

Principal Consultant

## AUTHORIZED INVITEES

Mr. Geoffrey Pleydell	Consultant
Mr. Hugh Blackett	Consultant
Mr. Jaime Muñoz-Reyes	Consultant
Mr. Alastair Sarre	Consultant
Mr. Paul P.K. Chai	ITTO Project Leader, Forest Department Headquarters of Sarawak, Sarawak

## LANGUAGE TEAM

### Interpreters

Mr. Leo Scherman  
Ms. Odile Bertin-Faull  
Mr. Manuel Pastor  
Mrs. Catherine Pouget-Alderton  
Mrs. Hélène Hesske  
Mr. Jean-Pierre Allain  
Mrs. Susana Hovell  
Mrs. Andrea Subercaseaux-Bateman  
Mr. Luigi Luccarelli  
Ms. Socorro Browning  
Mr. Joe Macadam

### Translators

Ms. Claudia Adán  
Ms. Beatriz Dorronsoro  
Mr. Francis Marche  
Ms. Guyonne Proudlock  
Ms. Claudine Fleury



## ITTO SECRETARIAT

Dr. Manoel Sobral Filho  
Executive Director

Dr. Svend Korsgaard  
Assistant Director, Reforestation and Forest Management

Mr. Takeichi Ishikawa  
Assistant Director, Management Services

Mr. Amha Bin Buang  
Assistant Director, Economic Information and Market Intelligence

Dr. Michael J. Adams  
Market Information Service Coordinator

Dr. Steven E. Johnson  
Statistician, Economic Information and Market Intelligence

Mr. Charas Mayura  
Finance/Administrative Officer, Management Services

Mr. Emmanuel Ze Meka  
Projects Manager, Reforestation and Forest Management

Mr. John J. Leigh  
Conservation Officer, Reforestation and Forest Management

Dr. Douglas C. Pattie  
Projects Manager, Forest Industry

Dr. Efransjah  
Projects Manager, Reforestation and Forest Management

Dr. Hwan Ok Ma  
Projects Manager, Forest Industry

Mr. Jairo Castaño Galvez  
Systems Analyst

Mr. Edmond Collins Ahadome  
Information Officer

Mr. Akira Kagaya  
Senior Administrative Assistant

Ms. Hitomi Watanabe  
Finance Assistant

Dr. Chisato Aoki  
Research Assistant

Mr. Nobuaki Fukui  
Statistical Assistant

Mrs. Hideko Hattori  
Secretary

Mrs. Manami Araki  
Secretary

Ms. Akemi Yamane  
Secretary

Mrs. Kanako Sakaguchi  
Secretary

Ms. Masako Ochiai  
Secretary

Ms. Masaki Miyake  
Secretary

Ms. Naho Tamura  
Secretary

Ms. Manako Hanawa  
Secretary

Mr. Michiaki Fujimoto  
Document Clerk

Mr. Daiki Tanaka  
Administrative Clerk

Ms. Akiko Yoshida  
Secretary

Mr. Tadayuki Saito  
Driver

\* \* \*

**ANNEX II**

**AGENDA**

**DOCUMENT: ITTC(XXVII)/1 Rev.1**

Distr.  
GENERAL

ITTC(XXVII)/1 Rev.1  
1 November 1999

Original: ENGLISH

TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
Yokohama, Japan

## AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Distribution of Votes
6. Admission of Observers
7. Statement by the Officer-in-Charge
8. Report of the Informal Advisory Group (IAG) - Decision 5(XXVI)  
[Document ITTC(XXVII)/2]
9. Annual Review and Assessment of the International Timber Situation  
[Document ITTC(XXVII)/4]
10. ITTO Year 2000 Objective - Decision 10(XXVI)
11. CITES Listing Proposals by Members - Decision 3(XVI)
12. Frequency and Duration of the Sessions of Council and Committees - Decision 4(XXVI)  
[Document ITTC(XXVII)/5]
13. Report on the Manual on Rules and Procedures for Project Implementation - Decisions 2(XXVI)  
[Document ITTC(XXVII)/6]
14. Report on the Downturn in the International Tropical Timber Market - Decision 6(XXIV)  
[Document ITTC(XXVII)/7]
15. The Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests -  
Decision 3(XXVI)
16. Matters Related to Article 16 of the ITTA, 1994 - Decision 8(XXVI)  
[Document ITTC(XXVII)/8]
17. Draft Work Programme for the Year 2000  
[Document ITTC(XXVII)/9]
18. Report of the Expert Panel on the Review of the ITTO Fellowship Program  
[Document CFI(XXV)/5]

19. Report of the Credentials Committee  
[Document ITTC(XXVII)/3]
20. Pledges to the Special Account and the Bali Partnership Fund
21. Reports of the Associated Sessions of the Committees and of the Fellowship Selection Panel
22. Election of Chairperson and Vice-Chairperson of the Council for 2000
23. Dates and venue of the Thirtieth Session of the Council and the Associated Sessions of the Committees
24. Other Business
25. Decisions and Report of the Session
26. Closing Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 - Opening of the Session

The Twenty-seventh Session will be opened by the Chairperson of the Council, Mr. Jean Williams Sollo (Cameroon).

Item 2 - Ascertainment of the Quorum

The Officer-in-Charge 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 Chairman's Coordinating Bureau, issuing the timetable daily and at more frequent intervals as necessary. However, registration shall be open during 09:00 - 12:00 hours and 14:30 - 17:30 hours from 1 to 2 November 1999 (Monday - Tuesday) in front of the Plenary Hall (please see General Information Notes). The first Council meeting of the Session will convene at 10:00 hours on Monday, 1 November 1999.

Item 4 - Report on Membership of the Council

The Officer-in-Charge will report on the status of membership of the Council.

Item 5 - Distribution of Votes

The distribution of votes for the year 1999 is reproduced as Annex to these Annotations. This distribution was adopted by the Council at its Twenty-sixth Session. In accordance with Article 19(4) of the ITTA, 1994, this distribution will be used for the assessment of the contribution of each Member to the Administrative Budget for 2000.

Item 6 - 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. Council may decide to examine both sets of applications separately.

Item 7 - Statement by the Officer-in-Charge

The Officer-in-Charge will address the Council on activities of the Organization and other developments of relevance to the Organization.

Item 8 - Report of the Informal Advisory Group (IAG) - Decision 5(XXVI)  
[Document ITTC(XXVII)/2]

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the Informal Advisory Group (IAG).

Item 9 - Annual Review and Assessment of the International Timber Situation  
[Document ITTC(XXVII)/4]

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

**(1) Elements for the 1999 Annual Review and Assessment of the International Timber Situation**

This is prepared by the Secretariat and comprises statistics and available data on production, imports and exports of timber products, emphasizing tropical timber products, and an analysis of economic and market developments. The Elements for the 1999 Annual Review will be partly based on information extracted from national responses to the 1999 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.

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

Using various sources of information including the Elements for the 1999 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.

Item 10 - ITTO Year 2000 Objective - Decision 10(XXVI)

The Officer-in-Charge will report on progress in the implementation of this Decision.

Item 11 - CITES Listing Proposals by members - Decisions 3(XVI)

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

Item 12 - Frequency and Duration of Sessions of Council and Committees - Decision 4(XXVI)  
[Document ITTC(XXVII)/5]

Through Decision 4(XXVI) the Council instructed the Secretariat to prepare a paper for discussion by the Council. Pursuant to the Decision, the paper:

- (a) identifies the information Members and the ITTO Secretariat need to collect in order to facilitate the review and reassessment of the frequency and duration of the sessions of Council and Committees as mentioned in Decision 5(XXII); and
- (b) makes proposals regarding the methodology for reviewing and reassessing the frequency and duration of the sessions of Council and Committees.

The Council may wish to consider the Secretariat's paper, which is reproduced in Document ITTC(XXVII)/5.

Item 13 - Report on the Manual on Rules and Procedures for Project Implementation - Decision 2(XXVI)  
[Document ITTC(XXVII)/6]

The Council may consider the Secretariat's report with an assessment of the proposed Manual on Rules and Procedures for Project Implementation and suggested amendments and modifications [Document ITTC(XXVII)6].

Item 14 - Report on the Downturn in the International Tropical Timber Market - Decision 6(XXIV)  
[Document ITTC(XXVII)/7]

The Council may consider the report of the consultants engaged for the study on the downturn in the international tropical timber market. [Document ITTC (XXVII)/7]

Item 15 - The Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests - Decision 3(XXVI)

The Officer-in-Charge will report on progress in the implementation of this Decision.

Item 16 - Matters Related to Article 16 of the ITTA, 1994 - Decision 8(XXVI)  
[Document ITTC(XXVII)/8]

The Council may consider the report of the Panel established under Decision 8(XXVI) [Document ITTC(XXVII)/8].

Pursuant to Decision 8(XXVI), the Council will select the Executive Director, if possible at its Twenty-seventh Session, if not by consensus, by special vote.

Item 17 - Draft Work Programme for the Year 2000  
[Document ITTC(XXVII)/9]

Within the context of the ITTO Libreville Action Plan, each year the Council develops a programme of work which prioritizes and allocates resources for specific activities under the Plan's actions. With a view to assist the Council in the development of the work programme, the Secretariat has prepared a draft containing proposals for the programme of work for the year 2000 [Document ITTC(XXVII)/9]. The Council may wish to consider this document.

Item 18 - Report of the Expert panel on the Review of the ITTO Fellowship Program  
[Document CFI(XXV)/5]

The Council may consider the Report of the Expert Panel on the Review of the ITTO Fellowship Program.

Item 19 - Report of the Credentials Committee  
[Document ITTC(XXVII)/3]

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

Item 20 - 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:

- (a) The Special Account; and
- (b) The Bali Partnership Fund.

Item 21 - Reports of the Associated Sessions of the Committees and of the Fellowship Selection Panel

The Reports will be presented by the respective Chairpersons of the:

- Committee on Economic Information and Market Intelligence;
- Committee on Reforestation and Forest Management;
- Committee on Forest Industry;
- Committee on Finance and Administration; and
- Fellowship Selection Panel.

The Council may consider the recommendations contained in each of the Reports.

Item 22 - Election of Chairperson and Vice-Chairperson of the Council for 2000

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2000. 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 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 23 - Dates and venue of the Thirtieth Session of the Council and the Associate Sessions of the Committees

The Council has already approved the dates and venues of the following Sessions:

Twenty-eighth Session :	Peru, 24 - 30 May 2000
Twenty-ninth Session:	Yokohama, 30 October - 4 November 2000

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 Thirtieth Session.

Item 24 - Other Business

The Council may consider any matters raised under this item.

Item 25 - Decisions and Report of the Session

In accordance with Rule 33 of the Rules of Procedure, any Decisions taken during a Session shall be read out at the end of the Session. A report on the proceedings shall be prepared by the Officer-in-Charge and shall be circulated to all Members as soon as possible.

Item 26 - Closing Session

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

**ANNEX III**

**MEMBERSHIP OF COUNCIL AND DISTRIBUTION OF VOTES  
FOR MEMBER STATES FOR 1999**

**DISTRIBUTION OF VOTES**

	<u>No. of Votes</u>	
	<u>1998</u>	<u>1999</u>
<b><u>PRODUCERS</u></b>		
<b>Africa</b>		
Cameroon	25	25
Central African Republic	25	25
Côte d'Ivoire	25	25
Democratic Republic of Congo	25	25
Gabon	25	25
Ghana	25	25
Liberia	25	25
Republic of Congo	25	25
Togo	25	25
<b>Asia &amp; Pacific</b>		
Cambodia	20	19
Fiji	15	15
India	27	26
Indonesia	144	144
Malaysia	127	131
Myanmar	26	25
Papua New Guinea	34	34
Philippines	16	16
Thailand	17	17
<b>Latin America</b>		
Bolivia	29	27
Brazil	159	157
Colombia	26	24
Ecuador	17	17
Guyana	19	18
Honduras	15	14
Panama	14	13
Peru	29	28
Suriname	17	16
Trinidad and Tobago	--	12
Venezuela	24	22
Total:	<u>1,000</u>	<u>1,000</u>

	<u>No. of Votes</u>	
	<u>1998</u>	<u>1999</u>
<b><u>CONSUMERS</u></b>		
Australia	16	16
Canada	13	14
China	131	137
Egypt	15	15
<b>European Union</b>		
Austria	11	11
Belgium/Luxembourg	20	21
Denmark	12	13
Finland	10	10
France	38	34
Germany	30	29
Greece	12	11
Italy	38	33
Netherlands	29	28
Spain	25	26
Sweden	11	11
United Kingdom	39	39
Japan	344	356
Nepal	10	10
New Zealand	10	10
Norway	10	10
Republic of Korea	98	95
Switzerland	11	11
United States of America	67	60
Total:	<u>1,000</u>	<u>1,000</u>

## ANNEX IV

### TEXT OF THE MAIN DECISIONS

#### ADOPTED BY THE COUNCIL AT ITS TWENTY-SEVENTH SESSION

Documents:	DECISION 1(XXVII)	ITTC(XXVII)/10 Rev.1
	DECISION 2(XXVII)	ITTC(XXVII)/11
	DECISION 3(XXVII)	ITTC(XXVII)/12
	DECISION 4(XXVII)	ITTC(XXVII)/13 Rev.1
	DECISION 5(XXVII)	ITTC(XXVII)/14
	DECISION 6(XXVII)	ITTC(XXVII)/15 Rev.1
	DECISION 7(XXVII)	ITTC(XXVII)/16 Rev.1
	DECISION 8(XXVII)	ITTC(XXVII)/17
	DECISION 9(XXVII)	ITTC(XXVII)/18
	DECISION 10(XXVII)	ITTC(XXVII)/19
	DECISION 11(XXVII)	ITTC(XXVII)/20

TWENTY-SEVENTH SESSION  
1 - 6 November 1999  
Yokohama, Japan

## DECISION 1(XXVII)

### PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Twenty-seventh Session the recommendations of the three Committees on Projects and Pre-Projects, as contained in documents CEM(XXV)/7 Rev.1, CRF(XXV)/12 Rev.1 and CFI(XXV)/7,

1. Decides:

(i) to approve the following Projects:

PD 39/96 Rev.3 (M)	Creation of a National System for the Collection and Processing of Forest Statistics of Congo (\$557,072.00)
PD 41/99 Rev.2 (M)	Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) - Phase I (Philippines) (\$560,823.00)
PD 48/99 Rev.1 (M,F)	Sharing of Information and Experiences on Private Sector Success Stories in Sustainable Forest Management (Malaysia) (\$754,325.00)
PD 55/99 Rev.1 (M)	Establishment of Sustainable Tropical Forest Products Information System in China (\$255,100.00)
PD 30/97 Rev.6 (F)	Rehabilitating Degraded Forest through Collaboration with Local Communities (\$329,571.00)
PD 52/98 Rev.3 (F)	Establishing a Network of Permanent Sampling Plots for Monitoring the Dynamics of Reforestation in Côte d'Ivoire (\$532,039.00)
PD 56/98 Rev.2 (F)	Criteria and Indicators for the Sustainable Development of Venezuelan Forests (\$514,524.00)
PD 20/99 Rev.2 (F)	Establishment and Management of Production-Protection Community Forests in Lower and Middle Atrato, Department of Choco, Colombia (\$559,493.00)

PD 32/99 Rev.2 (F)	Productive Forest Management for the Rural Reserve Area of Guaviare (Colombia) (\$618,969.00)
PD 42/99 Rev.1 (F)	Support for Forestry Research, Monitoring of the Timber Industry and Training of Forest Managers in Central African Republic (CAR) (\$996,052.00)
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 (\$411,535.00)
PD 54/99 Rev.2 (F)	Alternative Financing Model for Sustainable Forest Management in San Nicolas, Colombia (\$566,377.00)
PD 57/99 Rev.2 (F) Phase I	Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase I (\$753,954.00)
PD 60/99 Rev.1 (F)	Optimum Utilization of RADARSAT SAR Data in Conjunction with Enhanced FCD Model to Monitor Change in the Status of Forest Resources (Japan) (\$655,577.00)
PD 63/99 Rev.2 (F)	Integrated and Participatory Management of Ottotomo Forest Reserve (Cameroon) (\$276,051.00)
PD 56/99 Rev.1 (I)	Promotion of the Utilization of Bamboo from Sustainable Sources in Thailand (\$452,996.00)
PD 58/99 Rev.1 (I)	Introduction of a Village Industry in the Community Around an Industrial Forest Plantation in Indonesia (\$363,536.00)

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

PD 48/99 Rev.1 (M,F)	(\$754,325.00)
PD 55/99 Rev.1 (M)	(\$255,100.00)
PD 30/97 Rev.6 (F)	(\$329,571.00)
PD 54/99 Rev.2 (F)	(\$566,377.00)
PD 60/99 Rev.1 (F)	(\$655,577.00)
PD 57/99 Rev.2 (F) Phase I	(\$753,954.00)
PD 56/99 Rev.1 (I)	(\$452,996.00)
PD 58/99 Rev.1 (I)	(\$363,536.00)

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

PD 1/93 Rev.1 (M,F,I)	(\$150,000.00)
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- (iv) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account, of the following Projects approved at this Session:

PD 39/96 Rev.3 (M)	(\$557,072.00)
PD 41/99 Rev.2 (M)	(\$560,823.00)
PD 52/98 Rev.3 (F)	(\$532,039.00)
PD 56/98 Rev.2 (F)	(\$514,524.00)
PD 20/99 Rev.2 (F)	(\$559,493.00)
PD 32/99 Rev.2 (F)	(\$618,969.00)
PD 42/99 Rev.1 (F)	(\$996,052.00)
PD 47/99 Rev.2 (F)	(\$411,535.00)
PD 63/99 Rev.2 (F)	(\$276,051.00)

2. Decides:

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

PPD 13/99 Rev.1 (M,F,I)	Model Communication and Public Awareness Program for Sustainable Forest Development in Ecuador (\$54,500.00)
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) (\$62,652.00)
PPD 26/99 (M)	Pre-Project Study on the Competitiveness of Tropical Timber and Tropical Timber Products vis-à-vis Timber and Non-Timber Products (\$121,500.00)
PPD 27/99 (M)	Pre-Project Study on the Medium- and Long-Term Outlook for the Tropical Timber Market (\$166,900.00)
PPD 19/99 Rev.1 (F)	Strengthening Sustainable Management of Natural Forests in Asia-Pacific (Indonesia/Australia) (\$127,655.00)
PPD 22/99 Rev.1 (F)	Improved Living Standard of the People Through Community Participation in Sustainable Forest Management (Cambodia) (\$77,121.00)
PPD 14/98 Rev.2 (I)	Development of Forest Industries in Congo (\$97,271.00)
PPD 6/99 Rev.3 (M,F,I)	Promotion of Non-Timber Forest Products in Terai Region of Nepal (\$49,772.00)
PPD 15/99 Rev.2 (I)	Pre-Project for the Ecuadorian Tropical Timber Industry Environmental Management (\$71,740.00)
PPD 17/99 Rev.1 (I)	Efficient Utilization of Bamboo in India (\$39,985.00)



PPD 18/99 Rev.2 (I) Utilization of Tropical Plantation Timber in the Southern Part of China (\$49,247.00)

PPD 20/99 Rev.2 (I) Study on Utilization of Plantation Teak (Myanmar) (\$49,529.00)

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

PPD 6/99 Rev.3 (M,F,I)	(\$49,772.00)
PPD 18/99 Rev.2 (I)	(\$49,247.00)
PPD 19/99 Rev.1 (F)	(\$110,000.00)

(iii) to authorize the release of unearmarked funds in the Pre-Project Sub-Account of the Special Account for immediate implementation of the following Pre-Projects approved at this Session:

PPD 26/99 (M)	(\$121,500.00)
PPD 27/99 (M)	(\$166,900.00)
PPD 19/99 Rev.1 (F)	(\$17,655.00)
PPD 24/99 (I)	(\$110,500.00)
PPD 25/99 (I)	(\$110,500.00)

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

PPD 13/99 Rev.1 (M,F,I)	(\$54,500.00)
PPD 21/99 Rev.1 (M)	(\$62,652.00)
PPD 22/99 Rev.1(F)	(\$77,121.00)
PPD 14/98 Rev.2 (I)	(\$97,271.00)
PPD 15/99 Rev.2 (I)	(\$71,740.00)
PPD 17/99 Rev.1 (I)	(\$39,985.00)
PPD 20/99 Rev.2 (I)	(\$49,529.00)
PPD 24/99 (I)	(\$110,500.00)
PPD 25/99 (I)	(\$110,500.00)

3. Decides:

(i) to authorize for immediate implementation the following activities to be financed from the Pre-Project Sub-Account of the Special Account:

- Expert Panel for Technical Appraisal of Project Proposals, Nineteenth Meeting (\$89,675.00)
- Framework for ITTO's Guidelines for the Sustainable Management of Tropical Forest [Decision 6(XXVII)] – (\$88,400.00)
- Assistance to ITTO to fund one Expert Post directly involved in Project Activities (\$242,624.00)

(ii) to authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account or the Bali Partnership Fund, of the following activities approved at this Session and invite Members to make contributions to both the Special Account and the Bali Partnership Fund for such purposes:

- Consultants to Report on Progress Towards the ITTO Year 2000 Objective [Decision 5(XXVII)]
- Expert Panel on Ways to Improve Public Education and Awareness of the Purposes and Functions of ITTO [Decision 7(XXVII)]

4. Decides:

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

PD 53/97 Rev.2 (F)	(\$282,942.00)
PD 21/98 Rev.1 (F)	(\$647,517.00)
PD 16/93 Rev.4 (M) (2) Year 2000	(\$196,500.00)
PD 89/90 (F) Phase III	(\$1,098,900.00)
PD 63/97 Rev.3 (F)	(\$564,556.00)
PD 18/99 Rev.1 (M,F,I)	(\$220,495.00)
PD 22/99 Rev.2 (F) Phase I	(\$401,955.00)

- (ii) to authorize financing for immediate implementation of the following Pre-Project which was approved at an earlier Session:

PPD 2/99 Rev.1(F)	(\$95,267.00)
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5. Decides:

- (i) to authorize financing for immediate implementation of the following Project from the resources of the sub-account A of the Bali Partnership Fund:

PD 48/99 Rev.1 (M,F,I)	(\$754,325.00)
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- (ii) to authorize financing for immediate implementation of the following activities and Projects from the unearmarked resources of the sub-account B of the Bali Partnership Fund:

- ITTO Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests  
[Dec. 3(XXVI), Activity PP-A/26-79 – (\$570,000.00)]
- Consultants to Undertake a Study and Prepare a Report on the Assessment of the Sustainability of Tropical Forests  
[Dec. 9(XXVI) – (\$185,000.00)]
- ITTO Information Network and Project Support  
[PD 13/99 Rev.2 (M,F,I) Phase I - \$505,556.00]
- Training for the Use of the Revised Project Manuals – Dec. 2(XXVI)  
[Additional Funds for PD 73/89 (M,F,I) - \$300,000.00]

6. Urges Members to consider financing those approved Projects and Pre-Projects 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 and Pre-Projects, and furthermore decides that such unearmarked contributions shall not be allocated without the prior authorization of the Council,
8. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects and Pre-Projects for which funds are not immediately available.

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6 November 1999

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TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
Yokohama, Japan

**DECISION 2(XXVII)**  
**APPOINTMENT OF AUDITOR FOR 1999**

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 "Arthur Anderson & Co., Tokyo" to audit the Accounts of the International Tropical Timber Organization (ITTO) for the Financial Year 1999.

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TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
Yokohama, Japan

**DECISION 3 (XXVII)**  
**APPOINTMENT OF THE EXECUTIVE DIRECTOR**

The International Tropical Timber Council,

Recalling its Decision 7(XXIII) of 6 December 1997 which extended the appointment of Dato' Dr. Freezailah bin Che Yeom to the post of Executive Director of ITTO for an additional term of twenty-four months until 31 March 2000,

Acknowledging the intention of Dato' Dr. Freezailah bin Che Yeom to resign from the post of the Executive Director of ITTO with effect from 24 March 1999, notified to the Chairperson of the International Tropical Timber Council on 15 December 1998,

Acting pursuant to Article 16, paragraphs 1 and 2 of the International Tropical Timber Agreement (ITTA), 1994,

Further recalling Decisions 8(XXVI) and 3(XXV) on matters related to Article 16 of the ITTA, 1994, and in particular the Annex to Decision 8(XXVI) regarding the procedures for selecting future Executive Directors,

Also further recalling the Report of the Panel on Matters Related to Article 16 of the ITTA, 1994, [ITTC(XXVII)/8],

Underscoring the strategic role of the Executive Director as the Head of the Organization,

Noting the applications for Executive Director from nationals of ITTO Member countries and endorsed by respective Governments,

Decides to appoint by consensus Dr. Manoel Sobral Filho as Executive Director of the International Tropical Timber Organization for a period of four years, beginning on 6 November 1999, in accordance with the terms and conditions contained in the letter of appointment approved by the Council.

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TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
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## DECISION 4(XXVII)

### IMPROVEMENTS TO THE ITTO FELLOWSHIP PROGRAMME

The International Tropical Timber Council,

Recalling Project Document PD 1/93 Rev.1 (M,F,I) to promote human resource development and institutional strengthening in the forestry sectors of Member countries through the establishment of an ITTO Fellowship Programme,

Also recalling Decision 2(XXIV) requesting the Chairman of the Fellowship Selection Panel to report directly to Council and Decision 4(XXIV) on adoption of the Libreville Action Plan,

Further recalling the Twenty-fourth Report of the Committee on Forest Industry requesting the convening of an Expert Panel to review the history and experience of the Fellowship Programme with a view to proposing improvements in its promotion, development and management,

Welcoming the Report of the Expert Panel on the Review of the ITTO Fellowship Programme [CFI(XXV)/5],

Underscoring the substantial benefits provided by the Fellowship Programme to the professional development of qualified individuals in ITTO Member countries and the Organization as a whole,

Recognizing the comparative advantage of the Fellowship Programme lies in developing the expertise of individuals, rather than providing grants to support activities more appropriately undertaken as ITTO projects or pre-projects or through home institutions or governments,

Welcoming the voluntary contributions to the Fellowship Programme made to date by the Governments of Australia, Japan, the Netherlands and the United States,

Noting the excellent work of the Secretariat in administering the Fellowship Programme,

Decides to:

1. Revise the objective, eligible activities, priority areas, selection criteria and screening process of the ITTO Fellowship Programme as contained in **Annex 1** to this Decision;
2. Request the Executive Director to implement these revisions, including with respect to the Fellowship Programme Advertisement and Application Form, in time for the Fellowship application round which concludes with selections by Council at its Twenty-ninth Session;
3. Also Request the Executive Director to further revise the Application Form to include an Information Note as contained in **Annex 2** to this Decision;

4. Establish: (a) a temporary budget maximum of US\$150,000.00 per Council session for Fellowship awards until such time as appreciable increases in funding become available, (b) a maximum of US\$10,000.00 for any one award, and (c) an indicative number of 25-30 awards made per Council Session, depending on funds available and amounts of individual awards;
5.
  - i. Eliminate PD 1/93 as the Programme's funding source and establish instead a special fund as a sub account of the Special Account, known hereafter as the "Freezailah Fellowship Fund," to be financed through voluntary Contributions from member countries;
  - ii. Consider at the Twenty-eighth session the possibility of the use of income earned as a result of activities to the Special Account, to fund the Fellowship Programme;
6. Authorize the Executive Director to seek funding from Members and other sources for the Freezailah Fellowship Fund and encourage Members to contribute to the Fund;
7. Request the Executive Director to regularly publish in the Tropical Forest Update (TFU) a subject list of selected reports available from the ITTO Secretariat, as well as brief articles relevant to themes of TFU issues, on recent Fellowship activities;
8. Also request the Executive Director to prepare progress reports on implementation of the ITTO Fellowship Programme for Council review during its regular sessions, beginning with a progress report at the Twenty-eighth Session on implementing improvements in the Programme as called for in this Decision; and
9. Review the effectiveness of the improved ITTO Fellowship Programme two years following commencement of its full implementation in order to assess: (a) the need for further improvements, and (b) the desirability of expanding the Programme through promotional activities to attract more applicants and additional sources of funding, including the implications of expansion on the Administrative Budget.

## ANNEX 1

### Improved ITTO Fellowship Programme

The objective, eligible activities, priority areas, selection criteria and screening process of the ITTO Fellowship Programme are as follows:

#### **1. Objective**

"To develop human resources and enhance professional expertise in member countries in tropical forestry and related disciplines, with a view to promoting sustainable management of tropical forests, efficient utilization and processing of tropical timber, and better economic information on the international trade in tropical timber."

#### **2. Eligible Activities (in no priority order):**

- a. Participation in short term training courses, training internships, study tours, lecture/demonstration tours and international/regional conferences;
- b. Technical document preparation, publication and dissemination, such as manuals and monographs;
- c. post graduate studies.

#### **3. Priority Areas**

Based on the goals and cross-cutting strategies identified in the ITTO Libreville Action Plan eligible activities will aim at developing human resources and professional expertise in one or more of the following areas (in no priority order):

- a. Improving the transparency of the tropical timber market;
- b. Improving marketing and distribution of tropical timber species from sustainably managed sources
- c. Improving market access for tropical timber exports from sustainably managed source ;
- d. Securing the tropical timber resource base;
- e. Improving the tropical timber resource base, including through the application of criteria and indicators for sustainable forest management;
- f. Enhancing, technical, financial and human capacities to manage the tropical timber resource base;
- g. Promoting increased and further processing of tropical timber from sustainably managed sources;
- h. Improving marketing and standardization of tropical timber exports;
- i. Improving efficiency of processing tropical timber from sustainable sources; and
- j. In any of the above areas (a-i), the following are relevant:
  - i. Enhancing public relations, awareness and education;
  - ii. Improving statistics;
  - iii. Research and development; and
  - iv. Sharing information, knowledge and technology.

#### **4. Selection Criteria**

Fellowship applications will be assessed against the following selection criteria (in no priority order):

- a. Consistency of the proposed activity with the Programme's objective and priority areas as outlined respectively in 1 and 3 above;
- b. Qualifications of the applicant to undertake the proposed Fellowship activity;
- c. The potential of the skills and knowledge acquired or advanced under the Fellowship activity to lead to wider applications and benefits nationally and internationally;
- d. Reasonableness of costs in relation to the proposed Fellowship activity.

### **5. Selection Screening Process**

- a. The Secretariat will consider only applications that:
  - i. are from a national of an ITTO member country;
  - ii. are received via mail by the advertised deadline;
  - iii. are complete;
  - iv. qualify as an eligible activity under 2 above;
  - v. clearly meet the selection criteria under 4 above;
  - vi. are typed or neatly printed in dark ink.
- b. The Secretariat will undertake and forward to the Fellowship Selection Panel a pre-evaluation of all applications not eliminated under 5 (a), ranking them as "high," "medium" or "low" in quality relative to each of the selection criteria in 4 above and provide a brief justification for the ranking level;
- c. The Fellowship Selection Panel will review all applications forwarded to it by the Secretariat and recommend a final selection of awardees, drawing on the Secretariat's pre-evaluation and taking into account the importance of regional, country and gender balance, as well as their own experience and perspectives;
- d. The Council will approve the final selection of awardees based on the report of the Chairman of the Fellowship Selection Panel;
- e. In the interval between regular Council sessions, the Executive Director may consider, on an exceptional basis, applications for Fellowship awards for short term training opportunities that arise unexpectedly and/or were not scheduled sufficiently in advance by organizers to allow for submission of applications in time for consideration by the Fellowship Selection Panel;
- f. The Fellowship Selection Panel will be comprised of representatives of three producer and three consumer member countries selected by respective caucuses at the first meeting during a regular Council session, taking into account the need for and benefits of continuity and experience. The Panel will continue to be chaired by the Vice-Chairman of the Council.



## ANNEX 2

### Information Note to the ITTO Fellowship Programme Application Form

The Application Form for the ITTO Fellowship Programme will contain an "Information Note" which clearly indicates (in no priority order):

1. That in selecting Fellowship awards, consideration will be given to:
  - a. geographic and gender balance;
  - b. balance among the ITTO priority areas (contained in Annex 1); and
  - c. competency in the language in which the training will be given, where applicable (e.g. courses, conferences, study tours).
2. That Fellowship awardees may not again apply for an ITTO Fellowship Award, within two years of receiving an award and submitting to the Secretariat his/her final report on the activity for which the award was made.
3. That applications missing the deadline for Secretariat receipt for a particular Council Session will not be automatically forwarded to the Fellowship Selection Panel for consideration at the next round of Fellowship awards. If an applicant is interested in having his/her application considered for a subsequent round(s), having been informed by the Secretariat that he/she missed the deadline, he/she will need to resubmit his/her application.
4. The budgetary information needed from applicants to allow an assessment of the proposed activity against Selection Criteria 4 on "Reasonableness of Costs. "
5. "Non-allowable costs, such as equipment purchase, personnel hiring and health insurance."

\* \* \*

TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
Yokohama, Japan

## DECISION 5(XXVII)

### ITTO YEAR 2000 OBJECTIVE AND ITS PROMOTION THROUGH PUBLIC EDUCATION AND AWARENESS

The International Tropical Timber Council,

Recalling Decision 10(XXVI) on a preliminary review of progress on the ITTO Year 2000 Objective; Decision 3(XXIV) on the revised ITTO Criteria and Indicators; Decisions 8(XX) and 2(XXIV) on the 1995 Mid-Term Review of Progress; and Decision 3(X) on the strategy for making progress on achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed resources by the year 2000,

Also recalling the Annex to Decision 3(XXII) on the terms of reference of the Informal Advisory Group (IAG), including priorities related to public relations and public education of the ITTO in the context of overall policy and strategic priorities of the Council,

Recognizing that sustainable forest management is an evolving concept which will continue to benefit from improved scientific knowledge of how forest ecosystems function and respond to human interventions,

Aware of the importance of public perception and understanding of the nature of the Year 2000 Objective, of the efforts made to date by the Organization and individual Members toward this Objective, and of the Organization's recognition that much remains to be accomplished and that enhanced efforts are required in the future,

Decides to:

1. Continue to encourage Members to submit their national overviews on progress towards the ITTO Year 2000 Objective, as soon as possible and not later than 15 January 2000, as called for in Decision 10(XXVI);
2. Request the Executive Director to prepare a progress report on the priority activities contained in the Annex to Decision 10(XXVI) for review by Council at its Twenty-eighth Session that identifies for each priority activity:
  - (a) relevant policy decisions taken by Council;
  - (b) projects, pre-project and activities financed by voluntary contributions from ITTO Members in support of the priority area;
3. Authorize the Executive Director, in consultation with the consultants selected to implement Decision 10(XXVI), to engage additional consultants to provide analytical reports of progress in each producer region, to assist them in their tasks;

4. Request the Executive Director to convene an Expert Panel comprising three producer and three consumer Members to consider and report to Council at its Twenty-eighth Session on ways to promote public education and awareness of ITTO's progress toward the Year 2000 Objective as per the attached Terms of Reference, with a view to increasing the Organization's visibility and effectiveness; and
5. Authorize the Executive Director to allocate funding for this work through the unearmarked provisions of sub-account B of the Bali Partnership Fund.

## ANNEX

### TERMS OF REFERENCE FOR EXPERT PANEL ON ITTO YEAR 2000 OBJECTIVE AND ITS PROMOTION THROUGH PUBLIC EDUCATION AND AWARENESS

In its work, the Expert Panel will:

1. Draw upon the work of relevant consultant reports and Members' overviews submitted to ITTO on progress toward the Year 2000 Objective;
2. Discuss ways to improve public education and awareness of the purposes and functions of the ITTO, with a view to reaffirming the ITTO's role in international tropical forest matters;
3. Develop options for consideration by Council on effective methods of communication of the message to the range of audiences important to ITTO, e.g., relevant international and non-governmental organizations; and
4. Report to Council at its Twenty-eighth Session.

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## DECISION 6(XXVII)

### FRAMEWORK FOR GUIDELINES ON TROPICAL FOREST MANAGEMENT

The International Tropical Timber Council,

Recalling Decision 7(XXV) on the ITTO Programme of Work for 1999 for the Committee on Reforestation and Forest Management items (i) and (ii) calling for the development of guidelines on reduced impact logging and guidelines for the rehabilitation of degraded forests and forests lands including guidelines on the management of secondary forests,

Considering that the ITTO "Guidelines for the Sustainable Management of Natural Tropical Forests" (1990) needs to be brought up to date in view of ITTO's Year 2000 Objective and the development of other ITTO Guidelines,

Noting the experience of Member countries with sustainable forest management, reduced impact logging and code of practice for forest harvesting and the associated results of forest research,

Recognizing the need for ITTO to assist its Member countries to develop guidelines toward achieving the Year 2000 Objective,

Decides to:

1. Engage two consultants, one from a producer and one from a consumer member country, according to the Terms of Reference in the Annex, to:

Make a proposal for the development of a comprehensive framework for guidelines and practical working manuals, covering all relevant aspects of sustainable tropical forest management, including reduced impact logging, rehabilitation of degraded forests and forest lands and management of secondary forests, taking into account other existing ITTO guidelines. For each element identified in the framework, the consultants shall list objectives, intended users, annotated contents, and financial resources required.

2. Authorize the Executive Director to seek voluntary contributions to fund the approved consultancy work.

## ANNEX

Terms of Reference for two consultants, one from a producer and one from a consumer country, to be engaged for a period of two months each as a team with at least one month of concurrent work, to develop a draft for a comprehensive framework of guidelines and practical working manuals, covering all aspects of sustainable forest management.

The consultants will:

- 1) With reference to the ITTC and the ITTO Action Plan review the various initiatives by ITTO and other organizations such as FAO, CIFOR and individual countries for reduced impact logging, code of conduct for harvesting companies and similar actions aimed at implementing sustainable forest management practices.
- 2) Review initiatives and analyze the experiences, both positive and negative, by ITTO and other organizations and countries in rehabilitation of degraded forests and forest lands including reforestation and participatory approaches involving local communities.
- 3) Review initiatives and analyze the experiences, both positive and negative, by ITTO and other organizations and countries in the management of secondary forests including participatory approaches involving local communities.
- 4) Take into account the following ITTO guidelines:
  - ITTO Guidelines for Sustainable Management of Natural Tropical Forests, 1990;
  - Guidelines for the Establishment and Sustainable Management of Planted Tropical Production Forests, 1993;
  - Guidelines for the Conservation of Biological Diversity in Tropical Production Forests, 1993;
  - Guidelines on Fire Management in Tropical Forests, 1997;
  - Criteria and Indicators for Sustainable Management of Natural Tropical Forests, 1998;
  - Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests, Parts A & B, 1999.
- 5) Present their draft at the Twenty-eighth Session of the Council for its consideration, and incorporate any approved amendments.

Proposed Budget:

1)	Consultants fees, 4 man/months at US\$ 10,000	40,000
2)	Daily Subsistence Allowance 60 days at US\$ 200	12,000
3)	International travel 4 trips for each consultant at US\$ 2,500	20,000
4)	Miscellaneous costs	8,000
	Sub-total:	80,000
5)	ITTO Programme Support Costs 10.5%	8,400
	Grand Total:	88,400

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1 – 6 November 1999  
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## DECISION 7(XXVII)

### ITTO WORK PROGRAMME FOR THE YEAR 2000

The International Tropical Timber Council,

Recalling Decision 9(XXIV) on adoption of the Libreville Action Plan and Decision 7(XXV) on endorsement of the ITTO Programme of Work for 1999,

Welcoming the Draft Work Programme for Year 2000 [ITTC(XXVII)/9 Rev.1] prepared by the Officer-in-Charge,

Decides to:

1. Endorse the Work Programme for the Year 2000 as contained in the Annex to this Decision as modified by the Officer-in-Charge to incorporate consequential changes reflecting the Decisions by Council at its Twenty-seventh 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 the Bali Partnership Fund to facilitate implementation of the Work Programme;
3. Request the Executive Director to develop a draft annual Work Programme consistent with the Libreville Action Plan, which prioritizes and allocates resources and takes account of progress from previous work programmes; and
4. Request the Executive Director to report to Council at its Twenty-eighth and Twenty-ninth Sessions progress in implementing the programme of work as a separate agenda item for Council consideration.

## ANNEX

### 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. Supplementary work through an intersessional panel may be needed, with estimated costs amounting to US\$40,000 – US\$60,000.
(ii) Hold two regular sessions (the Twenty-eighth in Peru from 24 to 30 May 2000, and the Twenty-ninth in Yokohama, Japan from 30 October to 4 November 2000) [ITTA, 1994, Article 9].	Routine. Regular Sessions' work.
(iii) Consider and approve the Organization's administrative budget for the Year 2001, 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 2000 financial year [ITTA, 1994, Article 23 (1)].	Routine. Regular Sessions' work.
(v) Review the frequency and duration of the Sessions of Council and Committees [Decisions 5(XXII) and 4(XXVI)].	Routine. Regular Sessions' work. Supplementary work through an intersessional panel may be needed, with estimated costs amounting to US\$40,000 – US\$60,000
(vi) Continue to monitor the resources of the "translation costs" component in the Programme Support Fund [Decision 7(XXVI)].	Routine. Regular Sessions' work.
(vii) Consider and, if appropriate, take action, the results of the work of the CFA on Members arrears to the Administrative Account.	Routine. Regular Sessions' work.
(viii) Consider the results of discussions of the Committee on Finance and Administration on the Organization's information policy, strategy and work, and if appropriate take follow-up action.	Routine. Regular Sessions' work. Eventual decision on follow-up actions may have additional cost implications.

#### PROJECT ACTIVITIES

Activity	Implementation Approach and Cost Implications
(i) Consider proposals to modify the ITTO Manual for Project Formulation, 1999 and the ITTO Manual for Project Monitoring, Review and Evaluation, 1999 [Decision 2(XXVI), IAG 4: para 8].	Regular Sessions' work.



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| (ii)  | 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, IAG 4: para 3,4].   | Routine. Regular Sessions' work.  |
| (iii) | 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.  |
| (iv)  | On the advice of the Committee on Finance and Administration 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 [IAG 4: para 4]. | Routine. Regular Sessions' work.  |
| (v)   | Consider and, if appropriate, take action to revise Decision 2(X) and to improve the Organization's work related to ex-post evaluation of projects.  | The Secretariat and the three technical Committees will carry out preparatory work to assist Council subsequent consideration of the issue at its regular Sessions. |

### STRATEGIC POLICY ACTIVITIES

- | <b>Activity</b>   | <b>Implementation Approach and Cost Implications</b>   |
|---|--|
| (i) Conclude any outstanding matters arising from ITTC Decision 4(XXII) related to Article 16 of the ITTA, 1994 concerning the appointment of the Executive Director.   | Regular Sessions' work.  |
| (ii) Review experience to date from selection processes for the position of the Executive Director.   | Regular Sessions' work (Twenty-eighth Session). Supplementary work through an intersessional panel may be needed, with estimated costs amounting to US\$ 40,000.00 –60,000.00. |
| (iii) Commence consideration of extension, renegotiation or termination of the ITTA, 1994 [Article 46].   | Regular Sessions' work.  |
| (iv) Commence consideration of the review of the scope of the ITTA, 1994 [Article 35].  | Regular Sessions' work.  |
| (v) 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.  |
| (vi) Promote the exchange of views among Member countries regarding: <ul style="list-style-type: none"> <li>➤ The status of sustainable management of timber producing forests and related matters in Member countries;</li> <li>➤ Resource flows and requirements in relation to objectives, criteria and guidelines set by the</li> </ul> | Regular Sessions' work.  |

Organization.  
[ITTA, Article 30 (4)]

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|--------|--|---|
| (vii)  | 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.                                 |
| (viii) | Consider the results of the field testing of and training workshops on the "Manual for Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests"; and review the Manual as appropriate [ITTC Decision 3(XXVI), IAG 4: para 7].  | Regular Sessions' work.   |
| (ix)   | Review the results of the study on the sustainability of tropical forests [Decision 9(XXVI)], and consider follow-up action as appropriate.  | Regular Sessions' work. Eventual decision on follow-up actions may have additional cost implications.                                 |
| (x)    | Review the progress made by: <ul style="list-style-type: none"><li>➤ Member countries towards achieving the Year 2000 Objective; and</li><li>➤ The ITTO in enhancing the capacity of Member countries to implement a strategy for achieving the Year 2000 Objective.</li></ul> [ITTC Decision 10(XXVI), IAG 4: para 6] . | Regular Sessions' work.   |
| (xi)   | Consider and, if appropriate, take action to follow-up on information provided by Members on the progress made with regard to market access for tropical timber as a possible means to facilitate sustainable forest management [ITTC Decision 9(XXVI)].   | Regular Sessions' work. Eventual decision on follow-up actions may have additional cost implications.                                 |
| (xii)  | Undertake the annual review and assessment of the international timber situation [ITTA, 1994, Article 30(a)].  | Routine. Regular Sessions' work.  |
| (xiii) | Consider at the Twenty-eighth Session of Council information to be provided by Members, by 1 April 2000, on the issues arising in the forest and forest-product related international agenda, focusing on the role of ITTO and to maintain its relevance in the developing international agenda.                         | Regular Session. The Secretariat will request, compile and distribute this information to Members prior to the Twenty-eighth Session. |
| (xiv)  | 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.  |
| (xv)   | Consider and, if appropriate, take decision on actions to further strengthen cooperation between ITTO and IFF, FAO, UN/ECE and EUROSTAT [cooperation related to ITTC Decisions 6(XXII) and 6(XXV), and cross cutting strategies (section 2) in the Action Plan].   | Routine. Regular Sessions' work.  |
| (xvi)  | 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.  |
| (xvii) | Consider the report of the Informal Advisory Group   | Routine. Regular Sessions' work.  |

(IAG), in order to organize Session work [IAG 4: para 12].

- (xviii) Consider recommendations proposed in the report of the Fellowship Selection Panel.

Routine. 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. Decisions on implementation of ex-post evaluations may require additional funds.
(iii) Review the results of project work in the relevant committees and make recommendations to Council on ITTO's work program for the year 2001 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(iv) In conjunction with the other two technical committees, the relevant committee to assess fellowship applications and decide on fellowships to be granted by ITTO under project PD 1/93 Rev.1 (M,F,I).	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), Action Plan, section 2].	Routine. Regular Sessions' work.
(vii) Assist Council to review Section 7 in Annex 2 of Decision 2(X) on ex-post evaluations with a view to define a simple procedure for identifying projects or group of projects requiring ex-post evaluations and define a simple and cost effective procedure to carry out ex-post evaluations, including alternative ways for financing ex-post evaluation work.	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 2001 [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
(i) Monitor the implementation and consider results of the study on the competitiveness of tropical timber and tropical timber products with timber and non-timber substitutes [Action Plan, section 3.1, goal 2, action 7].	Regular Sessions' work. Assumes terms of reference and cost estimates for the study will be proposed by the Committee and agreed upon by Council at its Twenty-seventh Session (1-6 November 1999).
(ii) Continue monitoring of development of forest certification and timber labeling [Action Plan, section 3.1, goal 3].	Regular Sessions' work.
(iii) Consider and make recommendations to Council on future 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 [Action Plan, section 3.1, goal 1 action 3].	Recommendations to be made by the Committee for approval by the ITTC at its Twenty-seventh Session (1-6 November 1999).
(iv) Propose ways to streamline the collection and dissemination of statistical data [Action Plan, section 3.1, goal 1 action 2].	Regular Sessions' work.
(v) In cooperation with industry and trade associations, organize and hold the ITTO 2000 Annual Market Discussions on the world tropical timber trade – during the Twenty-eighth Session of the ITTC, Peru, 24-30 May 2000 [Action Plan, section 3.1, goal 2, action 1].	Regular Session' work. The theme for the discussion to be finalized during the Twenty-fifth Session of the Committee (1-6 November 1999).
(vi) Monitor and analyze statistical data and other relevant information, including any information on undocumented trade [Action Plan, section 3.1, goal 1 action 2].	Routine. Regular Sessions' work.
(vii) Monitor the implementation and consider results of the study on the medium and longer term outlook for the tropical timber market [Action Plan, section 3.1, goal 2 action 2].	Routine. Regular Sessions' work. Assume terms of reference and cost estimates for the study will be proposed by the Committee and agreed upon by Council at its Twenty-seventh Session.

## **COMMITTEE ON REFORESTATION AND FOREST-MANAGEMENT**

### **STRATEGIC POLICY ACTIVITIES**

<b>Activity</b>	<b>Implementation Approach and Cost Implications</b>
(i) Update and revise the ITTO Guidelines on Sustainable Management of Natural Tropical Forest taking into account reduced impact logging, rehabilitation of degraded forests and forest lands, and management of secondary forests [CRF(XXIV)/14 Rev.1, item 9].	Regular Sessions' work. Assumes terms of reference and cost estimates for the initial work was proposed by the Committee and agreed upon by Council at its Twenty-seventh Session (1-6 November 1999).

## **COMMITTEE ON FOREST INDUSTRY**

### **STRATEGIC POLICY ACTIVITIES**

<b>Activity</b>	<b>Implementation Approach and Cost Implications</b>
(i) Consider the results of initial work carried out to develop and publish guidelines on increasing utilization efficiency and the reduction of losses and waste throughout the production chain [Action Plan, section 3.3, goal 3, action 1].	Regular Sessions' work. Assumes terms of reference and cost estimates for the initial work proposed by the Committee will be agreed upon by Council at its Twenty-seventh Session (1-6 November 1999).
(ii) Review the status of tropical timber further processing in producer countries [Action Plan, section 3.3, goal 1, action 2].	Regular Sessions' work. Assumes terms of reference and cost estimates for the survey and consultancy work will be proposed by the Committee will be agreed upon by the Council at its Twenty-seventh Session (1-6 November 1999).

## **COMMITTEE ON FINANCE AND ADMINISTRATION**

### **ADMINISTRATIVE ACTIVITIES**

<b>Activity</b>	<b>Implementation Approach and Cost Implications</b>
(i) Consider the working documents on intellectual property rights and make recommendations to Council on intellectual property rights [ITTC Decision 10(XXII)] and ITTC report contained in document ITTC(XXIV)/19.	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 2000 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.

- |       |  |                                  |
|-------|--|----------------------------------|
| (iii) | Review the independent audited statement for the 1999 financial year [ITTA, 1994, Article 27(6)].  | Routine. Regular Sessions' work. |
| (iv)  | Examine and make recommendations to the Council regarding the approval of the Organization's administrative budget proposals for the year 2001 [ITTA, 1994, Article 27(6)].  | Routine. Regular Sessions' work. |
| (v)   | Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work. [ITTA, 1994, Article 27(6)].   | Routine. Regular Sessions' work. |
| (vi)  | 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. |
| (vii) | Continue its work with a view to make recommendations to Council on the Organization's information Policy, strategy and work.  | Routine. 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 preparations for meetings. The proposed work for the Secretariat in 2000 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 2000.
- (iii) Organize and provide assistance to two meetings of the Expert Panel for Technical Appraisal of Project Proposals in 2000.
- (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 (116 operational pre-projects and projects as of September 1999).
- (vii) Assist Committees and Council to review Section 7 in Annex 2 of Decision 2(X) on ex-post evaluations with a view to define a simple procedure for identifying projects or group of projects requiring ex-post evaluations and define a simple and cost effective procedure to carry out ex-post evaluations, including alternative ways for financing ex-post evaluation work.
- (viii) Preparation of draft 2000 Annual Report of the Organization.
- (ix) Prepare a proposal for the Administrative budget for the Year 2001.
- (x) Take the necessary actions for printing, translation and dissemination of ITTO publications.

- (xi) Represent and provide for ITTO contribution in meetings, conferences, seminars and other activities implemented by relevant cooperating agencies and forums such as the Common Fund for Commodities, UN/ECE, UNCTAD, WTO, FAO, CITES, IFF, World Bank, IUFRO, GEF, UNFCCC, 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
  - b. Project PD 73/89 (M,F,I)  
Assistance for Project Identification and Formulation
  - c. Project PD 17/93 Rev.3 (M,F,I)  
ITTO Network for Information Sharing and Project Support
  - d. Project PD 16/93 Rev.4 (M) IV  
Market Information Service for Tropical Timber and Timber Products
  - e. Assisting the organization of the ITTO 2000 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 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"
- (xiii) Providing and facilitating access to relevant information and knowledge contained in ITTO publications and project findings.
- (xiv) Carrying out any other tasks decided by Council on an *ad hoc* basis through Decisions adopted. These tasks include, *inter alia*, the following activities approved by Council:
- Engage consultants and undertake a study on the assessment of the sustainability of tropical forests [Decision 9(XXVI)].
  - Engage consultants and make arrangements for the preparation of reports needed for the Council preliminary review of progress towards achieving the Year 2000 Objective [Decision 10(XXVI)].
  - Organize four regional workshops to train the trainers for the wide use and implementation of the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests [Decision 3(XXVI)].
  - Engage consultants and arrange for the field test of the Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests [Decision 3(XXVI)].

\* \* \*

TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
Yokohama, Japan

**DECISION 8(XXVII)**  
**RULES AND PROCEDURES APPLYING TO ITTO PROJECTS**

The International Tropical Timber Council,

Recalling Decision 2(XXVI) on the revision of project related guidelines and manuals which requests the Executive Director to assess the new Manual on Rules and Procedures for Project Implementation and to propose any modifications, which are deemed necessary at the next Council Session,

Considering the Document ITTC(XXVII)/6 "Report on the Draft Rules and Procedures Applying to ITTO Projects",

Further considering the comments and the advice of the open-ended informal working group which evaluated the report during the Twenty-seventh Session of the Council,

Recognizing the need to provide guidance for the project cycle,

Decides to:

1. Delete paragraph (b) on page 6, in the section: 'Exclusions' of the Guidelines for the Selection and Employment of Consultants and Guidelines for the Procurement and Payment of Goods and Services financed from the Special Account;
2. Apply these Guidelines to the Bali Partnership Fund *mutatis mutandis*;
3. Adopt the "Rules and Procedures Applying to ITTO Projects", in the Annex to this Decision; and
4. Request the Executive Director to arrange for the publication and distribution of the adopted "Manual on Rules and Procedures Applying to ITTO Projects".



ANNEX

DRAFT

## **RULES AND PROCEDURES APPLYING TO ITTO PROJECTS**

**November 1999**

**FOREWORD**

**(to be completed)**

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## **I. Introduction**

This document sets out the ITTO working procedures and guidelines approved by the International Tropical Timber Council (ITTC) which are directly linked to the various stages of the Project Cycle - formulation of proposals, appraisal, approval, implementation, monitoring and evaluation of Projects. The content of the relevant updated Decisions is indicated hereafter.

## **II. The ITTO Project Cycle**

The following procedures are related to the ITTO Project Cycle, from submission of proposals to Project completion:

- Submission of Project and Pre-Project proposals from Member countries through the ITTO Official Contact Points. The deadline for the submission of Project and Pre-Project proposals for consideration at the following Council Session is two weeks after the end of each Council Session.
- Examination of the proposals by the Expert Panel, its categorization and conveyance of its views to the originating member(s). The technical recommendations of the Expert Panel are brought to the relevant Committee.
- The Committees are responsible for "ensuring the effective appraisal of Projects and Pre-Projects" and making "recommendations to the Council relating to Pre-projects and Projects".
- Revision of the Project proposal. It may be necessary for the revised Project proposal to come back to the next Expert Panel meeting, depending on the categorization of the proposal.
- Appraisal of Project and Pre-Project proposals by the relevant Committee and submission of recommendations to the Council. Project Ideas may be presented directly to the Committees and if appropriate, to the Council for discussion and encouragement of the proposing member(s) in developing a Project proposal.
- Council approval of Projects and Pre-Projects for financing.
- Pledging of financing for Projects and Pre-Projects at Council Session or between Sessions.
- Preparation and signature of Project Agreements.
- Project implementation - monitoring by the ITTO staff and Steering Committee (depending on Project's cost and duration) and mid-term evaluation (optional).
- Project completion - evaluation at Project completion or ex-post evaluation (optional).

Actual dates and deadlines are announced in the ITTO Project Cycle Calendar circulated before each session of the Council.

## **III. Identification and Formulation**

ITTO Members may submit Project Ideas to the Committees or to the Expert Panel for Technical Appraisal of Project Proposals for assessment and advice as the first step in the project cycle. Countries should be reminded that cooperation between member countries can improve the quality of the identification process. Project proposals submitted to ITTO should be consistent with the current ITTO Action Plan and the national forestry policy of the submitting member countries [Decision 4(XXV), Annex A].

The format of Project and Pre-Project proposals and of Project Ideas is provided in the ITTO Manual for Project Formulation (Second Edition), 1999, approved by Decision 2(XXVI). The length of Project proposals to the ITTO should not exceed 30 single-sided pages, while Pre-Project proposals should not exceed 15 single-sided pages. If it proves necessary to present additional supporting information, Project formulators should prepare concise annexes to the main body of the proposal [ITTO Manual for Project Formulation, Second Edition, 1999]. Projects requiring funding of US\$ 150,000 or less may be presented in less detail [Rule 29 of the Financial Rules and Rules Relating to Projects of the ITTO].

Members are encouraged to use the mechanism provided by project PD 73/89 Rev.3 (M,F,I), in particular through project formulation workshops, to support Project formulation and to use Pre-Projects to prepare high quality project proposals, whenever necessary [Decision 4(XXV), Annex A].

All pre-project and project proposals must be directly submitted by the "Official Contact Point" of an ITTO Member [Decision 4(XXV), Annex A, Section III]. Any pre-project and/or project proposal not channeled through the "ITTO Contact Point" will not be accepted.

In view of the limited number of project proposals that the Expert Panel for Technical Appraisal of Project Proposals can appraise, the Official Contact Point responsible for ITTO shall provide a list of project proposals in order of priority for consideration by the Expert Panel, if the Member is submitting more than one (pre)project proposal [Decision 4(XXV), Annex A, Section III].

The timetable for the ITTO Project Cycle establishes that the deadline for the submission of Project and Pre-Project proposals for consideration at the following Council Session is two weeks after the end of each Council Session [Decision 7(XXI)]. Project Ideas should arrive at the Secretariat at least four weeks before each Council Session [Decision 2(X), Annex 2].

#### **IV. Project Appraisal**

Final appraisal of Projects, Pre-Projects and Project Ideas is the responsibility of the Committees [ITTA 1994].

The Expert Panel for Technical Appraisal of Project Proposals was established by Decision 6(IX), and continued by Decision 2(X), considering the increase in the operational activities of the Organization and the need "to strengthen the capacity of the Secretariat in the technical appraisal of Project proposals prior to their presentation to the Committees." The Expert Panel members are appointed by the Council on the basis of their technical expertise with due regard to the principles of geographic balance and rotation of Panel membership. Six members are from producing countries and six members from consuming countries. The appointment of members to the Panel is for a period of two years with the possibility of extending to three years if desired by the relevant region [Decision 7(XXI) and Decision 7(XXII)]. Due consideration is taken of the benefits of some continuity in Panel membership.

The Expert Panel adopts standard Categories of Decision to make recommendations to the Committees on the Projects and Pre-Projects. The Panel is expected to "screen the Project proposals for their relevance to ITTO's Action Plan and Work Programs ... but not otherwise prioritize them. ... If reformulations involving major amendments or reformulation are recommended, (the Panel shall) request to carry out a final appraisal of the revised versions of Project and Pre-project proposals, prior to their presentation to the relevant ITTO committees." [Decision 7(XXII), Annex].

Immediately after the meeting of the Expert Panel, a brief report on each Project proposal is forwarded by the Secretariat to the submitting Government. The submitting Government may subsequently amend or revise its Project proposal(s) as recommended by the Expert Panel before consideration by the Committees or reconsideration by the Expert Panel.

Project Proposals requiring essential modifications or reformulation will be subject to a reassessment by the Expert Panel for Technical Appraisal of Project Proposals and the Panel will forward to the Committee only those proposals requiring minor or no amendments. The only exception to this will be in case of Proposals where the proposer is unable to agree with the Panel after three revisions [Decision 4(XXV), Annex A].

#### **V. Project Approval**

Approval of Project and Pre-Project proposals is a function of the International Tropical Timber Council [ITTA 1994].

Urgent proposals which rise unexpectedly and therefore cannot follow the full Project Cycle are considered by the Council/Committees only if they are sponsored by at least three producer and three consumer member countries, are justified by a written proposal conforming to the Project document format, and are accompanied by reasons why the proposal cannot await scrutiny by the next Expert Panel meeting [Decision 5(XII), Annex].

Small Project or Pre-Project proposals of US\$ 75,000 or less can be approved by the Executive Director with the proviso that these proposals are submitted to the Expert Panel and via Committees are reported on at the next Council Session [Decision 5(XII), Annex].

Approved Projects which have not been funded within a validity period of 20 months may be revised and resubmitted to the Council. Failing resubmission, the Project will lose its status as an approved Project. Approved Projects for which funds have been committed, but for which implementation has not yet begun, shall be valid for a period of 26 months [Decision 2(X), Annex 2].

## **VI. Project Agreement**

Project Agreements will be effective with signature of the Agreements by all the parties concerned.

### **Project Agreements shall include:**

- Provisions for the Executing Agency and ITTO to recover costs that were spent on activities or materials not provided for in the agreed project document. Project Agreements must also provide for interruption of disbursement of project funds, in the event of violations of the project agreement [Decision 2(X), Annex 2].
- At project completion or as requested by ITTO, project accounts shall be audited by duly recognized independent auditors appointed by the Executing Agency in consultation with ITTO [Decision 6(XIII), Annex B].
- The Executing Agency shall arrange for an external annual financial audit of all projects with a duration of two years or more and a budget above US\$200,000 [Decision 4(XXV), Annex A].
- The Executing Agency shall report the outcome of the project and lessons learned as well as any publications produced for inclusion in the Tropical Forest Update (TFU) [Decision 4(XXV), Annex A].

## **VII. Project Implementation and Monitoring**

There should be a Project Steering Committee (PSC) for all Projects in which the ITTO share is at least US\$ 400,000 and with an implementation period greater than 24 months. Composition of the Project Steering Committee includes one representative of the ITTO, at least one representative of the government or government(s) which implement(s) the Project and optionally a representative of the government(s) providing funds to the Special Account of the ITTO. Project Steering Committee decisions are taken by consensus and subject to review by the Council at the option of any Committee member or members [Decision 2(X), Annex 2]. The PSC will meet once or twice each year to review progress in project implementation. The date at which meetings are to be held should be determined after consultation among all the concerned parties.

On the advice of the Project Steering Committee, the Executive Director may modify the ITTO contribution to the Project or Pre-Project budget with the formal consent of donors for earmarked funds, by not more than US\$ 50,000 per year or ten percent of the ITTO contribution approved by the Council, whichever is less [Decision 2(X), Annex 2]. Where there is no Project Steering Committee, and upon request of the submitting member, the Executive Director has the authority to modify Project and Pre-Project budgets, with the formal consent of donors of earmarked funds, by US\$ 50,000 per year, or 5% of the Project budget, whichever is less [Decision 5(XII)].

Specific procedures which apply to the financing of activities through the Special Account are set out in the "ITTO Guidelines for the Employment of Consultants and the Guidelines for the Procurement and Payment of Goods and Services Financed from the Special Account", approved by Decision 5(XIV).

The ITTO Financial Rules and Rules Relating to Projects approved under Decision 6(XXIII) should be the source of reference for all financial matters relating to projects.

## **VIII. Project Reporting**

The Executing Agency shall submit to ITTO bi-annual progress reports not later than 28 February and 31 August in each year during the implementation of the project.

Specific instructions on the preparation of Project Progress Reports, Project Completion Reports and Project Technical Reports are provided in the ITTO Manual for Project Monitoring, Review and Evaluation (Second Edition), 1999, approved by Decision 2(XXVI). Project Progress Reports and Completion Reports should include information on the use of the project financial resources as related to the Project's budget components.

## **IX. Project Evaluation**

It is a function of the Committees to identify Projects for ex-post evaluation, through which important lessons can be learned.

Decision 4(XXV), Annex A, Section VII requires the Secretariat to prepare for each Committee a document on completed pre-projects and projects. The document will consist of a report of not more than two pages per completed pre-project or project based on the reports and information received from the implementing agencies and the project steering committees. The Committee will decide upon the necessity of ex-post evaluation on the basis of the document prepared by the Secretariat which will include a mention of the financial resources available for ex-post evaluation.

Decision 2(X), Annex 2 establishes that ITTO ex-post evaluations will be undertaken by a team composed of at least three independent persons, selected by the relevant Committee. Donor countries may wish to participate as observers in the evaluation of Projects (co-)financed by them. The evaluation team should report its findings to the Council through the relevant Committee. The Secretariat should ensure that lessons learned, both positive and negative, are made available to Members.

Internal evaluations, both by trainees and teachers, should be carried out for all ITTO financed Projects which envisage training activities. The model questionnaires to be applied, and which may be adapted as necessary, are provided by the Organization [Decision 7(XXI), Annex].

## **X. Project Completion**

Upon completion of the project, the Executing Agency shall make an early assessment of its outcome and report to ITTO. The Executing Agency shall submit a completion report and technical report(s) resulting from the project. Completion reports will be used as the basis for the Secretariat's reports to the Committees on completed projects. If it is decided subsequently to arrange an ex-post evaluation or such an evaluation has already been specifically provided for in the Project Agreement, the completion report will be one of the inputs provided to such an evaluation.

A final audited financial statement shall be submitted within four months of the completion of the project [Decision 6(XIII), Annex B].

## **XI. Project Results Dissemination**

The project technical reports should be the main means for the dissemination of project results. Project evaluations are also an important source of information for identifying and disseminating lessons learned.

The ITTO also disseminates results achieved through its operational activities through publications which include the "Tropical Forest Update"(TFU), "Technical Series", "Policy Development Series", "Serial Publications", "Information Papers", "Report of Seminars, Workshops and other Meetings" and "Project Reports", among others.

\* \* \*

TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
Yokohama, Japan

## DECISION 9(XXVII)

### PRIORITIZATION AND MONITORING OF ACTIONS, PRE-PROJECTS AND PROJECTS FUNDED BY SUB-ACCOUNT B OF THE BALI PARTNERSHIP FUND

The International Tropical Timber Council,

Recalling Decision 6(XXVI) on the management of the Bali Partnership Fund and Funding of actions defined by the current ITTO Action Plan,

Noting the need to build upon the above mentioned Decision 6(XXVI) by defining a clear mechanism for the allocation of funds out of sub-account B of the Bali Partnership Fund,

Decides to:

1. Build upon Decision 6(XXVI) by implementing the following mechanism for the prioritization and monitoring of non-country specific actions, pre-projects and projects funded by the Bali Partnership Fund:
  - i. Establish a sub-committee under the Committee on Finance and Administration (CFA) for the allocation of funds under sub-account B and for the monitoring of the implementation of the actions, pre-projects and projects funded by sub-account B of the Bali Partnership Fund;
  - ii. The sub-committee shall be chaired by the Vice-Chair of the CFA and be composed of:
    - a. three consumer member representatives that are main contributors to the Bali Partnership Fund;
    - b. three producer member representatives, one from each geographic region;
  - iii. During Council Sessions the sub-committee shall consider draft decisions that are eligible for funding under sub-account B;
  - iv. The sub-committee will prioritize these draft decisions taking into account, in consultation with the Secretariat, the financial implications of these items as well as the resources available under sub-account B. In the sub-committee's deliberations, the procedures established for the Special Account under Chapter VI of ITTA, 1994 shall apply;
  - v. The sub-committee will forward its priority list, including recommended allocations, through the CFA, to the Council, for consideration;
  - vi. The sub-committee will also meet during Council Sessions to monitor and review the management of sub-account B and the progress of actions, pre-projects and projects funded under this account;



2. Strongly encourage ~~Members~~ Members to make contributions to the Bali Partnership Fund and in particular to its sub-account B; and
3. Review this mechanism at the Thirtieth Session of Council.

\* \* \*

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6 November 1999

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TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
Yokohama, Japan

## DECISION 10(XXVII)

### FURTHER EXAMINATION OF THE RECOMMENDATIONS OF THE REPORT ON THE DOWNTURN IN THE INTERNATIONAL TROPICAL TIMBER MARKET

The International Tropical Timber Council,

Recalling Decision 6(XXIV) relating to the downturn in the international tropical timber market,

Welcoming the report [ITTC(XXVII)/7] and recognizing the importance of the recommendations of the two consultants on the market downturn in the international tropical timber trade,

Noting the range of views of the member countries on the recommendations presented in the report and the need for further discussions of the recommendations,

Acknowledging the deleterious effects of the market downturn on the efforts of affected Member countries to achieve the sustainable management of tropical forests,

Decides to:

1. Urge member countries to encourage their timber trade/industry associations to evaluate the recommendations in the report and submit comments to representatives of their member countries;
2. Invite member countries to submit comments on the recommendations of the report to the ITTO Secretariat by 31 March 2000; and
3. Request the Secretariat to compile comments received from member countries for further discussions within the Twenty-sixth session of the Committee on Economic Information and Market Intelligence.

\* \* \*

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6 November 1999

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TWENTY-SEVENTH SESSION  
1 – 6 November 1999  
Yokohama, Japan

## DECISION 11(XXVII)

### FREQUENCY AND DURATION OF COUNCIL AND COMMITTEE SESSIONS

The International Tropical Timber Council,

Recalling Decisions 4(XXVI) and 4(XXV) on the frequency and duration of Council and Committee sessions and strengthening and streamlining the work of the Committees,

Also recalling the Executive Director's Preliminary Paper on Options for the "Frequency and Duration of the Sessions of the Council and Committees" [ITTC(XXVI)/11],

Welcoming the Report of the Officer-in-Charge on "Information Needed and Proposed Methodology for the Review and Reassessment of the Frequency and Duration of Council and Committees" [ITTC(XXVII)/5],

Reaffirming the need to improve the work effectiveness and cost efficiency of the Organization,

Decides to request the Executive Director to supplement the information presented in Document ITTC(XXVI)/11 by providing cost estimates of the options contained in the Annex of that document to the Council at its Twenty-eighth Session.

\* \* \*

## ANNEX V

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

**Documents:**            CEM(XXV)/7 Rev.2  
                              CRF(XXV)/12 Rev.1  
                              CFI(XXV)/7  
                              CFA(VI)/9 Rev.1

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1 – 6 November 1999  
Yokohama, Japan

## REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

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## REPORT

### 1. Opening of the Session

The Twenty-fifth Session of the Committee was opened on 1 November 1999 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, under the Chairmanship of Mr. James Gasana (Switzerland). The subsequent meetings of the Committee during its current Session were conducted by its Chairman, Mr. Alhassan Attah (Ghana). The list of participants is presented in document ITTC(XXVII)/Info.2 Rev.1.

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

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

### 3. Admission of Observers

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

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

The Chairman advised the Committee that the Report of the Eighteenth Meeting of the Expert Panel for Technical Appraisal of Project Proposals as contained in document CEM, CRF, CFI(XXV)/1 was discussed in the Joint Session of the Committees on 1 November 1999, and that the Joint Session had taken note of the recommendations of the Expert Panel.

### 5. Report of Ex-post Evaluations

The Committee considered the Report of Ex-post Evaluations as contained in document CEM(XXV)/3. A presentation before the Committee was made by Mr. James Gasana (consultant) in respect of his ex-post evaluation reports on PD 5/94 Rev.3 (M) and PD 29/96 Rev.1 (M), as follows:

**(i) PD 5/94 Rev.3 (M) Development of Computerized Information System for the Forestry Commission of Ghana**

The Committee noted that the project was implemented in a sufficiently efficient manner. Its effectiveness was seen in terms of the enhancement of the Commission's capacity in producing publications and the development of computer skills and use among its staff. The impact of the project was lasting on the users as well as on the functioning of the Commission's services. It was, however, noted that a few important objectives and outputs were not achieved while some were only partly realised. Delays in completion, final reporting and return of unused funds to ITTO were encountered, indicating weakness in project monitoring. The Committee took due note of the recommendations made by the consultant and agreed that the Government of Ghana be requested to return the net balance of the funding of the project to the ITTO Secretariat.

**(ii) PD 29/96 Rev.1 (M) Reinforcement of the National System for the Collection and Processing of Forest Statistics and Support for the Training of Field Units (Gabon)**

The Committee noted that the project had been efficiently and cost-effectively implemented, achieving all of its objectives and even surpassing some of its outputs. Regarded as a valuable contribution to Gabon's forest sector, the project had enhanced DIARF's capability in forest statistics collection, consolidation, processing, storage and dissemination, besides strengthening its linkages with other agencies and its regional offices. Gabon could now supply data on its timber production and trade to ITTO and ATO. The project had also enhanced skills in computer programming, equipment use, data capture and word processing among DIARF's staff whose level of motivation had improved as a result. The successful implementation of the project was, however, limited by the low involvement of other relevant agencies, the absence of effective field control within the DIARF data system, the lack of systematic data analysis, the absence of impact in aspects regarding policy analysis and reform, and a post-project situation which showed a low rate of secretarial personnel turning up for effective work due to non-payment of salaries. The Committee took due note of the recommendations made by the consultant.

The Committee noted that the full ex-post evaluation reports of the above projects were available for reference from the ITTO Secretariat. The reports would be sent to the implementing agencies and the

donors. The Committee further agreed to consider the ex-post evaluation of PD 167/91 Rev.1 (M) at its next session.

#### 6. Report of Projects, Pre-project and Activity in Progress

The Committee considered the Report of Projects, Pre-project and Activity in Progress as contained in document CEM(XXV)/4. Progress reports of the following projects, pre-project and activity were duly noted:

##### **(A) PROJECTS AND ACTIVITY UNDER IMPLEMENTATION**

##### **(i) PD 16/93 Rev.4 (M) 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(XXV)/4. The Committee further agreed to recommend to the Council that the project be continued and, in this regard, approved the transfer of funds remaining in the budget for the first part (1999) amounting to US\$101,000 to the budget for the second part of the project (2000). (Please see Section D, item 1 below.) The Committee also took note of the view of the delegation of Japan that the continuation of this project beyond 2000 as an activity under the Administrative Account be explored.

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

The Committee noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXV)/4. It further noted the presentation on the progress in the implementation of the project made by the Training Specialist, Mr. Daru Asycarya. The Committee considered and approved the extension in time and amendment of budget without additional funds for the project as requested by the implementing agency.

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

The Committee noted that the sixth workshop would be conducted in Lomé, Togo from 29 November to 17 December 1999 in collaboration with the Office de Développement et d'Exploitation des Forêts (ODEF). A total of 21 participants from 7 French speaking Member Countries have been invited to participate in the workshop. The Committee recalled its approval for a final workshop to be convened in 2000 if sufficient project funds were remaining.

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

The Committee noted that pursuant to its decision at its previous session, the project steering committee meeting had been convened and the second tranche of funds for the project was subsequently disbursed. The Committee further noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXV)/4 and renewed its request that the Government of Peru took all necessary steps to free the frozen funds of the project.

##### **(v) PD 25/96 Rev.2 (M) China's Consumption of Forest Products and its Demands for Them for the International Market by the Year 2010 (China)**

The Committee noted that the implementation of this project had been completed and the final report of the project submitted. The project would be declared completed upon receipt of the financial report.

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

The Committee noted that pursuant to its decision at its previous session, the last tranche of funds for the project was released on 6 October 1999. The Committee noted the satisfactory progress achieved in the implementation of the project as indicated in document CEM(XXIV)/4.

**(vii) 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(XXV)/4.

**(viii) PD 3/97 Rev.1 (M) Development of an Export Market Intelligence Monitoring System (Fiji)**

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

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

The Secretariat reported that the Joint Questionnaire (JQ) was successfully disseminated by the collaborating organizations for the first time in April-May 1999. While most countries had provided responses to the JQ, problems of data quality and timeliness persisted. A meeting of the Inter-Secretariat Working Group on Forest Statistics (IWGFS) had been scheduled in early 2000 to discuss the results of the JQ in its first year and to make revisions to the 2000 version.

Work on the second part of the activity involving the strengthening of ITTO's data handling and analysis capacity was continuing on database development, with the initial focus on facilitating data entry and filtering. However, much work remained to be done to improve ITTO's statistical capacity, both in terms of software and hardware development. The goal was to make ITTO's statistical system compatible with those of partner agencies and to enable data dissemination via the internet.

The Secretariat informed the Committee of the need for additional resources to continue its participation in the work of the IWGFS and to further enhance its statistical capacity. The Committee called on donors with outstanding pledges of \$16,950 to this activity to make these funds available to the Special Account as soon as possible. It also endorsed the transfer of \$18,099.55 remaining in the related activity PP-A/21-58 to this activity to allow work to continue in 2000.

**(B) PROJECTS PENDING AGREEMENT**

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

The Committee noted that the project agreement had been sent to the Government of Egypt and the implementing agency for signature.

**(ii) 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 that the project agreement had been sent to the Government of Ghana and the implementing agency for signature.

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

The Committee noted that the project agreement had been sent to the Government of Gabon and the implementing agency for signature.

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

The Committee noted that the project agreement had been sent to the Government of China and the implementing agency for signature.



**(C) PRE-PROJECT PENDING AGREEMENT**

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

The Committee noted that the project agreement had been sent to the Government of Ecuador and the implementing agency for signature.

**(D) PROJECT PENDING FINANCING**

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

Following its decision on item 1 under Section A above, the Committee agreed to recommend to the Council the provision of US\$196,500 to fund the remainder of the approved budget for the second part of the project to be implemented in 2000. The Committee urged donors to provide funds to the amount of US\$196,500 for the full implementation of the second part of this project. The Committee further authorised the implementation of the second part of this project in 2000 using available funds while waiting for the funding of the remaining amount of US\$196,500 to be secured.

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

The Committee urged donors to provide funds for the implementation of this project as soon as the implementation of Stage 1 of the project has been completed. (Please see Section A, item 4 above)

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

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. (Please see Section B, item 2 above)

- (iv) **PD 6/98 Rev.1 (M) Establishment of a Forest Statistics and Information Center for the Implementation of Sustainable Forest Management in the Republic of Honduras**

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.

- (v) **PD 19/98 Rev.1 (M) Design and Implementation of an Information System within the Guyana Forestry Commission**

The Committee noted that the project would be declared 'sunset' on 31 December 1999 in accordance with Annex 2 of ITTC Decision 2(X). The Committee urged donors to immediately 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.

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

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 Project and Pre-project Proposals**

The Committee had before it two pre-project and four project proposals 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 projects considered by the Committee are contained in Appendix A.

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

The Committee noted the conclusion of the Sixteenth Expert Panel which concluded that with the incorporation of the essential modifications, which were necessary for the project to succeed, the project could be commended to the Committee for final appraisal. The Committee duly considered the revised proposal of the project as contained in PD 39/96 Rev.3 (M) which incorporated the essential modifications proposed by the Panel. The Committee recommended that the project as modified be approved by the Council for immediate financing from the Special Account.

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

The Committee noted the conclusion of the Eighteenth Expert Panel that with the incorporation of any minor amendments noted, the project proposal could be commended to the Committee for final appraisal. The Committee duly considered the revised proposal of the project as contained in PD 41/99 Rev.2 (M) which incorporated the minor amendments proposal by the Panel. The Committee recommended that the project as amended be approved by the Council for immediate financing from the Special Account.

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

The Committee noted the conclusion of the Eighteenth Expert Panel that with the incorporation of any minor amendments noted, the project proposal could be commended to the Committee for final appraisal. It was also noted that the Panel was of the view that this project proposal was eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV). The Committee duly considered the revised proposal of the project as contained in PD 48/99 Rev. 1 (M, F) which incorporated the minor amendments proposed by the Panel. The Committee recommended that the project as amended be approved by the Council for immediate financing from the Bali Partnership Fund.

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

The Committee noted the conclusion of the Eighteenth Expert Panel that with the incorporation of any minor amendments noted, the project proposal could be commended to the Committee for final appraisal. The Committee duly considered the revised proposal of the project as contained in PD 55/99 Rev.1 (M) which incorporated the minor amendments proposed by the Panel. The Committee recommended that the project as amended be approved by the Council for immediate financing from the Special Account.

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

The Committee noted the conclusion of the Eighteenth Expert Panel that with the incorporation of any minor amendments noted, the pre-project proposal could be commended to the Committee for final appraisal. The Committee duly considered the revised proposal of the pre-project as contained in PPD 13/99 Rev.1 (M, F, I) which incorporated the minor amendments proposed by the Panel. The Committee recommended that the pre-project as amended be approved by the Council for immediate financing from the Special Account.

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

The Committee noted the conclusion of the Eighteenth Expert Panel that with the incorporation of any minor amendments noted, the pre-project proposal could be commended to the Committee for final appraisal. The Committee duly considered the revised proposal of the pre-project as contained in PD 21/99 Rev.1 (M) which incorporated the amendments proposed by the Panel. The Committee recommended that the pre-project as revised be approved by the Council for immediate financing from the Special Account.

8. Policy Work

**(i) Market Access**

No specific issues on market access were raised. The Committee noted that pursuant to Decision 9(XXVI), Members would inform the Council at its Twenty-eighth Session on progress made with regard to measures undertaken to eliminate possible obstacles to market access for tropical timber.

**(ii) Downturn in the International Tropical Timber Market**

The Committee noted the presentation before the Council of the report on the Downturn in the International Tropical Timber Market (document ITTC(XXVII)/7) and the discussion which took place before the Council. The Committee undertook further consideration of the report, focusing on its recommendations covering forecasting, price stability and transparency, environmental barriers and impediments to trade in timber, promotional work, timber certification and mutual recognition, market and product development, efficiency of the industry and value-added products and product diversification. The Committee agreed to consider the inclusion of some of these recommendations to the list of possible strategic policy initiatives to be included in the Draft ITTO Work Programme 2000 for the Committee.

**(iii) Timber Certification**

The Committee noted the collation by the ITTO Secretariat of information on the range of timber certification schemes being developed, as requested at the previous session of the Committee. The Committee further noted the growing significance of mutual recognition within the context of timber certification and the convening of an international meeting on the potential development of a mechanism for international cooperation in forest certification and labelling to be organised by Australia in New York on 22-24 November 1999.

**(iv) Proposed Listing of Tropical Timber in the Appendices of CITES**

The Committee noted the oral report by the Officer-in-Charge to the Council that no information on new proposals for the listing of tropical timber species in the Appendices of CITES was received from Members. The Committee was also informed of the recent meeting of the Standing Committee of CITES and the next Conference of the Parties (COP) of CITES scheduled to be held in Nairobi, Kenya in April 2000.

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

The Committee noted the inclusion of a study on the competitiveness of tropical timber vis-à-vis competing product and substitutes into the list of strategic policy initiatives to be included in the Draft ITTO Work Programme 2000 for the Committee.

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

The Committee noted that the Co-Chairmen's report on Programme Element II.b would be considered and finalised together with the reports on other IFF Programme elements at the Fourth and final Session of the IFF to be held at the United Nations, New York on 31 January-11 February 2000.

**(vii) Draft ITTO Work Programme 2000 for the Committee on Economic Information and Market Intelligence**

Pursuant to paragraph 4 of the Report of the Informal Advisory Group (IAG) at its Fifth Meeting as contained in document ITTC(XXVII)/2, the Committee discussed the revised Draft ITTO Work Programme for Year 2000 as contained in document ITTC(XXVII)/9 Rev. 1, focussing on proposed strategic policy activities for the Committee including the financial implications of the activities proposed. Following consultations, the Committee agreed to recommend two pre-project studies namely The Competitiveness of Tropical Timber and Tropical Timber Products with Timber and Non-Timber Substitutes and The Medium and Long-Term Outlook for the Tropical Timber Market as activities to be included in the Draft ITTO Work Programme 2000 for the Committee. The terms of reference for the studies as contained in document PPD 26/99 (M) and document PPD 27/99 (M) respectively are attached in Appendix B. It further urged donors to provide the necessary funding to ensure that the

activities could be implemented in 2000. The Draft ITTO Work Programme 2000 for the Committee is attached in Appendix C.

**(viii) Inter-Secretariat Working Group on Forest Statistics (IWGFS)**

In order 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 (Action Plan, section 3.1, goal 1 action 3) the Committee recommended that ITTO would:

- Continue to participate in the Inter-Secretariat Working Group on Forest Statistics;
- Invite representatives of FAO to statistical workshops to be held in ITTO producing countries;
- Participate in FAO, UN/ECE and Eurostat meetings of relevance to forest statistics (e.g. ECE/FAO Timber Committee meetings);
- Ensure collaboration on and complementarity between timber market outlook studies being planned/implemented by ITTO, FAO and ECE;
- Collaborate actively with the other organizations in the global Forest Resource Assessment;
- Continue to upgrade its data processing and dissemination capacity (software and hardware) to ensure compatibility with systems/databases used by other organizations; and
- Work to make its statistical database accessible for custom data downloads via the internet.

As most of these recommendations would have financial implications, the Committee recommended an extension of funding to the on-going activity PP-A/23-63 "Activity to Facilitate Development of a Joint ITTO/ECE-FAO/Eurostat Forest Statistics Questionnaire" as detailed in sub-item (ix) of item 6, Section A above.

**(ix) Theme for the ITTO 2000 Annual Market Discussion**

The Committee noted and endorsed the proposal made by the Informal Trade Group that the theme: "What does it take to be both responsible and successful in the International Tropical Timber Market" be adopted for the ITTO 2000 Annual Market Discussion.

**(x) Study on the Establishment of a Tropical Plywood Exchange**

Pursuant to paragraph 6 of the Report of the Informal Advisory Group (IAG) at its Fifth Meeting as contained in document ITTC(XXVII)/2, the Committee discussed the proposal by Malaysia regarding a study on the establishment of a tropical plywood exchange as a transparent and formal price formation mechanism. The Committee agreed to incorporate the proposal into the list of strategic policy activities to be included in the Draft ITTO Work Programme 2000 for the Committee.

**(xi) Statement by the Informal Trade Group**

The Committee noted the Statement by the Informal Trade Group before the Council and the Committee. The text of the statement is attached in Appendix D.

9. Decision on Fellowship Applications under Project PD 1/93 Rev.1 (M,F,I)

A selection panel, comprising the Vice-Chairman of the Council and three representatives each from Producer and Consumer members, reviewed 96 applications received for fellowships, of which 25 were approved. The Selection Panel's recommendations appear under the appropriate section of the report of the Committee on Forest Industry.

10. Election of Chair and Vice-chair for 2000

Following the usual consultations undertaken by the producer and consumer groups, Ms. Astrid Bergquist (Sweden) was elected Chair of the Committee and Mr. Luciano Helmold Macieira (Brazil) was elected Vice-chair for 2000.

11. Dates of Future Sessions of the Committee

The Twenty-sixth Session of the Committee would be held in conjunction with the Twenty-eighth Session of the International Tropical Timber Council, scheduled for 24-30 May 2000 in Peru.

The Twenty-seventh Session of the Committee would be held in conjunction with the Twenty-ninth Session of the International Tropical Timber Council, scheduled for 30 October-4 November 2000 in Yokohama, Japan.

The Twenty-eighth Session of the Committee would be held in conjunction with the Thirtieth Session of the International Tropical Timber Council, scheduled in May 2001.

12. Other Business

No other matters were raised and discussed by the Committee.

13. Recommendations to the International Tropical Timber Council

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

PD 39/96 Rev. 3 (M)	Creation of a National System for Collection and Processing of Forest Statistics of Congo [US\$557,072]
PD 41/99 Rev. 2 (M)	Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) – Phase I [The Philippines][US\$560,823]
PD 48/99 Rev.1 (M, F)	Sharing of Information and Experiences on Private Sector Success Stories in Sustainable Forest Management [Malaysia] [US\$754,325]
PD 55/99 Rev.1 (M)	Establishment of Sustainable Tropical Forest Products Information System in China [US\$255,100]
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]
PPD 26/99 (M)	The Competitiveness of Tropical Timber and Tropical Timber Products Vis-à-Vis Timber and Non-Timber Substitutes [ITTO][US\$121,500]
PPD 27/99 (M)	The Medium and Long-Term Outlook for the Tropical Timber Market [ITTO][US\$166,900]

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

PD 16/93 Rev. 4 (M)	Market Information Service for Tropical Timber and Timber Products (MIS) – Phase IV (2) [ITTO Secretariat] [US\$196,500]
PD 27/95 Rev.3 (M)	Establishment and Operation of a Forest Strategic Information Center [CIEF] – Phase II Stage 2 [Peru] [US\$462,062]
PD 52/97 Rev.3 (M)	Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from ITTO Member Countries - Phase II [Ghana][US\$180,994]
PD 6/98 Rev.1 (M)	Establishment of a Forest Statistics and Information Center for the Implementation of Sustainable Forest Management in the Republic of Honduras [US\$400,900]

**PD 19/98 Rev.1 (M)      Design and Implementation of an Information System within  
the Guyana Forestry Commission [US\$276,075]**

**PD 47/98 Rev. 2 (M)      Establishing a Data Collection and Dissemination System  
on a Sustainable Basis for Timber Marketing Statistics in  
Cameroon [US\$271,198]**

- (iii) The Committee recommended that donors immediately provide all funds pledged to activity PP-A/23-63 and that funds remaining in the related activity PP-A/21-58 be transferred to PP-A/23-63.

## APPENDIX A

### **TECHNICAL ASSESSMENT OF PROJECTS IN THE AREA OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND SUMMARY TABLE**

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

The first version of this project was considered by the Twelfth Expert Panel. The project is the product of the pre-project proposal PPD7/95 (M) which examined the feasibility and implications of establishing a National Data base - in effect a structure - for the collection, processing, reporting and dissemination of forest statistics of the Congo. The terms of the project proposal are designed to address the defects and constraints in the current management of forestry information and statistical data collection identified in the pre-project report. The objectives are, inter alia:

- i) To establish an information system which will contribute to ensuring overall sustainable management of the Congo's forest resources and be accessible to decision-makers, relevant national and international agencies involved in forest sector planning;
- ii) To create a structure which will put in place measures to develop human resources, improve logistical and financial constraints in the collection, processing and dissemination of forest statistics, e.g. training of man-power and strengthening technical capabilities; standardisation of procedures and documentation for data input; computerisation; and
- iii) To establish a system for the monitoring and efficient management of statistics on a broad and comprehensive range of the forest sector operations including, in particular, its environmental aspects (biodiversity conservation, general conservation of plant and wildlife); social and economic aspects, and the informal sector.

#### Secretariat Comments for the Twelfth Expert Panel

The project has been formulated with attention to details regarding the problems to be addressed. It has been presented following the ITTO Format. The budget should, however, make specific provision for the translation and dissemination of the project report into English and Spanish. This, from recent experience, has become necessary in view of the need to disseminate useful experiences among all developing countries in this area of ITTO activity, where experiences and models of project output design could be considered as usefully replicable. An allocation of some US\$30,000.00 for translation and US\$10,000.00 for printing costs may be considered adequate. There is also need for full justification of the costs incurred on some staff and other equipment as well as of the balance of financial responsibility between ITTO and the Congo Government for the provision of such services and goods. It will be necessary to provide in the proposal and particularly in the budget, for the establishment and functioning of a Project Steering Committee which should meet at mid-term and towards the end of the project.

#### Comments of the Twelfth Expert Panel

The Panel commended the general tenor of the project as well prepared, following the ITTO format and providing a substantial and candid statement of the problems relating to the collection and dissemination of forestry statistics in the Congo. It, however, expressed reservations as to the limited scope and effectiveness of such a project to overcome all the problems identified. The project's potential to encourage and elicit the cooperation of concessionaires in providing data through a mere three-month activity, as envisaged, was particularly questioned by the Panel. More details on forest policy toward concessionaires should be given, including any regulations designed to ensure compliance with data provision obligations. Interaction and liaison with concessionaires should be envisaged as an on-going activity. In the view of the Panel, a primary problem in generating reliable statistics is ensuring that adequate numbers of field personnel are appropriately resourced by the government. Indications on this issue should be given in the proposal. Given the large number of problems identified, it is not realistic to state in section 3.8 that there are no risks to hinder project implementation; the most important of these should be explicitly enumerated.

The Panel welcomed the assertion that the project would result in a sustainable system that would continue operating after project completion. It, however, sought a clear assurance that the government would continue to support the statistical unit (including maintenance and upgrading of computers) following project completion. It felt that the funding of all national staff should be borne by the government from the outset to help ensure the system's long-term sustainability. Consequently, some reallocation of resources in the budget (e.g. one instead of two vehicles, reduction in the cost of radios) will be required.

The Panel raised several other specific queries on the proposal which needed to be addressed:

- The transition of the system from the two pilot regions to full national level coverage was unclear;
- Indicators for outputs on page 15 require re-formulation;
- Assumptions under the logical framework require development;
- Funding sources for Activity 5 (page 18) are not shown;
- Some computer training is envisaged before the procurement of computers according to workplan - the situation needs to be clarified;
- The third bullet under Section 4.2 on page 9 is unclear; (which budget is being referred to and how will it be revised?);
- Section 10 is unclear (page 23) - is ITTO expected to continue monitoring the system after project completion? (this task should be undertaken by the government);
- The 14 month-duration of the project is short in view of the number and scope of activities to be undertaken; in any case, the national experts are only retained for 12 months in the budget;
- The Steering Committee should meet every six months (monitoring to be carried out concurrently by ITTO) with the first meeting to take place shortly after project start-up (budgetary allocation for this is required);
- More details (itineraries, quantities, unit costs) on budget items for travel and computers required; budgetary allocation for publication of the Statistics Handbook and for translation of the project reports should be made;
- No provision for computer maintenance has been made.

#### Recommendations of the Twelfth Expert Panel

- The proposal should include more details on concession policy and steps to elicit and secure the cooperation of the concessionaires in providing data;
- The proposal should explicitly recognize the importance of accurate field-level data;
- The proposal should explicitly recognize the importance of adequate and government supported field staff for data collection;
- The proposal should contain an explicit indication of the government's intention to continue financing the operation and maintenance of the system after project completion;
- Major risks to successful project implementation should be enumerated;
- The specific queries of the Panel outlined above should be addressed.

#### Conclusion of the Twelfth Expert Panel

The Panel concluded that a re-formulation of this proposal is essential and the Panel will need to assess that proposal before commending it to the Committee for appraisal.

#### Secretariat Comments for the Thirteenth Expert Panel

The revised proposal takes account of most of the Panel's concerns regarding the original proposal. However, the duration of the proposal (which the Panel found short at 14 months) has been reduced by 2 months. The budget has been reduced by nearly US\$ 90,000.00 due to decreases in staff costs and capital expenditures. The funds available for ITTO monitoring and evaluation should be increased by at least US\$ 5,000.00 to allow for Secretariat monitoring missions and steering committee attendance. The pre-project reimbursement should not be included in the total when calculating the ITTO administrative costs. The specific details on travel and computers requested by the Panel are not fully provided in the revised proposal; only computer maintenance has been provided for.

#### Comments of the Thirteenth Expert Panel

The Panel noted that several of its comments on the original proposal had been incorporated in the revised project document. It expressed concern, however, that the duration of the project, which it had found short in the original version, had instead been reduced to 12 months. The Panel considered that a duration of at least 18 months would be more realistic, given the range of activities proposed. The Panel also felt that the risks involved with the range of activities proposed, particularly that of ensuring the cooperation of concessionaires, had not been adequately addressed in the revision. These risks should be assessed to correspond with the important assumptions listed in the logical framework matrix. The Panel also felt that the Government of Congo's commitment to the sustainability of the statistical system would be more evident were it to provide a larger share of national staff salaries through in-kind contributions to the project. The Panel noted that the budget had been reduced from the original estimates, but thought that further economies might be made through reduction of expenditures on such items as experts and office supplies,



for example. The need for a 4x4 vehicle and an outboard requires further justification, as well as further details (including unit costs) on travel and the computers to be purchased. Finally, budget line 80 should come under line 60; the budget for ITTO monitoring should be increased by US\$5,000.00; and the reimbursement of the pre-project cost should not be included in the sub-total when calculating ITTO's 5.5% administrative support costs.

#### Recommendations of the Thirteenth Expert Panel

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

- Extend the duration of the project to at least 18 months;
- Identify and enumerate all risks to project success, and ensure that these correspond with assumptions in the logical framework matrix;
- Fully explain the motivations (other than a fiscal penalty) for concessionaires to collaborate and provide accurate data;
- Provide a larger share of national staff salaries through its in-kind contribution;
- Revise and justify budget elements as identified in the specific comments above.

#### Conclusion of the Thirteenth Expert Panel

The Panel concluded that a re-formulation of the proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal.

#### Secretariat Comments for the Sixteenth Expert Panel

The revised proposal takes account of some of the recommendation of the Thirteenth Expert Panel. The duration of the project has now been extended to 24 months with no change in the budget. It should be noted that on at least one occasion ( page 24 ) the duration is stated as 14 months. In the revised document the changes that have been made by the submitting agency are shown in bold type. There is a conflict on page 24 between the new and old text regarding frequency of steering committee meetings. Risks have been enumerated and these are now more in line with those shown in the logical framework. The lack of trained field staff has been identified in the proposal and how this would be addressed was a concern of the Thirteenth Expert. In the revised document it is still not clear how this problem will be overcome. The Panel's request for a detailed description of travel and capital expenditure appears to have been partially addressed, although there are some budgetary anomalies, for example the reimbursement of Pre-Project costs still appears in the budget prior to the calculation of ITTO Administrative costs. The item " Management and Co-ordination Costs" in the Budget at US\$34,433 requires some explanation, and ITTO monitoring and evaluation costs should be increased to at least US\$20,000.

#### Comments of the Sixteenth Expert Panel

The Panel noted that the revised document takes account of the comments of the 13th Expert Panel. The Panel continues to have concerns for the sustainability of the project since the revised project document suggests that, to sustain the project, additional donor funding will be required. The Panel also noted that the issue of field staff training was still not adequately addressed. It also felt that the inclusion of the private sector in Steering Committee meetings would be beneficial. The Panel pointed out that the 5.5% administration costs should be calculated prior to adding pre-project costs to the budget and that ITTO monitoring costs should be increased to \$20,000.

#### Recommendations of the Sixteenth Expert Panel

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

- (i) address the issue of sustainability by, for example, including a schedule of Government funding for the 3rd year of data collection and dissemination activities;
- (ii) adequately address field staff training;
- (iii) include private sector in Steering Committee meetings;
- (iv) include TOR for national experts;
- (v) justify the purchase of two vehicles and remove vehicle maintenance and operating costs from the ITTO budget;
- (vi) remove ITTO contribution to the salary of Project Staff, National Experts, and Administrative Staff; and
- (vii) revise the budget as per comments above.

Conclusion of the Sixteenth Expert Panel

The Panel concluded, that with the incorporation of the essential modifications, which are necessary for the project to succeed, the project could be commended to the Committee for final appraisal.

Recommendation by the Committee at its Twenty-fifth Session

The Committee recommended that the project as modified be approved by the Council for immediate financing from the Special Account.

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

This project is the output of a pre-project (PPD9/97 Rev.1 (M) "Development and Implementation of the Forestry Statistics Information System") that assessed the Philippines' forest statistics capability. The project aims to:

- establish and operationalize a computer-based forestry statistics information system that will make available timely, reliable and relevant information for policy formulation and decision making;
- implement manpower development programmes for forestry sector information analysis, which include personnel from the central, regional and field offices who will comprise the manpower required for installation and operationalization of the information systems and computer facilities; and
- provide the organization and the facilities to activate and sustain FMB information systems development through continuous determination, specification, evaluation and acquisition of the technical and hardware requirements.

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

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

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

Secretariat Comments for the Seventeenth Expert Panel

The project is in the ITTO format and follows the guidelines for proposals to enhance statistical capacity that were developed by the Tenth Expert Panel. There is a need for a budget by activity, and the component total for hardware should be broken down. The amount budgeted for ITTO Administration is incorrect (it should be 5.5% of the total budget), and there is a need to reimburse the pre-project sub-account for the cost of the pre-project which gave rise to this proposal. The Government of the Philippines is bearing the cost of most project personnel, helping to ensure sustainability of this work following project completion.

Comments of the Seventeenth Expert Panel

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

Recommendations of the Seventeenth Expert Panel

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

- (i) edit the proposal for clarity;
- (ii) ensure the duration is consistently stated;
- (iii) enumerate risks and explain reasons for high staff turnover;
- (iv) provide terms of reference for staff and identify where government employees will be utilized;
- (v) provide details of steps to ensure sustainability;
- (vi) provide more detailed budget, with substantial reductions and revisions as outlined above; and
- (vii) include a new activity intended to review project results prior to moving to an eventual phase 2.

#### Conclusion of the Seventeenth Expert Panel

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

#### Comments of the Eighteenth Expert Panel

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

#### Recommendations of the Eighteenth Expert Panel

The Panel recommends that:

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

#### Conclusion of the Eighteenth Expert Panel

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

#### Recommendation by the Committee at its Twenty-fifth Session

The Committee recommended that the project as amended be approved by the Council for immediate funding from the Special Account.

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

This project aims to promote the sustainable management of tropical forests by facilitating access to and enhancing awareness of information and experiences regarding sustainable forest management at the company level. The project will survey at least 500 forestry companies active in the three tropical regions, and will prepare detailed case studies on 10 of these identified as excelling in sustainable tropical forest management. The results of the project will be widely disseminated via an international conference and a book to be made available to the general public and to be sent to at least 5000 forest industry companies worldwide.

Comments of the Eighteenth Expert Panel

The Panel noted the relevance of this proposal to ITTO's Year 2000 Objective, as well as its consistency with the ITTC objectives and the Libreville Action Plan. The proposal was well-formulated and represented a new initiative for ITTO in attempting to publicize private sector contributions to sustainable forest management.

The Panel noted the intention of Council (through Decision 10(XXVI)) to undertake a Study of member countries to ascertain progress towards the Year 2000 Objective. It recommended that the project coordinator liaise with the implementing consultants to avoid overlap and exploit synergies. The proposal should also state which of ITTO's Criteria and Indicators are to be used in the survey to be sent to forestry companies. The regional breakdown of the companies to be further studied should not be pre-judged in the proposal, but decided after review of the survey data. The budget should be reduced by changing the conference duration/DSA payments to 4 days, and by reducing the personnel costs substantially from the current one-third of the ITTO budget. The government's in-kind contribution needs to be quantified and should include a contribution to salaries of national staff.

Recommendations of the Eighteenth Expert Panel

The Panel recommends that:

- (i) there should be liaison with the Study to be carried out under Decision 10(XXVI);
- (ii) the criteria and indicators to be employed in the survey be spelled out in detail;
- (iii) the regional breakdown of companies to be further studied be decided after review of survey data; and
- (iv) the budget be revised, taking into account the above comments.

Conclusion of the Eighteenth Expert Panel

The Panel concluded that, with the incorporation of any minor amendments noted, the project proposal could be commended to the Committee for final appraisal. In the view of the Panel, this project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).

Recommendation by the Committee at its Twenty-fifth Session

The Committee recommended that the project as amended be approved by the Council for immediate financing from the Bali Partnership Fund.

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

This project is a follow-up to the project PD25/96 Rev. 2 (M) "China's Consumption of Forest Products and its Demand for them in the International Market by the year 2010", the final report of which will be submitted to ITTO by the end of 1999. The project proposal is intended to emphasize the collection and reporting of tropical forest products information separately in customs statistics. It will also investigate the impact of the recently announced National Forest Protection Program on China's demand for wood. The specific objectives of this proposal are:

- to establish an independent and sustainable statistical system on production, consumption and trade of tropical forest products in China; and
- to perform research on the impacts of the full implementation of the National Forest Protection Program by the Chinese Government on the domestic and international forest products markets (especially the tropical forest products market) and propose policies and measures to meet the future demand of forest products.

Comments of the Eighteenth Expert Panel

The Panel felt that this is a good project addressing the important issue of improving tropical timber trade data in China. It felt however that some simplification in the wording of the Development Objective would improve the proposal. Similarly, the Panel felt that the number and type of activities should be reviewed to combine some activities and create sub-sets to improve clarity. The terms of reference for the project staff should be included. It also recommended a reduction in the budget by deleting the proposal to visit New Zealand and Chile. The Panel recommended visiting only countries with model trade and statistical data collection capacity for tropical timber products.

Recommendations of the Eighteenth Expert Panel

The Panel recommends that:

- (i) the development objective be simplified;
- (ii) activities be re-grouped with possible sub-set activities;
- (iii) the terms of reference for project staff be provided; and
- (iv) the visits to New Zealand and Chile be deleted and only countries with model trade and statistical data collection capacity for tropical timber products be visited.

Conclusion of the Eighteenth Expert Panel

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

Recommendation by the Committee at its Twenty-fifth Session

The Committee recommended that the project as amended be approved by the Council for immediate financing from the Special Account.

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

The pre-project proposal is intended to begin the process of reversing forest degradation in Ecuador by promoting public education and awareness about sustainable forest development and the need for public participation in forest protection. The pre-project will undertake a survey and access other available information sources to assist in assessing attitudes to sustainable forest development and to select the most appropriate means and activities to disseminate information on forests and forest management to the public.

The pre-project will produce a project proposal as its major output, which will facilitate implementation of an education/communication strategy for Ecuador's forests.

Comments of the Eighteenth Expert Panel

The Panel considered that this pre-project proposal was a first step towards promoting public awareness about sustainable forestry development in Ecuador. It felt, however, that the budget was excessive for a pre-project and that the proposed activities could be carried out in a shorter time frame. Specifically, the Panel questioned the extent of the ITTO support directed to personnel as well as the funds devoted to the routine task of submitting the proposal to ITTO and the monitoring committee (Output 3). It also requested that unit costs for capital items be provided. The make-up of the project team was also discussed, with the Panel agreeing that at least one forester should be included. More details of the pre-project activities should be provided, especially with regard to the proposed survey (e.g. recipients, general questions to be asked, etc.). The Panel felt that the ITTO Secretariat should provide input to the pre-project team and that adequate funds for monitoring and evaluation be included in the budget.

Recommendations of the Eighteenth Expert Panel

The Panel recommends that:

- (i) at least one professional forester be included in the project team;
- (ii) the budget be reduced to a maximum of US\$50,000, taking account of the above comments; and
- (iii) more details of pre-project activities be provided.

Conclusion of the Eighteenth Expert Panel

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

Recommendation by the Committee at its Twenty-fifth Session

The Committee recommended that the pre-project as amended be approved by the Council for immediate financing from the Special Account.

**(vi) 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)**

The current national system for collecting, processing, storing and distributing forestry statistical data is still in its infancy in Togo. Information and statistical data are processed in a fragmented and sporadic fashion, are published and distributed in different formats to different parties in the forestry sector, and are unreliable.

The objective of this pre-project is to assess the current situation in order to develop an improvement strategy and formulate a support project for the national forestry statistics collection and processing system. This objective is guided by the government's concern to improve statistical and economic information in order to obtain reliable indicators for the improved planning of forestry programmes and the sustainable management of the country's forest resources.

This pre-project arose from the recommendation of the 17th Expert Panel in its consideration of an earlier proposal from Togo, PD 1/99 (M). The recommendations of the 17th Expert Panel are reproduced below.

Comments of the Eighteenth Expert Panel

The Panel noted that this pre-project was well formulated as per the ITTO format. The pre-project clearly defines the problem to be addressed and the importance of the issue to the Government of Togo.

The Panel felt it was essential that ITTO be represented at the proposed national workshop to be held for presentation and validation of the feasibility study for the national statistical and information system development. To this end, the Panel recommended increasing the budget for ITTO monitoring to US\$8,000.00 to allow ITTO to participate in the proposed workshop.

Recommendations of the Eighteenth Expert Panel

The Panel recommends that:

- (i) the budget for ITTO monitoring be increased to US\$8,000.00.

Conclusion of the Eighteenth Expert Panel

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

Recommendation by the Committee at its Twenty-fifth Session

The Committee recommended that the pre-project as revised be approved by the Council for immediate financing from the Special Account.



**SUMMARY TABLE**

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

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		ITTO BUDGET US\$	DURATION (MONTHS)	GEOGRAPHIC COVERAGE	RECOMMENDATION(*)
		Art.27 Para.1	Art.27 Para.4				
PD 39/96 Rev. 3 (M)	a, d, e, f, j, l	c, e, f	g, h	557,072	24	Rep. of Congo	1
PD 41/99 Rev. 2 (M)	a, d, e, h, k, n	b, f	g, h	560,823	24	The Philippines	1
PD 48/99 Rev. 1 (M, F)	a, b, d, f, g, h	c, e, f	g, h	754,325	26	Malaysia	1
PD 55/99 Rev. 1 (M)	b, d, f, g, h	c, e, f	g, h	255,100	24	China	1
PPD 13/99 Rev. 1 (M, F, I)	a, d, e, f, j, l	c, e, f	g, h	54,500	5	Ecuador	1
PPD 21/99 Rev. 1 (M)	a, b, d, f, g, h	b, f	g, h	62,652	3	Togo	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.
  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.

**APPENDIX B**

**PPD 26/99 (M) and PPD 27/99 (M)**

**PPD 26/99 (M)**

**TERMS OF REFERENCE  
THE COMPETITIVENESS OF TROPICAL TIMBER AND TROPICAL TIMBER PRODUCTS VIS-À-VIS  
TIMBER AND NON-TIMBER SUBSTITUTES**

The ITTO Study on the Downturn in the International Tropical Timber Market presented global data on the relative trading positions of all timber and other commodities. While it can be deduced that timber has fared better than some other commodities, the Study was not designed to examine the relative competitive positions of various timbers and timber substitutes. The present study will address this important issue.

1. To report on the determinants driving consumption of tropical timber and timber products, alternatives and substitutes in markets where tropical timber is, or has been, holding a sizeable market share
2. Analyse and report on such factors as availability, price, industrial infrastructure, shipping and freight, consumer taste and preferences, technical properties, etc. as they apply to enduse sectors and products, the range of which will be agreed between ITTO and the consultants.
3. Report on the factors driving demand for commodity and manufactured products in Japan, a number of countries in northern and southern Europe, and the US, representing different markets in developed economies, and in a number of Producer Member Countries to represent markets in emerging economies.
4. Prepare a single seamless report on the competitiveness of tropical timber vis-à-vis alternative and substitute products. The consultants will deliver the final report in hardcopy and in electronic form.
5. Prepare and present for the consideration of the Council a preliminary report at its Twenty-eighth Session and a final report at its Twenty-ninth session.

**PROPOSED BUDGET**  
**THE COMPETITIVENESS OF TROPICAL TIMBER AND TROPICAL TIMBER PRODUCTS VIS-À-VIS**  
**TIMBER AND NON-TIMBER PRODUCTS**

<b>Item</b>	<b>Quantity</b>	<b>Unit Cost US\$</b>	<b>Amount US\$</b>	<b>Total US\$</b>
Consultant	2x2 =4 person months	12,000	48,000	48,000
Travel				
Initial Briefing	none			
Council	2 persons	5,000	10,000	
Regional				
Japan/EU/US/ Producer	2 persons	2 persons	8,000	16,000
Member Countries				
Report Co-ordination	2 persons	2,000	2,000	28,000
Per Diem				
Initial Briefing	none			
Regional	2x40	200	16,000	
Council	2x5 days	300	3,000	19,000
Communications	Fax/Telephone/Internet			5,000
Translation	French/Spanish/English			5,000
Contingencies				5,000
ITTO Program Support Cost (10.5%)				11,500
<b>TOTAL</b>				<b>121,500</b>

**PPD 27/99 (M)**

**TERMS OF REFERENCE  
THE MEDIUM AND LONG-TERM OUTLOOK FOR THE TROPICAL TIMBER MARKET**

In 1995 ITTO commissioned a study PD 28/93 entitled "Analysis of Macro-economic Trends in the supply and Demand of Sustainably Produced Tropical Timber from the Asia Pacific region Phase II" an update of an earlier study of the same title. This study offered alternative global demand forecasts under various economic and supply scenarios. The projections in this study, along with global projections made in similar studies by the World Bank and the UN/FAO have been affected by the 1997 Asian currency crisis and subsequent turmoil in the world commodity trade. Conditions are now stabilising in most countries, currencies have stabilised, export trade has been growing and confidence has started to return to the tropical timber trade. It is, therefore, timely to provide a reassessment of the outlook for the tropical timber market. Where appropriate, this reassessment should be carried out in close association with outlook studies being currently carried out by other organisations such as FAO and the UN/ECE.

1. To redefine and reassess the factors affecting global supply and demand for tropical timber and wood products. The range of producer regions and markets and the product range that will be examined in the study will be decided in liaison with the consultants.
2. To prepare forecasts of supply and demand for the agreed countries and for the agreed products under various assumptions, providing full details of the basis for the assumptions used in preparing the forecasts.
3. To present the report in such a way as to facilitate the ready updating of forecasts that can be periodically modified and updated by the ITTO Secretariat to generate forecasts reflecting changes in the sector.
4. Prepare and deliver to ITTO a single seamless report in hardcopy and in electronic form.
5. Prepare and present for the consideration of the Council a preliminary report at its Twenty-eighth Session and a final report at its Twenty-ninth session.
6. Present the results of the study at the ITTO Annual Market Discussion.

**PROPOSED BUDGET  
THE MEDIUM AND LONG-TERM OUTLOOK FOR THE TROPICAL TIMBER MARKET**

<b>Item</b>	<b>Quantity</b>	<b>Unit Cost US\$</b>	<b>Amount US\$</b>	<b>Total US\$</b>
Consultant	2x3 =6 person months	12,000	72,000	72,000
<b>Travel</b>				
Initial Briefing	1 person	5,000	5,000	
Council	1 persons	5,000	5,000	
Regional	3 persons	8,000	24,000	
Report Co-ordination	3 persons	2,000	2,000	
				36,000
<b>Per Diem</b>				
Initial Briefing	1x3 days	300	900	
Regional	3x40	200	24,000	
Council	2x5 days	300	3,000	27,900
Communications	Fax/Telephone/Internet			5,000
Translation	French/Spanish/English			5,000
Contingencies				5,000
ITTO Program Support Cost (10.5%)				16,000
<b>TOTAL</b>				<b>166,900</b>

ANNEX C

DRAFT ITTO 2000 WORK PROGRAMME FOR  
ECONOMIC INFORMATION AND MARKET INTELLIGENCE

**ALL THREE TECHNICAL COMMITTEES**

**PROJECT ACTIVITIES**

Activity	Implementation Approach and Cost Implications
(viii) 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, Article 27(4)].	Routine. Regular Sessions' work.
(ix) 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. Decisions on implementation of ex-post evaluations may require additional funds.
(x) Review the results of project work in the relevant committees and make recommendations to Council on ITTO's work program for the year 2001 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(xi) In conjunction with the other two technical committees, the relevant committee to assess fellowship applications and decide on fellowships to be granted by ITTO under project PD 1/93 Rev.1 (M,F,I).	Routine. Regular Sessions' work.
(xii) 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.
(xiii) Consider and, if appropriate, take action to disseminate information on projects findings and results [ITTA, 1994, Article 27(4), Action Plan, section 2].	Routine. Regular Sessions' work.

- |       |   |                                  |
|-------|---|----------------------------------|
| (xiv) | Assist the Council to review Section 7 in Annex 2 of Decision 2(X) on ex-post evaluations with a view to define a simple procedure for identifying projects or group of projects requiring ex-post evaluations and define a simple and cost effective procedure to carry out ex-post evaluations, including alternative ways for financing ex-post evaluation work. | Routine. Regular Sessions' work. |
|-------|---|----------------------------------|

**STRATEGIC POLICY ACTIVITIES**

- | <b>Activity</b> | <b>Implementation Approach and Cost Implications</b>   |                                  |
|-----------------|--|----------------------------------|
| (ii)            | Review the results of policy work in the relevant committees and make recommendations to Council on ITTO's work programme for the year 2001 [ITTA, 1994, Article 27(4)]. | Routine. Regular Sessions' work. |

**COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE**

**STRATEGIC POLICY ACTIVITIES**

- | <b>Activity</b> | <b>Implementation Approach and Cost Implications</b>  |   |
|-----------------|---|---|
| (viii)          | Monitor the implementation and consider results of the study on the competitiveness of tropical timber and tropical timber products with timber and non-timber substitutes [Action Plan, section 3.1, goal 2 action 7].   | Regular Sessions' work. Assumes terms of reference and cost estimates for the study will be proposed by the Committee and agreed upon by Council at its Twenty-seventh Session (1-6 November 1999). |
| (ix)            | Continue monitoring of development of forest certification and timber labeling [Action Plan, section 3.1, goal 3].  | Regular Sessions' work.   |
| (x)             | Consider and make recommendations to Council on future 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 [Action Plan, section 3.1, goal 1 action 3]. | Recommendations to be made by the Committee for approval by the ITTC at its Twenty-seventh Session (1-6 November 1999).   |
| (xi)            | Propose ways to streamline the collection and dissemination of statistical data [Action Plan, section 3.1, goal 1 action 2].  | Regular Sessions' work.   |
| (xii)           | In cooperation with industry and trade associations, organize and hold the ITTO 2000 Annual Market Discussions on the world tropical timber trade – during the Twenty-eighth Session of the ITTC, Peru, 24-30 May 2000 [Action Plan, section 3.1, goal 2 action 1].                           | Regular Sessions' work. The theme for the discussion to be finalized during the Twenty-fifth Session of the Committee (1-6 November 1999).  |

- (xiii) Monitor and analyze statistical data and other relevant information, including any information on undocumented trade [Action Plan, section 3.1, goal 1 action 2]
- (xiv) Monitor the implementation and consider results of the study on the medium and longer term outlook for the tropical timber market [Action Plan, section 3.1, goal 2 action 2].

Regular Sessions' work.

Routine. Regular Sessions' work. Assume terms of reference and cost estimates for the study will be proposed by the Committee and agreed upon by Council at its Twenty-seventh Session.



## APPENDIX D

### STATEMENT OF THE TRADE Before the Twenty-seventh Session of the International Tropical Timber Council 4 November 1999

The Informal Trade Group, comprising trade members of Delegations from both Producer and Consumer countries, warmly welcomes the growing debate on trade and other market related issues at recent ITTC Meetings, notably as an integral priority of the Libreville Action Plan, and as highlighted in the Report on the Downturn in the International Tropical Timber Market presented at the present Meeting in Yokohama. The Informal Trade Group particularly welcomes the opportunity to exchange its views on a regular basis on important issues of current concern in the ever changing patterns of the International Tropical Timber Market at the Annual Meeting of the ITTC each year.

The theme provisionally chosen for the Market Discussion to be held in Peru next May 2000 is "What does it take to be both responsible and successful in the International Tropical Timber Market." This broad theme is intended to enable speakers from a representative selection of countries and interests, and the ensuing discussions, to focus sharply on current issues of importance. Notably, despite the marked improvement in the international tropical timber market place since the dramatic economic downturn in many producer countries in 1997/8, the tropical timber trade is still woefully underperforms in the face of growing competition from other timber and non-timber products and in the light of continuing and growing environmental criticism from NGO's and others who still fail to recognise, deliberately or from lack of available information, the marked progress made by many Member Countries towards the achievement of Objective 2000 and the close link between a flourishing tropical timber market and the promotion of sustainable forest management. Particular topics for discussion include – (but not exclusively nor in any priority order):

- How can the Trade respond positively to environmental criticism in particular to the growing pressure for certification?
- Adding value to Tropical wood. Is this the way forward? or is this an expensive distraction for many? This may include a brief analysis of trends in the trade of added value tropical wood products versus the growing competition from other timber and non-timber products and prospects for the future, highlighting the advantages of an expanded trade in added value tropical wood products versus the drawbacks.
- Improving the efficiency of the tropical timber trade, notably through marketing, diversification and in other ways. Why is price stability so important and the need to reduce the impact of fierce price fluctuations?
- The knock-on effects of export restrictions and the advantages of an open, transparent and well informed international market place.

It is further proposed that every speaker should make specific reference in his/her presentation to the important and pivotal role that ITTO, and ITTO Member Countries can make to ensure that recovery in the market place is not only maintained but improved.

The Informal Trade Group also endorses the enthusiastic response to the Report on the Downturn in the International Tropical Timber Market at the present Meeting in Yokohama and to the need to study it in detail and to implement, where feasible, the various recommendations. In particular the Group urges the ITTO Secretariat to set in train arrangements to formalise an acceptable status for the Informal Trade Group by setting aside a period of time for a brief meeting early on at each Session of the ITTC for Trade Members to report on important developments in the market place since the previous Meeting. It is recognized that the Agenda is already very full but such a Meeting could be set in the margins of the main agenda and would provide the opportunity, not only for those who can find the time to attend to be updated on the current market situation, but also to inform the wider membership through a summary report to be prepared as an Annex to the Report by the Committee on Economic Information and Market Intelligence/CEM. The Trade Group believes that Delegates would welcome such a Summary Up-Date of the Market Situation as an important contribution to their main deliberations. But in order for such a proposal to be effectively implemented, it is strongly suggested that Member Countries with the assistance of the ITTO Secretariat should to make every effort to ensure that trade representatives are encouraged to participate in their delegation.

\* \* \*

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Yokohama, Japan

## REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

### TWENTY-FIFTH SESSION OF THE COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

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## REPORT

### 1. Opening by the Chairperson

#### **Item 1 - Opening by the Chairperson**

The Twenty-fifth Session of the Committee was opened, on 1 November 1999, by the Chairperson of the Committee on Reforestation and Forest Management, Dr. James K. Gasana (Switzerland). The list of participants is reproduced in document ITTC(XXVII)/Info.2 Rev.1.

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

At its first meeting on 1 November 1999, the Committee formally adopted the Agenda of its Twenty-fifth Session as contained in document CRF(XXV)/1.

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

A list of observers admitted by the Committee to attend its Twenty-fifth Session is contained in document ITTC(XXVII)/Info.3 Rev.3.

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

The Committee took note of the Report of the Eighteenth Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI(XXV)/1] that was discussed in the joint Session of the Committees, and that the joint Session had considered the recommendations of the Expert Panel. The joint Session had requested the Committee on Finance and Administration (CFA) to discuss and present to the Council at this Session a draft Decision on the mechanism to allocate funds from the "Un-earmarked Window" (sub-account B) of the Bali Partnership Fund (BPF). The joint Session also requested the CFA to discuss two of the recommendations of the Expert Panel: (a) that business class air travel be allowed for Expert Panel members travelling over 12 hours; and (b) that provision be made for medical insurance for Panel members while travelling to attend meetings of the Panel.

The Committee further noted that the technical scoring proposed by the Panel would be contradictory to its Terms of Reference.

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

##### • COMPLETED PROJECTS

The Secretariat informed the Committee that the completed projects are listed in document CRF(XXV)/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 172/91 Rev.2 (F) **The Recovery of Natural Systems of the Hillside of Caqueta, Phases I & II (Colombia)**

The Committee took note that the Executing Agency had submitted the Final Report, as well as a series of technical reports, describing in detail the results of the activities of this project. The final report and technical documents are available from the Secretariat upon request. Furthermore, the audited financial reports for the first and second phase of the project have also been received by the Secretariat. The Committee decided to consider the project as completed.

- 2) PD 9/95 Rev.2 (F) **Reforestation Using High-Value Tropical Species in Agroforestry Systems of the Province of Tambopata (Peru)**

The Committee took note that the Executing Agency had submitted the Final Report, as well as a series of technical reports, describing in detail the results of the activities of this project. 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 74/90 Rev.1 (F,I) **Better Utilization of Tropical Timber Resources in order to Improve Sustainability and Reduce Negative Ecological Impacts (Global)**

The Committee noted that the English version of the final report has been printed and distributed to member countries present at the Session. It also acknowledged that the French and Spanish versions are being printed. It further noted the final audited financial report had not been received by the Secretariat.

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

The Committee took note that the Final Report, as well as a series of technical documents, had been submitted by the Executing Agency. It further noted that the final financial statement and the audited financial report for the project's accounts have not been submitted to the Secretariat. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the final financial statement and the audited financial report of the project.

- 3) PD 106/90 Rev.1 (F) **Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area, Phase I (Malaysia)**

The Committee noted that the Management Plan of the Lanjak-Entimau Wildlife Sanctuary has been published and a series of technical reports had been submitted to ITTO by the Executing Agency. It further noted that the audited financial report of the project has not been finalized. The Committee decided to consider this project as completed as soon as the Secretariat receives and accepts the audited financial report of the project.

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

The Committee took note that the Executing Agency had submitted the Final Report, as well as a series of technical reports. The final report and the technical documents 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 22/93 Rev.4 (F) **Forest Management, Community Participation and Sustainable Utilization in Si-Kop Forest Area, Coastal Province, Cameroon** (Cameroon)

The Committee noted that project activities have been completed, and the technical final report submitted. It requested the Executing Agency to submit the audited financial report before its Twenty-sixth Session in May 2000.

- 6) PD 4/94 Rev.3 (F) **East New Britain Balsa Industry Strengthening Project** (Papua New Guinea)

The Committee took note that the Final Report, the final financial statement, the audited financial report of the project's accounts and a series of technical documents had been submitted and accepted by the Secretariat. Therefore the Committee decided to consider the project as completed.

• **COMPLETED PRE-PROJECTS**

The Secretariat informed the Committee that document CRF(XXV)/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-project:

- 1) PPD 3/97 Rev.1 (F) **Technical Assistance to Develop a Forest Inventory and Monitoring Program for the Sustainable Management of Bolivia's Forest Resources** (Bolivia)

The Committee took note that the Final Report and a Project Proposal PD 17/99 Rev.1 (F) "National Forest Inventory and Forest Resource Monitoring Program in Bolivia (INFOBOL-2000)", describing in detail the results of the activities of this pre-project, had been submitted by the Executing Agency. The final report is available upon request from the Secretariat. Furthermore, the audited financial report had been received by the Secretariat and the remaining funds had been returned. The Committee decided to consider the pre-project as completed.

• **COMPLETED PROJECTS TO BE CONSIDERED FOR EX-POST EVALUATION**

The Committee considered the list of recently completed projects and the groupings suggested by the Secretariat and noted that this issue had been dealt with earlier during the Session of the Council. The Committee requested the Secretariat to define a procedure for identifying projects or groups of projects requiring ex-post evaluations and define a cost effective way to carry out ex-post evaluations, including alternative means of financing; and report to the Committee at its next Session in accordance with the draft work programme in Appendix III to this Report.

The Committee further recommended to carry out an ex-post evaluation - if economically feasible - of the following four projects in two groups:

- 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 urged the involved donors to view favourably the use of any remaining monitoring and evaluation funds for this work.

## **Item 6 - Review of Project and Pre-Project Work in Progress**

### **• PROJECT WORK IN PROGRESS**

The Committee took note of a status report (document CRF(XXV)/4) by the Secretariat on the 101 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 (66), B) awaiting the signing of an Agreement (19), C) pending finance (16), 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.

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 Tapajós National Forest for Sustainable Production of Industrial Timber (Brazil)**

The committee took note of the information that the Forest Exploitation Plan has been approved by IBAMA and that the field activities have been initiated in the Tapajos National Forest. The Committee further noted that the amended work plan for the Project from 1999 to year 2003 had been submitted and approved by the Secretariat. The Committee urged the Secretariat to ensure the timely transfer of the funds needed for the implementation of the Project.

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

The Indonesian Delegation informed the Committee that the Phase II of the project has been evaluated by an independent consultant. Based on the consultant's report, the Operational Plan of the Phase III has been developed incorporating activities pertaining to the testing of criteria and indicators for sustainable forest management; and research and training on forest fire. The Indonesian Delegation confirmed that Operational Plan of the Phase III was endorsed by the Government of Indonesia and distributed by the Secretariat as document CRF(XXV)/7 Rev.1. The Japanese Delegation inquired the relation between the proposed research activities and training programme and stressed the importance of both aspects to be linked. Upon the request of the Committee's Chairperson, the Indonesian Delegation made consultations with the Japanese representative and ITTO Secretariat. In this light, the Indonesian Delegation revised the proposed Operational Plan of Phase III and submitted to the Committee as CRF(XXV)/7 Rev.2. The Committee approved the Operational Plan of Phase III of PD 89/90 (F) and recommended to the Council to allocate US\$1,098,900.00 as specified in the document CRF(XXV)/7 Rev.2, for its immediate implementation.

**3) PD 103/90 Rev.1 (F) Training and Manpower Development in Community Forestry Management (Nepal)**

The Committee took note of the information that the ITTO Project manager had left in June, 1999 for further studies in the USA. The Committee welcome the insurance from the Delegate from Nepal that the final project reporting, the financial statement and the external audit will be submitted to the Secretariat before the end of December, 1999. The Committee, therefore, approved the extension until December, 1999 without additional funds.

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

The Committee deplored the fact that no concrete progress has been reported with regard to forest management activities, because of the inefficiency of the forest enterprise which has been selected. It emphasized that this situation is not only hampering the project from achieving its objectives, but it is also threatening the successful implementation of the follow-up project, which has just been approved and financed.

Reacting to these serious concerns expressed by the Committee, the Cameroonian Delegation informed the Committee that the Minister in charge of forests had dispatched a mission to the project site in order to evaluate the situation in connection with the performance of the forest enterprise. A new forest enterprise is expected to be selected soon through an expeditious procedure, and this selection process should be completed before the meeting of the Project Steering Committee scheduled for December 1999. The Cameroon Delegation informed the Committee of its commitment to initiate activities of the follow-up project, only if a more efficient forest enterprise is selected.

The Committee acknowledged these explanations and requested the Cameroonian Delegation to report developments on these issues at its next Session in May 2000.

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

The Committee took note of the information from the Delegate from Papua New Guinea that the field enumerations and data analysis are being continued as part of the Forest Management Institute's regular programme and the assurance that manuals, final project reporting, the financial statement and the external audit will be submitted to the Secretariat before the end of December, 1999. The Committee, therefore, approved the extension until December, 1999 without additional funds.

**6) PD 171/91 Rev.2 (F) Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps, Phase I (Completed), Phase II - Stage I (Completed),- Stage II (Operational) (Colombia)**

The Committee took note of the progress achieved in project implementation to date and further observed the possibility of implementing some highly relevant additional project activities without increasing the current budget, as per a request from the local mangrove communities in order to enhance their livelihoods. As such, the Committee endorsed an extension of the project for a period of six months until the end of July 2000, without additional funds, to allow for the implementation of these additional project activities.

**7) PD 8/92 Rev.2 (F) Study on the Growth of Native Species of Commercial Interest in Honduras (Honduras)**

The Committee took note of the progress achieved in project implementation to date and further observed the possibility of implementing some highly relevant additional project activities without increasing the current budget. In this light, the Committee endorsed an extension of the project for a period of five months until the end of May 2000, without additional funds, to allow for the implementation of these additional project activities.

Moreover, The Committee noted that the follow-up project PD 22/99 Rev.1 (F) "Study on The Behaviour of Native Timber Species of Commercial Value in the Tropical Moist Forests of Honduras" had been submitted and approved by Council at its XXVI Session. It therefore urged the Council to provide full financing for PD 22/99 Rev.1 (F) – Phase I in the amount of US\$ 401,955.00 in order to continue the work as conclusive results in projects of such a nature can only be achieved in the long-term.

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

The Cameroon Delegation, and the Tropenbos Foundation briefed the Committee on the implementation of the project, and confirmed that the two last workshops under the project will be effectively organized on 9-18 November 1999 as planned.

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

The Committee endorsed the decision of the Secretariat to lift the suspension of the project consistently with Council's instructions. It further requested the Executing Agency to submit to the Secretariat an updated workplan outlining completed and remaining activities and their time frame, for the information of the Committee at its next Session.

**10) 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 Delegate from Malaysia that there are no field activities to be carried out in 1999 and that data management and analysis are continued. It further noted that the M.Sc. student had returned from the University in the UK, while the Ph.D. student was still pursuing his studies and will only return in late year 2000, therefore, an extension in time without additional funds until April, year 2001 was requested and an amended work plan and budget submitted to the Secretariat. The Committee then approved the extension in time until April Year 2001 without additional funds.

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

The Committee noted that the outputs of the project have been accomplished, including the Management Plan of the Bentuang Karimun National Park. The Indonesian Delegation requested the Committee to allow dissemination and socialization programme of the outputs to involve local governments and local communities using the unspent amount of funds, as outlined in the amended workplan and budget given in document CRF(XXV)/6. The Committee approved the request and agreed to grant the project an extension until December 2000, without additional funds.

**12) PD 33/93 Rev.1 (F) Conservation, Management, Harvesting and Integrated and Sustained Use of Forests in the Chimanes Region, Beni, Bolivia - Phase I (Bolivia)**

The Committee took note that an external audit of the project's Phase I finances, excluding the additional funding provided for two project extensions, had been submitted to the Secretariat. It further urged the Executing Agency to immediately present the project's final report, any pending technical documents, and the audited financial statement that includes the additional funding to the Secretariat in order to deem as soon as possible this project as complete.

Moreover, the Committee noted that the follow-up project PD 10/98 Rev.1 (F) "Participatory Forest Management by the Indigenous Communities of the Chimanes Region, Beni, Bolivia" had been submitted in lieu of the project's second phase and approved by Council at its XXV Session. It therefore urged the Council to provide full financing for PD 10/98 Rev.1 (F) in the amount of US\$ 989,393 in order to continue the work in the Chiman Indigenous Territories without any delay.



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

The Committee noted that the drafts of final publications are being reviewed by the external consultants, therefore six months extension is required to finalize the publications. The Committee agreed to grant the project an extension until June 2000, without additional funds.

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

The Dutch Delegation recognized that the contribution of the Government of the Netherlands has not yet been transferred to the Special Account. However, assurances were given that steps are being taken to solve the problem before the end of year 1999.

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

The Committee recalled its request at its previous Session that a review mission to the Project should be carried out by a team of two consultants. The Consultants' review took place during two weeks in October, 1999 and a comprehensive report submitted to the Secretariat. The Executive Summary of the report was circulated as document CRF(XXV)/9. One of the Consultants, Mr. Hugh Blackett, gave a presentation of the review and their findings.

The Committee appreciated the presentation and the report and several issues were further discussed regarding the local communities and their traditional rights, issues about the feasibility of Helicopter logging and the improvement in road construction. The Malaysian delegate responded to the issues and clarified that the ITTO budget line for local personnel had been reduced and borne by the Malaysian counterpart funding, thereby providing more funds for other activities in the Project, notably experimental rehabilitation of road sides and log landings through plantings and research about the feasibility of helicopter logging. The use of aerial digital videography will significantly improve the planning of road construction to reduce the damages.

The Committee approved the presentation from the Consultants and their report and urged Malaysia to include the recommendations of the review in the amendments to project proposal PD 12/99 Rev.1 (F) 'Model Forest Management Area - Phase III' before submitting it to ITTO for consideration.

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

The Committee noted that the project requested an extension in order to finalize the proper establishment of the database. The Committee agreed to grant the project an extension until January 2000, without additional funds.

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

The Committee noted that the project requested an extension in order to finalize all delayed field activities, in particular to recover the data lost from the monitoring plots affected by forest fire. The Committee agreed to grant the project an extension until December 2000, without additional funds.

- 18) PD 30/95 Rev.1 (F) **Dissemination and Training on ITTO Guidelines and Criteria - Phase II - Stage I (Completed), - Stage II (Operational)** (Brazil)

The Committee took note of the information that the training activities have been successfully completed and that extensive documentation was underway. However, in order to take full account of the experiences also from phase I of the project, an extension in time without additional funds until February, year 2000 was requested. The Committee, therefore, approved the extension in time without additional funds until February, year 2000.

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

The Committee noted that the project requested an extension in order to finalize the data analysis. The Committee agreed to grant the project an extension until June 2000, without additional funds.

- 20) 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 noted the submission of a budget reallocation for the implementation of this project as outlined in document CRF(XXV)/10. The Committee agreed with the changes entailing the restructuring of the project's budget, approved the aforementioned document as an addendum to the project document PD 44/95 Rev.3 (F), and recommended its immediate implementation.

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

The Committee endorsed the decision of the Secretariat to lift the suspension of the project consistently with Council's instructions. It further requested the Executing Agency to submit to the Secretariat an updated workplan, outlining completed and remaining activities and their time frame, for the information of the Committee at its next Session.

- 22) PD 13/96 Rev.1 (F) **Multiple-Use Management in the Macauã National Forest Based on Rubber Estates - Phase I: Development of a Master Plan to Support Community Organization (Brazil)**

The Committee took note that the Management Plan for the Macauã National Forest and other related technical documents had been submitted to the Secretariat. It further urged the Executing Agency to present the project's final report, the audited financial statement and the follow-up proposal for Phase II to the Secretariat as soon as possible. In this light, the Committee endorsed an extension of the project until the end of December 1999, without additional funds, to allow for project completion.

- 23) 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 Committee noted that the project had submitted a preliminary report which suggests the need to explore a new project site suitable for demonstration purpose. The report revealed the unfeasible situation for continuing the implementation of activities at the current project site. The Malaysian Delegation informed the Committee that two possible new project sites have been identified within the Model Forest Management Area [PD 14/95 Rev.2 (F)] and further information about the new project site will be submitted to the Secretariat by the end of November 1999. The Committee agreed that a new project site should be immediately established and took note of the information given by the Malaysian Delegation.

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

The Committee took note of the information that only recently had the Secretariat received information that the hiring of consultants was initiated. The Committee urged the Secretariat to seek further information on the implementation of the project.

**(B) Projects awaiting implementation agreement**

- 1) **PD 16/97 Rev.2 (F) Integrated Buffer Zone Development for Sustainable Management of Tropical Forest Resources in Thailand (Thailand)**

The Committee noted that the Project Document has been revised as PD 16/97 Rev.3 (F) based on the consultation between the Executing Agency and the Government of the Netherlands and the ITTO Secretariat. The Thai Delegation endorsed the revision. The Netherlands Delegation stated that such revision has paved the way for immediate payment of its pledge of the project. It was further indicated that the Netherlands' contribution is expected to be transferred to ITTO Special Account by the end of 1999. The Committee approved the revision as contained in PD 16/97 Rev.3 (F) and noted the statement made by the Netherlands Delegation.

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

The Committee noted that implementation of the project is pending the remittance of funds from one of the donors. The Netherlands Delegation stated that the contribution from the Netherlands is expected to be transferred to ITTO Special Account by the end of 1999.

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

The Committee noted that implementation of the project is pending the remittance of funds from one of the donors. The Netherlands Delegation explained that the relevant authorities in the Netherlands' Government are still looking into the matter and will advise the ITTO Secretariat as soon as possible, to clarify the status of the pledge.

**(C) Projects awaiting financing**

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

The Committee considered the revised budget of the project submitted by the Executing Agency and which was circulated during the Session as document CRF(XXV)/11. After further explanation provided by the Delegation of Cameroon and necessary adjustments, the Committee decided to approve the new budget at US\$ 647,517.00 for the ITTO Contribution and US\$ 641,490.00 for the Government of Cameroon Contribution. With this new budget, the project document number has been upgraded from Rev.1 (F) to Rev.2 (F), with same title and content, except for the budget section.

- 2) **PD 22/99 Rev.1 (F) Study on The Behaviour of Native Timber Species of Commercial Value in the Tropical Moist Forests of Honduras (Pending Finance) (Honduras)**

The Committee considered the revised project proposal submitted by the Executing Agency, which was presented during the Session as document PD 22/99 Rev.2 (F). After further explanation provided by the Delegation of Honduras, the Committee decided to approve the phased project proposal as follows:

ITTO Contribution Phase I: US\$ 401,955.00;  
ITTO Contribution Phase II: US\$ 327,050.00; and  
ITTO Contribution Phase III: US\$ 466,099.00.

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

- 1) PD 27/97 Rev.2 (F) Tree Flora of Sabah and Sarawak - Phase II (Malaysia)

The Committee noted that the project has been sunset. The Malaysian Delegation expressed its regret that the project could not meet financing in time. He also explained that the Malaysian Government will do its utmost efforts to finance the project with local resources. The Committee noted this information.

- 2) PD 28/97 Rev.1 (F) Sustainable Management of Industrial Timber Plantations with the Participation of Local Communities in Togo: Strategy and Action Plan (Togo)
- 3) PD 31/97 Rev.1 (F) Management of the Bokoue Forest - Phase II (Gabon)
- 4) PD 42/97 Rev.1 (F) Study of Natural Regeneration and Establishment of Mara (*Swietenia macrophylla king*) Plantations (Bolivia)

• **PRE-PROJECT WORK IN PROGRESS**

Eighteen pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. Three pre-projects became sunset since the last session. The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XXV)/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 4/96 Rev.1 (F) Development of a Master Plan for Forest Management in Congo (Congo)**

The Committee endorsed the decision of the Secretariat to lift the suspension of the pre-project consistently with Council's instructions. It further requested the Executing Agency to submit to the Secretariat an updated workplan, outlining completed and remaining activities and their time frame, for the information of the Committee at its next Session.

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

- 1) PPD 9/95 Rev.2 (F) Conservation Forestry: Design of a Community-based Participatory Training Program for Natural Forest Management (Philippines)
- 2) PPD 19/96 Rev.1 (F) Development of an Integrated Strategy for Reduction of Shoot Borer Impact on West African Mahogany Plantations (Ghana)
- 3) PPD 6/97 Rev.1 (F) Dissemination of the Concepts of ITTO Guidelines and Criteria for Sustainable Forest Management in Production Forests (Myanmar)

**Item 7 - 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 XXth 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, 13 project proposals were considered by the Committee; similarly two pre-project proposals were considered.

• **PROJECTS ASSESSED BY THE COMMITTEE**

Project No.	Title
PD 30/97 Rev.6 (F)	Rehabilitating Degraded Forest through Collaboration with Local Communities (Ghana)
PD 52/98 Rev.3 (F)	Establishing a Network of Permanent Sampling Plots for Monitoring the Dynamics of Reforestation in Côte d'Ivoire (Côte d'Ivoire)
PD 56/98 Rev.2 (F)	Criteria and Indicators for the Sustainable Development of Venezuelan Forests (Venezuela)
PD 20/99 Rev.2 (F)	Establishment and Management of Production-Protection Community Forests in Lower and Middle Atrato, Department of Choco, Colombia (Colombia)
PD 32/99 Rev.2 (F)	Productive Forest Management for the Rural Reserve Area of Guaviare (Colombia)
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 (CAR)
PD 44/99 Rev.1 (F)	Implementation of a Management Plan by the Chiquiaca and Orozas Communities in Tarija, Bolivia (Bolivia)
PD 47/99 Rev.2 (F)	Restoration of High-Value Timber Supply in the Colombian Pacific Region through Environmentally Sustainable Community Systems in Cabo Corrientes, Choco Bio-Geographical Region, Colombia (Colombia)
PD 49/99 Rev.1 (F)	Pilot Plan for the Sustainable Management of 10,000 Hectares of Secondary Forest in San Lorenzo, Esmeraldas (Ecuador)
PD 54/99 Rev.2 (F)	Alternative Financing Model for Sustainable Forest Management in San Nicolas (Colombia)
PD 57/99 Rev.2 (F)	Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon (Brazil)
PD 60/99 Rev.1 (F)	Optimum Utilization of RADARSAT SAR Data in Conjunction with Enhanced FCD Model to Monitor Change in the Status of Forest Resources (Regional Asia)
PD 63/99 Rev.2(F)	Integrated and Participatory Management of Ottotomo Forest Reserve (Cameroon)

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 19/99 Rev.1 (F)	Strengthening Sustainable Management of Natural Forests in Asia-Pacific (Indonesia and Australia)
PPD 22/99 Rev.1 (F)	Improved Living Standard of the People through Community Participation in Sustainable Forest Management (Cambodia)

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 (B) below.

**Item 8 - Policy Work**

The Committee considered the Document CRF(XXV)/8 titled 'Updating of ITTO's Guidelines for the Sustainable Management of Natural Forests'.

The Committee provided additional information and improved the terms of reference for the work and recommended that two consultants, one from a producer and one from a consumer member country, should be engaged and present the draft at the next Session of the Council.

The revised Terms of-Reference and Budget for the work recommended to Council are contained in Appendix II to this Report.

**Item 9 - Decision on Fellowship Applications under Project PD 1/93 Rev.1 (M,F,I)**

Successful applicants for ITTO fellowships under Project PD 1/93 Rev.1 (M,F,I) are presented in the Report from the Committee on Forest Industry.

**Item 10 - Election of Chairperson and Vice-Chairperson for 2000**

The Vice-Chairperson of this year, Mr. Pisal Wasuwanich of Thailand, was elected as Chairperson for 2000 with acclamation. A delegate from Thailand proposed Mr. Chen Xuhe of the Chinese Academy of Forests as Vice-Chairperson, however, final confirmation will be provided later, and he was subsequently elected for 2000 with acclamation.

**Item 11 - Dates and Venue of the Twenty-eighth Session of the Committee**

The Committee decided that the dates and venue of its Twenty-eighth Session of the Committee will be determined in relation to the Council's decision on the dates and venue of its Session.

**Item 12 - Other Business**

**(a) Programme of Work for 2000**

The Committee considered and adopted the work programme given in Appendix III of this Report.

**(b) Recommendation for Projects and Pre-Projects Awaiting Financing**

The Committee noted with concern the number of approved projects (16) and pre-projects (4) that remained unfunded. The Committee therefore urged member countries to contribute funds for these unfunded approved projects. The list of such projects is included in Section C. of Agenda Item 6, in the Committee Agenda document CRF(XXV)/1.

**(c) Presentations of Project Results**

A special presentation on the following project was held during the Council Session:

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

**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 30/97 Rev.6 (F) and allocate US\$ 329,571.00 for its implementation.
2. The Committee recommended that the Council approve PD 52/98 Rev.3 (F) and allocate US\$ 532,039.00 for its implementation.
3. The Committee recommended that the Council approve PD 56/98 Rev.2 (F) and allocate US\$ 514,524.00 for its implementation.
4. The Committee recommended that the Council approve PD 20/99 Rev.2 (F) and allocate US\$ 559,493.00 for its implementation.
5. The Committee recommended that the Council approve PD 32/99 Rev.2 (F) and allocate US\$ 618,969.00 for its implementation.

6. The Committee recommended that the Council approve PD 42/99 Rev.1 (F) and allocate US\$ 996,052.00 for its implementation.
7. The Committee recommended that the Council approve PD 47/99 Rev.2 (F) and allocate US\$ 411,535.00 for its implementation.
8. The Committee recommended that the Council approve PD 54/99 Rev.2 (F) and allocate US\$ 566,377.00 for its implementation.
9. The Committee recommended that the Council approve Phase I of PD 57/99 Rev.2 (F) and allocate US\$ 753,954.00 for its implementation.
10. The Committee recommended that the Council approve PD 60/99 Rev.1 (F) and allocate US\$ 655,577.00 for its implementation.
11. The Committee recommended that the Council approve PD 63/99 Rev.2 (F) and allocate US\$ 276,051.00 for its implementation.

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

1. The Committee recommended that the Council approve PPD 19/99 Rev.1 (F) and allocate US\$ 127,655.00 for its implementation.
2. The Committee recommended that the Council approve PPD 22/99 Rev.1 (F) and allocate US\$ 77,121 for its implementation.

**(C) The Committee made the following recommendations regarding other work:**

The Committee recommended to Update ITTO's Guidelines for the Sustainable Management of Natural Forests and to allocate funding in the amount of US\$ 88,400.00 for this work.

**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 30/97 Rev.6 (F)      Rehabilitating Degraded Forest through Collaboration with Local Communities (Ghana)**

Conclusion of the Twenty-fifth 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 30/97 Rev.6 (F) and recommended the Council to allocate US\$ 329,571.00 for its immediate implementation.

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

Conclusion of the Twenty-fifth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. It also endorsed the adjustments made for the Programme Support Costs. Therefore, the Committee approved the project PD 52/98 Rev.3 (F) and recommended the Council to allocate US\$ 532,039.00 for its immediate implementation.

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

Conclusion of the Twenty-fifth 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 56/98 Rev.2 (F) and recommended the Council to allocate US\$ 514,524.00 for its immediate implementation. In the view of the Panel, this project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).

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

Conclusion of the Twenty-fifth 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 20/99 Rev.2 (F) and recommended the Council to allocate US\$ 559,493.00 for its immediate implementation. In the view of the Panel, this project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).

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

Conclusion of the Twenty-fifth 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 32/99 Rev.2 (F) and recommended the Council to allocate US\$ 618,969.00 for its immediate implementation. In the view of the Panel, this project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).



**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 (CAR)**

Conclusion of the Twenty-fifth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations, except recommendation 6 related to the inclusion in the Project Document of provisions for ITTO Monitoring and Evaluation, consistent with ITTO procedures. The Committee recognized that these concerns could easily be accommodated in the Project Document, provided minor changes in Part III: Monitoring, Reporting and Evaluation, so as to include, in addition to the initial ITTO Monitoring mission 6 months after the project start, a yearly ITTO Monitoring mission throughout the duration of the project.

Provided these minor changes, the Committee approved the project PD 42/99 Rev.1 (F) and recommended the Council to allocate US\$ 996,052.00 for its immediate implementation.

**7. PD 44/99 Rev.1 (F) Implementation of a Management Plan by the Chiquiaca and Orozas Communities in Tarija, Bolivia (Bolivia)**

Conclusion of the Twenty-fifth Committee

The Committee noted that the revised project proposal had not adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee decided to request the Submitting Government to incorporate the Expert Panel's comments and recommendations into the current document and resubmit it for its appraisal by the committee at its next Session. The deadline for the receipt of revised proposals is March 15, 2000.

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

Conclusion of the Twenty-fifth 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 47/99 Rev.2 (F) and recommended the Council to allocate US\$ 411,535.00 for its immediate implementation. In the view of the Panel, this project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).

**9. PD 49/99 Rev.1 (F) Pilot Plan for the Sustainable Management of 10,000 Hectares of Secondary Forest in San Lorenzo, Esmeraldas (Ecuador)**

Conclusion of the Twenty-fifth Committee

The Committee noted that the revised project proposal did not adequately address all of the Expert Panel's comments and recommendations. In particular, the detailed budget by component needed refining in order to clearly state what items fell under the ITTO contribution and the counterpart contribution. Therefore, the Committee decided to request the Submitting Government to incorporate the latter into the current document and resubmit it for its appraisal by the committee at its next Session. The deadline for the receipt of revised proposals is March 15, 2000.

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

Conclusion of the Twenty-fifth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 54/99 Rev.2 (F) and recommended the Council to allocate US\$ 566,377.00 for its immediate implementation.

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

Conclusion of the Twenty-fifth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the Phase I of the project PD 57/99 Rev.2 (F) and recommended the Council to allocate US\$ 753,954.00 for its immediate implementation. In the view of the Panel, this project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).

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

Conclusion of the Twenty-fifth 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 60/99 Rev.1 (F) and recommended the Council to allocate US\$ 655,577.00 for its immediate implementation.

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

Conclusion of the Twenty-fifth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. It also endorsed the adjustments made for the Programme Support Costs. Therefore, the Committee approved the project PD 63/99 Rev.2 (F) and recommended the Council to allocate US\$ 276,051.00 for its immediate implementation. In the view of the Panel, this project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).

**TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS**

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

Conclusion of the Twenty-fifth Committee

The Committee noted that the revised pre-project proposal, and further explanation provided by the Delegation of Indonesia, Australia, Switzerland, the United States and Papua New Guinea, have adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 19/99 Rev.1 (F) and recommended the Council to allocate US\$ 127,655.00 for its immediate implementation.

Due to the regional scope of the proposal and the important nature of the issues to be addressed, Australia recommended that part of the necessary funds could be made available from the un-earmarked pre-project funds of the sub-account of ITTO's Special Account.

**2. PPD 22/99 Rev.1 (F) Improved Living Standard of the People through Community Participation in Sustainable Forest Management (Cambodia)**

Conclusion of the Twenty-fifth 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 22/99 Rev.1 (F) and recommended the Council to allocate US\$ 77,121.00 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-FIFTH SESSION OF THE COMMITTEE**

PROJECT DOCUMENT	ITTA, 1994		BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Months)	RECOMMENDATION*	
	OBJECTIVES	OPERATIONAL ACTIVITIES				18th EP	25th CRF
	Art. 1	Art. 27, Para. 2					
PD 30/97 Rev.6 (F)	c,f,j,l	a(i,ii),c,e	329,571	Ghana	60	1	1
PD 52/98 Rev.3 (F)	c,f,j,l	a(i,iii),b,d,e,f	532,039	Côte d'Ivoire	36	1	1
PD 56/98 Rev.2 (F)	c,d,f,j,l	a,b	514,524	Venezuela	30	-	1
PD 20/99 Rev.2 (F)	c,d,f,j,l	a(i,ii), b	559,493	Colombia	36	1 + BPF	1
PD 32/99 Rev.2 (F)	c,d,f,j,l	a(i,ii,iii),b	618,969	Colombia	36	1 + BPF	1
PD 42/99 Rev.1 (F)	b,c,e	a(i,iii)	996,052	Central African Republic (CAR)	36	-	1
PD 44/99 Rev.1 (F)	c,d,f,j	a(iii),b,e	296,886	Bolivia	36	1 + BPF	2a
PD 47/99 Rev.2 (F)	c,d,j	a(i,ii).b	411,535	Colombia	36	1 + BPF	1
PD 49/99 Rev.1 (F)	c,d,j	a(iii),b,e	422,365	Ecuador	36	1 + BPF	2a
PD 54/99 Rev.2 (F)	c,d,j	a(iii),b,e	566,377	Colombia	18	1	1
PD 57/99 Rev.2(F)	c,d,f,j,l	a(iii),b,c,e,f	Ph.I - 753,954 Ph.II - To be decided	Brazil	Ph.I - 24 Ph.II - 36	1 + BPF	1
PD 60/99 Rev.1 (F)	c,f,m	a(i,ii),b,c,e	655,577	Regional Asia	32	1	1
PD 63/99 Rev.2 (F)	c,f,j,l	a(i,iii),c,e,f	276,051	Cameroon	36	1 + BPF	1
PPD 19/99 Rev.1 (F)	a,c,d,f,l	a(iii), b,c,f	127,655	Indonesia & Australia	12	1	1
PPD 22/99 Rev.1 (F)	c,d,f,g,j	a(i,ii),c,e	77,121	Cambodia	6	4a	1

\* For Categories of Recommendation see Table B.

TABLE B

Categories of Decision for 17th Expert Panel	Categories of Recommendation from 24th CRF to the Council
<p>1. The Panel concluded that, with the incorporation of any minor amendments noted, the (pre-) project could be commended to the Committee for final appraisal. (In the view of the Panel, this (pre-) project is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8(XXV).)</p> <p>2. The Panel concluded that the (pre-) project requires essential modifications (which are necessary for the project to succeed) and the Panel will need to assess the modified (pre-) project proposal before it can commend it to the Committee for final appraisal.</p> <p>3. The Panel concluded that a re-formulation of the proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal.</p> <p>4. The Panel concluded that a pre-project (not exceeding US\$ ..... ) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal.  a: (Such a pre-project 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.)</p> <p>5. The Panel concluded that it could not commend the modified or revised proposal and submits it to the Committee for further appraisal.</p> <p>6. The Panel concluded that the project (,in its present form,) is not sufficiently relevant to the mandate of ITTO. (The Panel encourages the submitting agency to seek other sources of project support.)</p> <p>7. The Panel concluded that there is insufficient information to assess the project adequately.</p> <p>(Text in Parentheses is optional)</p>	<p>1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.</p> <p>2. Recommend to the ITTC that the proposal be revised and resubmitted:  a) directly to the relevant Committee, or  b) to the Expert Panel.</p> <p>3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994.</p> <p>4. Recommend to the ITTC that a decision on the proposal be deferred until the next session.</p> <p>5. Recommend to the ITTC that the proposal should not be further considered by ITTO.</p>

## Appendix II

Terms of Reference for two consultants, one from a producer and one from a consumer country, to be engaged for a period of two months each as a team with at least one month of concurrent work, to develop a draft of a new ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to be presented to the next Session of Council.

The consultants will:

- 1) With reference to the ITTC and the ITTO Action Plan review the various initiatives by ITTO and other organizations such as FAO, CIFOR and individual countries for reduced impact logging, code of conduct for harvesting companies and similar actions aimed at implementing sustainable forest management practices.
- 2) Review initiatives and analyze the experiences, both positive and negative, by ITTO and other organizations and countries in rehabilitation of degraded forests and forest lands including reforestation and participatory approaches involving local communities.
- 3) Review initiatives and analyze the experiences, both positive and negative, by ITTO and other organizations and countries in the management of secondary forests including participatory approaches involving local communities.
- 4) Evaluate and assess the ITTO Policy Development Series No. 5, 1993 'Guidelines for the Conservation of Biological Diversity in Tropical Production Forests', and Series No. 7, 1998 'Criteria and Indicators for Sustainable Management of Natural Tropical Production Forests', as well as the associated Series 9, and 10, 1999 'Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Forests' Part - A National Indicators, Part B - Forest Management Unit Indicators.
- 5) Taking the above reviews and assessments into account including advances in related research, prepare a draft update of the Guidelines for the Sustainable Management of Tropical Forests in a format similar to the latest ITTO Policy Development Guidelines and, in addition, prepare an appendix containing a Practical Working Manual for their implementation at the Forest Management Unit Level. The draft will be submitted to the ITTO Secretariat for distribution to members for discussion at the next Session of the Council.
- 6) Present their draft at the Session of the Council, and incorporate any amendments approved and assist in the preparation of the final document for printing.

### Proposed Budget:

1)	Consultants fees, 4 work/months @ US\$ 10,000	40,000
2)	Daily Subsistence Allowance 60 days @ US\$ 200	12,000
3)	International travel 4 trips for each consultant @ US\$ 2,500	20,000
4)	Miscellaneous costs	8,000
	Subtotal	80,000
5)	ITTO Programme Support Costs 10.5%	8,400
	Grand Total	88,400

Appendix III

**DRAFT WORK PROGRAMME FOR YEAR 2000  
REFORESTATION AND FOREST MANAGEMENT**

**ALL THREE TECHNICAL COMMITTEES**

**PROJECT ACTIVITIES**

Activity	Implementation Approach and Cost Implications
(xv) 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, Article 27(4)].	Routine. Regular Sessions' work.
(xvi) 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. Decisions on implementation of ex-post evaluations may require additional funds.
(xvii) Review the results of project work in the relevant committees and make recommendations to Council on ITTO's work program for the year 2001 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(xviii) In conjunction with the other two technical committees, the relevant committee to assess fellowship applications and decide on fellowships to be granted by ITTO under project PD 1/93 Rev.1 (M,F,I).	Routine. Regular Sessions' work.
(xix) 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.
(xx) Consider and, if appropriate, take action to disseminate information on projects findings and results [ITTA, 1994, Article 27(4), Action Plan, section 2].	Routine. Regular Sessions' work.

- (xxi) Assist the Committee and Council to review Section 7 in Annex 2 of Decision 2(X) on ex-post evaluations with a view to define a simple procedure for identifying projects or group of projects requiring ex-post evaluations and define a simple and cost effective procedure to carry out ex-post evaluations, including alternative ways for financing ex-post evaluation work.

Routine. Regular Sessions' work.

**STRATEGIC POLICY ACTIVITIES**

<b>Activity</b>	<b>Implementation Approach and Cost Implications</b>
(ii) Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's work programme for the year 2001 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.

**COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT**

**STRATEGIC POLICY ACTIVITIES**

<b>Activity</b>	<b>Implementation Approach and Cost Implications</b>
(iii) Update and revise the ITTO Guidelines on Sustainable Management of Natural Tropical Forest taking into account reduced impact logging, rehabilitation of degraded forests and forest lands, and management of secondary forests [CRF(XXIV)/14 Rev. 1, item 9].	Regular Sessions' work. Assumes terms of reference and cost estimates for the initial work was proposed by the Committee and agreed upon by Council at its Twenty-seventh Session (1-6 November 1999).

\* \* \*



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Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

**TWENTY-FIFTH SESSION OF THE COMMITTEE ON**

**FOREST INDUSTRY**

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## REPORT

### 1. Introduction

The Twenty-fifth Session was opened on 1 November 1999 by Dra. Angela Andrade Perez (Colombia) the Chairperson of the Committee. The List of Participants is reproduced in Document ITTC(XXVII)/Info.2 Rev.1.

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

At its first meeting on 1 November 1999, the Committee adopted the agenda of its Twenty-fifth Session as contained in Document CFI(XXV)/1.

### 3. Admission of Observers

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

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

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

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

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

PD 20/95 Rev.2 (I)	Chemical Modification of Bamboo Culms and Their Resistance to Weathering (China)
PD 21/95 Rev.2 (I)	Comprehensive Studies of the Structure and Properties of Rattans for Effective Utilization (China)
PD 24/95 Rev.1 (I)	The Identification, Properties and Uses of the Tropical Timber Imported to China from Latin America (China)
PPD 4/98 Rev.1 (I)	Promotion of Tropical Non-Wood Forest Products in Thailand (Thailand)

The Committee expressed its satisfaction with the successful completion of these projects and pre-project. A summary of the work completed under these projects and pre-project is presented in document CFI(XXV)/3. The Committee noted that Thailand officially submitted for ITTO consideration a project developed under pre-project PPD 4/98 Rev.1 (I), addressing some of the recommendations of the workshop convened under the pre-project. The Committee expressed particular satisfaction with the publications and CD-ROM data-bases produced under these projects and requested the Secretariat to take the necessary action for their wide distribution and dissemination. The outputs include:

- (i) Chemical Modifications of Bamboo Culms and Their Resistance to Weathering
- (ii) Biological Studies on Bamboo Culms
- (iii) Structural Analysis of Rattan Stems
- (iv) Rattan Database (CD-ROM)
- (v) Database of Tropical Timber in the Latin America Region (CD-ROM)
- (vi) Handbook of Tropical Timber in the Latin America Region

(vii) Proceedings of the Workshop on Promotion of Non-Wood Forest Products in Thailand

The Committee noted, however, that major publication outputs of some of the completed projects were not printed and made available in any of the ITTO working languages. The Committee stressed that to appropriately spread benefits of ITTO projects to Members of the Organization, their results should be made available and disseminated in at least one of the working languages of the Organization.

As part of its work under this agenda item, the Committee reviewed the list of Forest Industry projects completed in the period 1997 - 1999, with a view to identifying projects to be subjected to ex-post evaluations. The Committee decided to request the Secretariat to take the necessary action to effect the ex-post evaluation of project PD 47/88 Rev.3 (I).

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

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

**PROJECTS**

PD 73/89 (M,F,I)	Assistance for Project Identification and Formulation (Global)
PD 94/90 Rev.3 (I)	Integration of Forest-Based Development in the Western Amazon - Phase II -Technology for Sustainable Utilization of Raw Forest Materials (Brazil)
PD 109/90 Rev.4 (F,I)	Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Côte d'Ivoire (Côte d'Ivoire)
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 209/91 Rev.2 (I)	Study of Zairian Timber with a View to Promoting Certain Species (Democratic Republic of Congo)
PD 1/93 Rev.1 (M,F,I)	ITTO Fellowship Programme - Phase II (Global)
PD 17/93 Rev.3 (M,F,I)	ITTO Network for Information Sharing and Project Support (Global)
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 I) (Finland)
PD 33/95 Rev.3 (M,F,I)	Impacts of Increased Utilization of Lesser-Used Species (LUS) (Ghana)
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 34/99 Rev.1 (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)

#### **PRE-PROJECTS**

- 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 5/98 Rev.2 (M,I) Technical and Industrial Assistance and Development of International Markets for Manufactured Timber Products in Peru (Peru)
- 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 11/99 Rev.1 (I) Development of the Rubberwood Industry in Côte d'Ivoire – Phase I (Côte d'Ivoire)

When reviewing progress in the implementation of project PD 73/89 (M,F,I), the Committee recalled that through Decision 2(XXVI) the Council approved organization of four additional workshops to provide training on the use of the newly adopted second edition of the "ITTO Manual for Project Formulation, 1999". The Committee was pleased to learn that the first of these regional workshops will be convened in Indonesia on 8-16 December 1999. Recalling that this project provides important regular services of interest to all Members of the Organization, the Committee recommended that the Council consider funding it through the Administrative Account or the Sub-account B of the Bali Partnership Fund.

The Committee requested the Secretariat to provide more information on progress of work under project PD 94/90 Rev.3 (I), which has been affected by considerable delay in the implementation of some key activities which depend on the local government inputs. The Committee was pleased to learn from the Secretariat that through a report received by ITTO on 13 October 1999, the implementing agency informed on significant progress in two main activities which were lagging behind: (i) construction of access roads, now fully implemented with the opening of 55 km, and (ii)

implementation of the sustainable forest management plan, with the first 70 hectares to be harvested this year and finalization of inventory and other preparatory work for harvesting 1,000 hectares in 2000.

The Committee noted that funds for the production of the Tropical Forest Update newsletter under PD 17/93 Rev.3 (M,F,I) would be exhausted shortly. It further noted that the newsletter production would continue under approved project PD 13/99 Rev.2 (M,F,I) should funds become available. Given the global nature of the newsletter and its important role in promoting the work of the Organization as part of its regular communication activities, the Committee recommended to Council that it consider funding project PD 13/99 Rev.2 (M,F,I) through the Administrative Account or Sub-account B of the Bali Partnership Fund.

The Committee carried out a detailed review of the implementation of project PD 7/94 Rev.3 (M,I). The Committee considered the implementing agency's information that it has difficulties in keeping the project focus on mahogany as originally planned in the project document. The implementing agency proposed to the Committee a project shift to prioritize promotion of sustainable production of a number of highly traded tropical species produced in the Amazon region, rather than concentrating only on mahogany as prescribed in the project document. The proposal submitted by the implementing agency (SINDIMAD) to amend the approved project document, contained in Committee document [CFI(XXV)/6] was approved by the Committee.

The Committee pointed out that the progress report on PD 15/97 Rev.2 (I) contained only limited information on the methodology and work carried out for the preparation of the strategic plan for the upgrading of the forest industry sector of Panama. The representative of Panama informed the Committee that the project final reports containing detailed information on the work carried out and project outputs are being sent to ITTO.

When reviewing progress of implementation of project PD 44/98 Rev.2 (I), the representative of Ghana presented the results and recommendations of discussions held between the representatives of the co-implementing agencies [Forestry Research Institute of Ghana (FORIG) and Swiss Federal Institute of Technology (SFIT)] which met in Zurich to consult on the implementation difficulties reported at the Twenty-fourth Session in document CFI(XXIV)/7. The Committee noted with satisfaction that the two parties have agreed to work together and signed a memorandum of understanding proposing to implement the project as approved in the project document, but with a supplementary budget allocation of US\$81,393 to complete the funds needed to finance SFIT's participation. The Committee considered the information and details of the requested supplementary budget allocation and decided to recommend its approval to Council.

At its Twenty-fourth Session, while considering implementation of PPD 50/91 (I), the Committee, based on information provided by the Government of Democratic Republic of Congo on local working conditions, and on the country's priorities, decided to request the Secretariat to make efforts to engage the services of an international consultant to assist completing the pre-project. The Committee took note of the Secretariat's information that an international expert has been pre-selected and that consultations with the national government to agree on a traveling and working schedule are underway.

In its review of the implementation situation of PPD 13/98 Rev.2 (I), the Committee was informed by the Secretariat that the study commencement has been delayed because of internal problems related to the release of funds by the Fiji Ministry of Finance to the Forest Department (implementing agency). The Committee urged the Government of Fiji to expedite the release of funds to allow full and timely implementation of the pre-project.

The Committee also reviewed the implementation situation of pre-projects PPD 15/98 Rev.2 (I) and PPD 11/99 Rev.1 (I) to be implemented in Gabon and Côte d'Ivoire, respectively. The Committee was informed by the Secretariat that the agreements on the execution of these pre-projects will be signed during this Session.

Considering and assessing its own project progress review work, the Committee reiterated the view that the procedures in Council Decision 4(XXV) requesting the Secretariat and implementing agencies to report only on projects and pre-projects with implementation problems streamlined and increased efficiency of its work. To further facilitate the work of Members, the Committee reiterated its

request to the Secretariat to identify these projects and pre-projects in the report which it usually prepared and distributes to Members in order to assist the Committee to review project and pre-project work in progress.

#### 7. Consideration of Project and Pre-Project Proposals

Two project proposals and six pre-project proposals were submitted by Member governments in time for Committee consideration and appraisal:

##### PROJECTS

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)

##### PRE-PROJECTS

PPD 14/98 Rev.1 (I) Development of Forest Industries in Congo (Congo)

PPD 6/99 Rev.2 (M,F,I) Promotion of Non-Timber Forest Products in Terai Region of Nepal (Nepal)

PPD 15/99 Rev.1 (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 18/99 Rev.1 (I) Utilization of Tropical Plantation Timber in the Southern Part of China (China)

PPD 20/99 Rev.1 (I) Study on Utilization of Plantation Teak (Myanmar)

The Committee considered in detail the results of the evaluation of earlier versions of these projects carried out by the Expert Panel for Technical Appraisal of Project Proposals, as contained in document CEM,CRF,CFI(XXV)/1. The final versions were thoroughly evaluated by the Committee. The detailed results of the Committee's evaluation and appraisal of these two project and six pre-project proposals are presented in Appendix I.

#### 8. Policy Work

Under the framework of the ITTO Libreville Action Plan and the approved work program for 1999 [ITTC Decision 7(XXV)], the Committee resumed discussions and made recommendations on three issues related to policy work during the Session:

##### (i) **Guidelines on increasing utilization efficiency and reduction of losses**

The Committee recalled its discussions at the Twenty-fourth Session on a Secretariat-prepared background paper [CFI(XXIV)/6] which compiled information on previous work in this field, and advanced ideas on draft terms of reference for implementing work related to these guidelines. The Committee reiterated its initial view that the work described in the terms of reference contained in the document is too ambitious and decided to recommend the implementation of a pre-project with a step by step approach for execution of the review, survey and assessment of information and data, preceding the consideration and decision related to preparation of draft guidelines. The Committee recommended the pre-project as detailed in Appendix II.

##### (ii) **Voluntary code of conduct of the forest industry**

The Committee resumed its discussion on the need for and desirability of work on a voluntary code of conduct for the forest industry. The Committee recalled the background

paper [CFI(XXIV)/8] on this issue prepared by the Secretariat in compliance with its instructions. The Committee was also briefed by the Secretariat on work related to this issue carried out by FAO and CIFOR, the American Forest and Paper Association, and on the progress of the initiative of the Interafrican Forest Industries Association (IFIA) in cooperation with conservation NGOs to finalize and publish its forest industries code of conduct. The Committee expressed interest in further information on developments in this area, and encouraged members to continue to share information, particularly on the effectiveness of codes of conduct in general, as opposed to other forms of incentive/enforcement tools.

(iii) **Preparation of terms of reference and recommendations for a review of the status of further processing of tropical timber**

The Committee prepared the terms of reference and recommendations to Council on the implementation of a study to review the status of further processing of tropical timber in producing countries. The Committee agreed on the terms of reference for consultancy work, to be carried through a pre-project, in order to prepare for the Committee a review of the status of further processing of tropical timber. The Committee recommended the pre-project as detailed in Appendix III.

9. Decision on Fellowship Applications Under Project PD 1/93 Rev.1 (M,F,I)

The Fellowship Selection Panel met twice during the Twenty-fifth Session of the Committee on Forest Industry to evaluate fellowship applications submitted in time and to select successful candidates. The Selection Panel was composed of:

Chairman:	Mr. Rae-Kwon Chung	(Rep. of Korea)
Producers:	Mr. Awa Onana	(Cameroon)
	Mr. Heliodoro Sanchez	(Colombia)
	Dr. Abdul Rashid Hj. Abdul Malik	(Malaysia)
Consumers:	Mr. John Martinez	(Australia)
	Mr. Chen Xuhe	(China)
	Mr. Michael James	(U.K.)

The Selection Panel considered a total of 96 applications in which 75 applications were from producer countries and 21 applications were from consumer countries. Seventy-eight percent of the applications were in the field of reforestation and forest management.

The Panel used the selection criteria to review the applications, taking into account the need to maintain as much as possible a balance between the three subject areas, and the different geographic regions and gender of applicants. The Panel recommended to the Committee the approval of 25 fellowship grants, subject to the availability of funds at a total cost of approximately US\$120,000. The approved applications are listed in Appendix V.

10. Election of Chairperson and Vice-Chairperson for 2000

The Committee elected Ms. Kayoko Fukushima (Japan) as the Chairperson and Dr. Abdul Rashid Hj. Abdul Malik (Malaysia) as the Vice-Chairperson for 2000.

11. Dates and Venue of the Twenty-eighth Session of the Committee

The dates and venue of the Twenty-eighth Session of the Committee are in practice determined in relation to the dates and venue fixed by the Council for its Thirtieth Session.

12. Other Business

The Committee held comprehensive discussions on its work program for the year 2000, on the basis of the draft work program submitted by the Secretariat [document ITTC(XXVII)/9 Rev.1].

The Committee finalized a work program proposal for its work in 2000 and decided to submit it to the ITTC for consideration and approval. The work program for 2000 proposed by the Committee is reproduced in Appendix IV.

13. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. To approve for implementation the following project and pre-project proposals:

- |                        |   |
|------------------------|---|
| 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)                 |
| PPD 14/98 Rev.2 (I)    | Development of Forest Industries in Congo (Congo)   |
| PPD 6/99 Rev.3 (M,F,I) | Promotion of Non-Timber Forest Products in Terai Region of Nepal (Nepal)  |
| 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 18/99 Rev.2 (I)    | Utilization of Tropical Plantation Timber in the Southern Part of China (China)   |
| PPD 20/99 Rev.2 (I)    | Study on Utilization of Plantation Teak (Myanmar)   |
| PPD 24/99 (I)          | Pre-Project Study on Increasing Utilization Efficiency and the Reduction of Losses and Waste Throughout the Production Chain (ITTO) |
| PPD 25/99 (I)          | Pre-Project Study on Review of the Status of Further Processing of Tropical Timber in Producing Countries (ITTO)                    |

2. 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 73/89 (M,F,I)       | Assistance for Project Identification and Formulation (Global) [Additional funds US\$300,000]  |
| PD 1/93 Rev.1 (M,F,I)  | ITTO Fellowship Programme - Phase II (Global) [Additional funds US\$150,000]   |
| PD 13/99 Rev.2 (M,F,I) | ITTO Information Network and Project Support (Global) [Phase I US\$505,556] [Phase II US\$516,106]   |
| PD 13/95 Rev.3 (I)     | Capacity Building in Training in Planning and Management of Forest Industries in ITTO Producer Member Countries (Finland) Phase II [US\$442,261] |
| PD 20/98 Rev.1 (I)     | Establishment of a Training and Technical Information Center for Wood Based Industries (Myanmar) [US\$508,755]                                   |
| PD 33/98 Rev.2 (I)     | Sustainable Production of Construction Materials from Philippine Bamboos (Philippines) [US\$544,696]   |



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|---------------------|--|
| PD 41/98 Rev.2 (I)  | National Seminar Workshop on the Promotion of Plantation Timber Utilization (Philippines) [US\$53,784] |
| PD 46/98 Rev.3 (I)  | Development of the Indian Rubberwood Industry (India) [US\$283,097]                                    |
| PD 14/99 Rev.1 (I)  | General Nomenclature of Tropical Timber (France) [US\$ 113,413]  |
| PPD 9/98 Rev.1 (I)  | Assessment of Forest Industry Training Needs (Guyana) [US\$52,434]                                     |
| PPD 10/99 Rev.1 (I) | Utilization of Small Logs from Forest Plantation in Thailand (Thailand) [US\$54,333]                   |
3. To allocate funds amounting to US\$81,393 to supplement the budget of approved project 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].

14. Report of the Session

The Committee adopted this report for submission to the Council.

## APPENDIX I

### TECHNICAL EVALUATION OF PROJECT PROPOSALS

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

The Committee appreciated the Thailand delegate's background information on the problems of the utilization of bamboo, one of the important non-wood forest products in Thailand. The Committee noted that the revised proposal adequately addressed all of the recommendations made by the Eighteenth Expert Panel for Technical Appraisal of Project Proposals. The Committee further noted that the proposal would assist in the promotion and transfer of improved techniques on the utilization of bamboo with a viable contribution to the socio-economic development of the local communities. The Committee decided to recommend to the Council the approval and implementation of project [PD 56/99 Rev.1 (I)].

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

The delegate from Indonesia introduced the amendments to the project proposal, based on the recommendations of the Eighteenth Expert Panel for Technical Appraisal of Project Proposals. The Committee noted that the revised proposal adequately addressed all of the Expert Panel's recommendations. It further noted the importance of the proposal for piloting innovative utilization methodologies to be developed from laboratory based studies on improved utilization of timber bark of fast growing species. The Committee decided to recommend to the Council the approval and implementation of project [PD 58/99 Rev.1 (I)].

**PPD 14/98 Rev.1 (I)      Development of Forest Industries in Congo (Congo)**

The Committee agreed that this revised pre-project proposal appropriately met the recommendations made by the Eighteenth Expert Panel for Technical Appraisal of Project Proposals, particularly in providing further details on the pre-project strategy and institutional arrangements for execution and operation of the workplan. The Committee noted that the Terms of Reference for both the international consultant and the national experts had been improved and clarified to emphasize the identification of the strengths and weaknesses in the field of planning of forest industries. The Committee decided to recommend to Council the approval of the pre-project proposal, further revised [PPD 14/98 Rev.2 (I)] to include minor budget amendments to appropriately reflect the ITTO administrative costs.

**PPD 6/99 Rev.2 (M,F,I)      Promotion of Non-Timber Forest Products in Terai Region of Nepal (Nepal)**

The Committee appreciated the Nepal delegate's background information on the state of the forests in Nepal's Terai region and the role that non-timber forest products play in forest protection and conservation. The Committee was satisfied that the revision of the proposal had fully incorporated the comments and suggestions from the Eighteenth Panel of Experts for Technical Appraisal of Project Proposals. The overall presentation of the proposal had been greatly improved by the implementing agency. The revised proposal had now included a complete set of Terms of Reference for the pre-project consultants and CVs for the pre-project leaders. The representative from Myanmar supported the approval of the pre-project proposal and reiterated to the Committee the importance of the non-timber forest products to local communities both in a direct economic sense and as a forest management tool. The Committee decided to recommend to Council for approval and implementation a further revised proposal [PPD 6/99 Rev.3 (M,F,I)] which includes minor budget amendments to appropriately reflect the ITTO administrative costs.

**PPD 15/99 Rev.1 (I)      Pre-Project for the Ecuadorian Tropical Timber Industry Environmental Management (Ecuador)**

The Committee considered the additional information and clarifications presented in the revised proposal related to the application of environmental management systems (EMS and ISO 14000). As the pre-project activities would target the environmental and low efficiency problems faced by the particle board

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and fiberboard industries in Ecuador, the Eighteenth Expert Panel for Technical Appraisal of Project Proposals had identified a number of areas in which the proposal should be improved. After considering details on the types of hazardous emissions that occur in the forest industry, an explanation of how ISO 14000 would address environmental problems in forest industries, and an accurate assessment of the risks of the pre-project, the Committee decided to recommend the approval of the proposal, which was further revised [PPD 15/99 Rev.2 (I)] to include minor budget amendments to appropriately reflect ITTO administrative support costs.

**PPD 17/99 Rev.1 (I)      Efficient Utilization of Bamboo in India (India)**

The Committee noted that the revised proposal adequately addressed all of the recommendations made by the Eighteenth Expert Panel of Technical Appraisal of Project Proposals. The Committee felt that the proposed symposium would provide an important opportunity for promoting the cooperation among interested parties toward integrated development of the bamboo industry. The Committee decided to recommend to the Council the approval and implementation of pre-project [PPD 17/99 Rev.1 (I)].

**PPD 18/99 Rev.1 (I)      Utilization of Tropical Plantation Timber in the Southern Part of China (China)**

The delegate from People's Republic of China introduced this pre-project and emphasized the importance of the proposal to promote the utilization of plantation timber in the southern part of China. The Committee recognized that there was a need to undertake research into wood properties and end use requirements of plantation timber in the South China. It was observed that value-added products from plantation timber would increase economic benefit to forest farmers. The Committee noted that the revised proposal adequately addressed the recommendations of the Eighteenth Expert Panel for Technical Appraisal of Project Proposals. The Committee decided to recommend to the Council the approval and implementation of a further revised proposal [PPD 18/99 Rev.2 (I)] which includes a minor budget amendment to appropriately reflect ITTO Programme Support Costs.

**PPD 20/99 Rev.1 (I)      Study on Utilization of Plantation Teak (Myanmar)**

The delegate from Myanmar introduced the objective of the proposal and clarified the amendments in the revised proposal based on the recommendations of the Eighteenth Expert Panel of Technical Appraisal of Project Proposals. The Committee noted that all of the Expert Panel's recommendations were incorporated into the revised proposal. Considering the importance of this proposal to promote further processing of plantation teak for value-added products, the Committee decided to recommend to the Council the approval and implementation of a further revised proposal [PPD 20/99 Rev.2 (I)] which includes a minor budget amendment to appropriately reflect ITTO Programme Support Costs.

**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 56/99 Rev.1 (I)	c,f,l	Further processing	452,996	36 months	Thailand	1
PD 58/99 Rev.1 (I)	c,f,i,m	Utilization of timber bark	363,536	36 months	Indonesia	1
<b>PRE-PROJECTS</b>						
PPD 14/98 Rev.2 (I)	c,e,f,g,i,j	Further and increased wood processing	97,271	6 months	Congo	1
PPD 6/99 Rev.3 (M,F,I)	a,c,f,g	Further and increased wood processing	49,772	12 months	Nepal	1
PPD 15/99 Rev.2 (I)	c,f,i,j,m	Further and increased wood processing	71,740	5 months	Ecuador	1
PPD 17/99 Rev.1 (I)	c,f,l	Further processing	39,985	6 months	India	1
PPD 18/99 Rev.2 (I)	c,f,l	Further processing	49,247	6 months	China	1
PPD 20/99 Rev.2 (I)	c,d,f,l	Further processing of teak	49,529	12 months	Myanmar	1
PPD 24/99 (I)	a,c,i,l	Further and increased wood processing	110,500	12 months	Producing Member countries	1
PPD 25/99 (I)	a,c,i,l	Further and increased wood processing	110,500	12 months	Producing Member countries	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.  
Recommend to the ITTC that the proposal should not be further considered by ITTO.

## APPENDIX II

### Pre-Project Study

#### Increasing Utilization Efficiency and the Reduction of Losses and Waste Throughout the Production Chain

##### 1. Introduction

The Committee decided to implement a pre-project study to support the development of draft guidelines on increasing utilization efficiency and the reduction of losses and waste throughout the tropical timber production chain. The following terms of reference describe the initial work phase of the study.

##### 2. Terms of Reference

The draft terms of reference outlined below are for consultancy work for the execution of the review, survey and assessment of information and data to assist the Committee to further consider the preparation of draft guidelines.

- (i) Carry out a comprehensive review of previous work related to guidelines on increasing timber utilization efficiency and the reduction of losses and waste with a focus on saw milling and plywood manufacturing processes and products.
- (ii) To undertake a survey to determine conversion efficiency in a representative sample of producers' tropical timber-based export saw milling and veneer/plywood industries.
- (iii) Analyze producers' efficiency vis-à-vis efficiency in countries which are more advanced in log conversion and in utilization of main products and waste.
- (iv) Compile and assess information and data on policies, measures and technologies which contribute to increase utilization efficiency and to reduce losses and waste throughout the production chain.
- (v) Prepare and present to the Forest Industry Committee a technical document reporting on the work carried out under items (i) through (iv) above. The report shall also evaluate options and provide suggestions and recommendations on the methodology to be utilized to prepare and finalize the guidelines.

##### 3. Duration

The expected duration of the pre-project is six months. The consultant shall conduct the study and finalize the report in time for consideration by the Committee at its Twenty-seventh Session.

4. Budget

<b>Budget Components</b>		<b>Total</b>
10.	Project Personnel	
16.	International Consultants (6 man/months)	72,000
19.	Component Total	72,000
30.	Duty Travel	
31.	Daily Subsistence Allowance	6,000
32.	International Travel (to Yokohama and selected member countries)	15,000
39.	Component Total	21,000
60.	Miscellaneous	
64.	Translation	7,000
69.	Component Total	7,000
SUBTOTAL		100,000
80.	ITTO Monitoring, Evaluation and Administration	
83.	Programme Support Costs (10.5%)	10,500
89.	Component Total	10,500
100.	GRAND TOTAL	110,500

## Appendix III

### Pre-Project Study

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

##### 1. Introduction

The Committee decided to implement a pre-project study to review the status of further processing of tropical timber in producing countries. The following terms of reference describe the preparatory consultancy work needed to assist the Committee review.

##### 2. Terms of Reference

- A. Prepare a report on the current status of and trends on tropical timber further processing in producing countries, on the basis of:
- (i) National reports submitted by member governments (standard format/ contents to be recommended by consultants);
  - (ii) Surveys carried out through inquiry questionnaires directed at relevant international and national agencies, trade and industry associations, and selected individual tropical timber processing companies; and
  - (iii) Literature review.

The report should cover the main secondary processed products internationally traded, including furniture and furniture parts, moldings, doors, window frames and other joinery products.

- B. Assess the outlook for selected tropical timber further processed products into the twenty-first century, providing inter-alia, a view of products and markets where tropical timber producing countries are likely to be (or remain) competitive.
- C. Consider possible actions that ITTO, member governments and the trade and industry sectors could undertake to continue and enhance their work related to promotion of further processing of tropical timber in producer countries.

##### 3. Duration

The expected duration of the pre-project is six months. The consultant(s) shall conduct the study and finalize the report in time for consideration by the Committee at its Twenty-seventh Session.

4. Budget

<b>Budget Components</b>		<b>Total</b>
10.	Project Personnel	
16.	International Consultants (6 man/months)	72,000
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39.	Component Total	21,000
60.	Miscellaneous	
65.	Translation	7,000
69.	Component Total	7,000
SUBTOTAL		100,000
80.	ITTO Monitoring, Evaluation and Administration	
84.	Programme Support Costs	10,500
89.	Component Total	10,500
100.	GRAND TOTAL	110,500



APPENDIX IV

Forest Industry Work Program for 2000

**ALL THREE TECHNICAL COMMITTEES**

**Project Activities**

Activity	Implementation Approach and Cost Implications
(xxii) 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, Article 27(4)].	Routine. Regular Sessions' work.
(xxiii) 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. Decisions on implementation of ex-post evaluations may require additional funds.
(xxiv) Review the results of project work in the relevant Committees and make recommendations to Council on ITTO's work program for the year 2001 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.
(xxv) In conjunction with the other two technical Committees, the relevant Committee to assess fellowship applications and decide on fellowships to be granted by ITTO under project PD 1/93 Rev.1 (M,F,I).	Routine. Regular Sessions' work.
(xxvi) 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.
(xxvii) Consider and, if appropriate, take action to disseminate information on projects findings and results [ITTA, 1994, Article 27(4), Action Plan, section 2].	Routine. Regular Sessions' work.
(xxviii) Assist the Council to review Section 7 in Annex 2 of Decision 2(X) on ex-post evaluations with a view to define a simple procedure for identifying projects or group of projects requiring ex-post evaluations and define a simple and cost effective procedure to carry out ex-post evaluations, including alternative ways for financing ex-post evaluation work.	Routine. Regular Sessions' work.

### Strategic Policy Activities

Activity	Implementation Approach and Cost Implications
(iii) Review the results of policy work in the relevant Committees and make recommendations to Council on ITTO's work programme for the year 2001 [ITTA, 1994, Article 27(4)].	Routine. Regular Sessions' work.

### COMMITTEE ON FOREST INDUSTRY

#### Strategic Policy Activities

Activity	Implementation Approach and Cost Implications
(iv) Consider the results of initial work carried out to develop and publish guidelines on increasing utilization efficiency and the reduction of losses and waste throughout the production chain [Action Plan, section 3.3, goal 3 action 1].	Regular Sessions' work. Assumes terms of reference and cost estimates for the initial work proposed by the Committee will be agreed upon by Council at its Twenty-seventh Session (1-6 November 1999).
(v) Review the status of tropical timber further processing in producer countries [Action Plan, section 3.3, goal 1, action 2].	Regular Sessions' work. Assumes terms of reference and cost estimates for the survey and consultancy work proposed by the Committee will be agreed upon by the Council at its Twenty-seventh Session (1-6 November 1999).

## APPENDIX V

LIST OF APPROVED FELLOWSHIPS  
(Report of the Fellowship Selection Panel)

## COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

App.No.	Name	Nationality	Subject
081/99A	Afful-Koomson, Timothy	Ghana	Ph.D. Research entitled "Implications of Tropical Timber Certification for Ghanaian Timber Exports and Sustainable Forest Management" at Tufts University in Medford, U.S.A.
037/99A	Delgado Ulloa, Gustavo Adolfo	Peru	Research entitled "Economic Evaluation of Harvesting Residues of <i>Swietenia Macrophylla</i> (Mahogany) in the Department of Madre of Diso in Peru"

## COMMITTEE ON FOREST INDUSTRY

App. No.	Name	Nationality	Subject
044/99A	Gyamfi, Charles K.	Ghana	MSc Programme in Forestry at the University of British Columbia in Vancouver, Canada
088/99A	Massijaya, Muhammad Yusram	Indonesia	Research entitled "Performance of Plywood made of small diameter fast Growing species and metranti veneer"
094/99A	N'Dzila, Jean Marie	Republic of Congo	Short Training Course on Classification of African Timbers at Feuilles à Feuilles in Bordeaux, France
090/99A	Sotelo Montes, Alcira del Carmen	Peru	Research entitled "Variation in wood density and calorific power between sources of <i>Calycophyllum spruceanum</i> in the Peruvian Amazon"
083/99A	Subansenee, Wanida	Thailand	Delivering a paper entitled "Potential Non-Wood Forest Products for in Community Forestry" at the IUFRO World Congress in Kuala Lumpur, Malaysia

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

App. No.	Name	Nationality	Subject
070/99A	Ali, Mohd Adnan Bin	Malaysia	Short Training Course on Mobile Tower Yarder System for Reduced Impact Logging at Japan International Research Center for Agricultural Sciences (JIRCAS) in Tsukuba, Japan
043/99A	Amissah, Lucy	Ghana	Attachment to the USDA Forest Service and taking a short training course at Prescribed Fire Training Center in Tallahassee, Florida , U.S.A.
036/99A	Appiah, Mark	Ghana	Ph.D. Research on growth and morphological characteristics of <i>Khaya/ivorensis</i> (Africa-Mahogany) and <i>Milicia Excelsa</i> (Iroko)
067/99A	Correa Silva, Adolfo León	Colombia	Course of Tropical Ecology and Conservation 2000-2 at Organization of Tropical Study (OTS) in Costa Rica
022/99A	Ge, Yuhang	China	Short Course on Monitoring and Evaluation for Successful Project and Programs at ANUTECH, Canberra, Australia
065/99A	Geraldine, Nchotu	Cameroon	Short Training Course on Sustainable Forest Management: Understanding the ISO, SFI and FSC Standards at BioForest Technologies U.S.A.
087/99A	Goh, Doreen K.S.	Malaysia	XXI IUFRO World Congress in Kuala Lumpur, Malaysia
047/99A	Londoño, Ximena	Colombia	Morphological studies of <i>Guadua</i> specimens collected previously in Colombia, Ecuador, Brazil and Peru.
038/99A	Madid, Cassiophiea M.	Philippines	MSc thesis entitled "Assessment of rehabilitated nickel minesites in Rio Tuba, Palawan", School of Environmental Science and Management, University of the Philippines, Los Baños, Philippines
059/99A	Matangaran, Juang R.	Indonesia	XXI IUFRO World Congress, Kuala Lumpur, Malaysia
034/99A	Ngoumou Mbarga, Hubert	Cameroon	Special Training Program at Tropenbos Cameroon to obtain DESS in Forestry Science at the University of Yaounde, Yaounde, Cameroon

App. No.	Name	Nationality	Subject
035/99A	N'Zala, Donatien	Republic of Congo	Research entitled "Reforestation and Production of Limba, Terminalia superba, in Savannah Region of Congo"
025/99A	Poudel, Rajendra Prasad	Nepal	Research on management plan of tropical forest for B.Sc Program in Forestry at Pakistan Forest Institute, Peshawar, Pakistan
031/99A	Ramos Palacios, Yan Arley	Colombia	Tropical Dendrology Course at Tropical Science Center, Costa Rica
012/99A	Singh, Bijay Kumar	Nepal	XXI IUFRO World Congress, Kuala Lumpur, Malaysia
018/99A	Singh, Suresh	Nepal	B.Sc Programme in Forestry at Pakistan Forest Institute, Peshawar, Pakistan
060/99A	Talukdar, Bibhab Kumar	India	Biodiversity Monitoring and Assessment for Adaptive Management Course at Smithsonian National Museum of Natural History in Virginia, U.S.A.
011/99A	Vaca Marquina, Segundo	Peru	Research on "Silvicultural Analysis of Natural Regeneration of Two Types of Podocarpus Forests in San Ignacio, Cajamaraca, Peru"

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Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

**SIXTH SESSION OF THE COMMITTEE ON**

**FINANCE AND ADMINISTRATION**

**(1-6 November 1999, Yokohama, Japan)**

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL  
BY THE SIXTH SESSION OF THE  
COMMITTEE ON FINANCE AND ADMINISTRATION**

**Item 1: Opening by the Chairperson**

1. The Session was opened by the Chairperson, Mr. Luciano Helmold Macieira (Brazil) who welcomed all delegates to the Sixth Session.

**Item 2: Adoption of Agenda and Organization of Work**

2. The Chairperson drew the attention of the Committee to the request of the Council for the Committee to consider the recommendations of the Expert Panel on the Fellowship Programme concerning the various possible resources for funding the "Freezailah Fellowship Fund" and suggested that this item be included in Item 13 (Other Business) to be taken up later at this Session. With this, and some other additional items as indicated in Item 3 below, the Committee adopted its agenda as presented in document CFA(VI)/1.

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

3. The Chairperson advised the Committee that the Report of the Eighteenth Meeting of the Expert Panel for Technical Appraisal of Project Proposals [Document CEM,CRF,CFI(XXV)/1] was discussed in the joint Session of the Committees on 1 November 1999, and that the joint Session had taken note of the recommendations of the Expert Panel. The joint Session requested the CFA to discuss two of the recommendations of the Expert Panel: (a) that business class air travel be allowed for Expert Panel members travelling over 12 hours; and (b) that provision be made for medical insurance for Panel members while travelling to attend meetings of the Panel.

4. With regard to air travel of Panel members, the Secretariat recalled the discussions at the Second Session of the Committee and the recommendation, which the Council adopted, that "expert panel members be required to travel economy class". After discussion, and while fully recognizing the difficulties and tiredness of long travel on economy class, the Committee decided to recommend to the Council that the practice be continued in order to exercise cost savings in budgets of expert panel meetings. Regarding the provision of medical insurance, some delegates expressed concern that some abuse may occur, and therefore the Committee decided that, following practices of other international organizations, medical insurance will not be provided to experts and consultants.

**Item 4: Draft Administrative Budget for the Financial Year 2000**

5. The Finance/Administrative Officer, Mr. Charas Mayura, introduced document CFA(VI)/2, which had been distributed to Members in August 1999 in accordance with Rule 3 of the ITTO's Financial Rules and Rules Relating to Projects. The original proposal for 2000 amounted to US\$4,130,601.00 which represented only 0.25% increase comparing with the approved budget for 1999 of US\$4,120,331.00. 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 last year in the case of the budget for 1999, the Secretariat revised the draft budget as presented in document CFA(VI)/2 Rev.1, dated 1 November 1999, by applying the exchange rate of 105 Yen to US\$ 1.00 against the rate of 115 Yen to US\$1.00 which was used (in August 1999) in preparing the draft budget proposal. The Secretariat explained that the revised proposed budget for 2000 amounted to US\$4,465,940.00 against the original proposal of US\$4,130,601.00 (or an increase of 8.39% against the approved budget for 1999 of US\$4,120,331.00) and that the increase was due totally to the weakened strength of the United States dollar against the Japanese Yen.

6. The delegate from Germany, Mr. Hagen Frost, reiterated the request made last year that in future draft budget proposals, information be provided on the status of the various sources of funds in the Administrative Budget, like the Special Reserve Fund and the Working Capital Account (WCA). The Secretariat affirmed that this request will be met and reflected in future draft budgets. He also suggested that future draft budget proposals may be prepared in Japanese Yen to avoid the exchange rate fluctuations. The Secretariat commented that the Financial Rules of the Organization stipulates that the "administrative budget shall be

established in United States dollars". The Committee decided that the matter will be discussed at a later Session, and if necessary, amendments could be made to the Financial Rules.

7. In responding to the question posed by Ms. Fu Li, the delegate from China, on the increase in costs for home leave (under heading A7) with 71.74%, which seemed not to be proportionate to the numbers of staff members entitled for such travel, the Secretariat explained that some staff members have larger size families; for example, one member scheduled to travel on home leave in 2000 has a family of five dependants.

8. The delegate from the U.S.A., Ms. Ellen M. Conway, joined by a number of other delegations, requested the Secretariat to continue maintaining a zero-growth budget and exercise cost savings in the future. The Secretariat affirmed to the Committee that all possible cost saving measures will continue to be applied and that the procurement of a new official car, which was proposed for 2000, will not be committed until later in the year when surplus of funds could be obtained in the budget.

9. The Secretariat drew the attention of the Committee to the possible need to increase the budget by an amount of US\$218,580.00 to cover the cost of the post of one Project Manager which has, since 1993, been provided from the resources of the Special Account under Decision 7(XII) of the Council, should there be no voluntary contribution for that in 2000. The delegate from Japan, Mr. Kazuo Tanaka, expressed his concern that not only this post but two other posts with permanent nature of work in the Secretariat, which should be funded from the Administrative Budget or regular budget, have been funded from the Special Account and proposed that this matter be brought to the attention of the Council. Noting the difficulty to incur additional expenses in the proposed budget for 2000, Mr. Tanaka advised that, with the condition that this issue be taken at the Council, and depending on the availability of funds for allocation to projects and other important activities, Japan may consider making a voluntary contribution in the Special Account for funding the post of one Project Manager in 2000 (in the amount of US\$242,624.00, inclusive of US\$24,044.00 for programme support costs). However, he alerted the Committee that this contribution will not be made in the following year and requested the Secretariat to take note of that, and to follow the instructions of the Committee and the Council for such funding, in preparing the draft Administrative Budget for 2001.

10. The Committee decided to recommend to the Council to approve the Administrative Budget for the Financial Year 2000 in the amount of US\$4,465,940.00. This amount will be further increased by US\$84,233.00 to take account of the discount to be granted to Members for early payment of their contributions in 1999 (Rule 4, paragraph 3, of the Financial Rules and Rules relating to Projects), but at the same time, will be reduced by US\$70,173.00 by utilizing the bank interest earned in 1999 (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 2000 is therefore US\$4,480,000.00 as presented in the document CFA(VI)/2 Rev.2, which also shows the assessed contributions from Members to the budget for 2000.

#### **Item 5: Review of Contributions to the Administrative Budgets**

11. The Finance/Administrative Officer, Mr. Charas Mayura, introduced document CFA(VI)/3, which details the history of Members' contributions to the Administrative Budgets for the financial years 1986-1999, including assessments, receipts, interest, and arrears in contribution. He 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. Later in the meeting, he informed the Committee that the arrears in contribution for 1999 from Switzerland of \$1,246.00 had been received on 4 November 1999.

12. In view of the large arrears in contributions to the Administrative Budgets from many Members, the Committee, at its Fifth Session, requested the Secretariat to consult with other organizations on their treatment of arrearages and to report to the Committee at this Session. The Secretariat informed the Committee that letters were sent to 12 sister commodity organizations or study groups and replies were received from 10 such organizations. The majority of the replies confirmed that write-offs of arrearages in contribution have not been exercised. A summary of the consultations with other organizations on the treatment of arrearages in contribution is attached as Appendix I to this report, for information of the Committee.

13. The Secretariat informed the Committee that a communication was received from Honduras requesting forgiveness of its arrears contribution due to the recent destruction of the country caused by hurricane Mitch. The delegate from Honduras, Mr. Angel Murillo, informed the Committee of some of the devastating effects that his country has suffered and thanked the international community for the assistance that has received to help in its reconstruction effort.

14. The Committee, while being extremely sympathetic to the situation, expressed caution in granting any immediate write-off of arrears contribution for Honduras. The Committee requested the Secretariat to consult



with other organizations to see if similar practice has been exercised for members. At the same time, the Committee also requested Honduras to advise the Committee on the status of their membership in other organizations and whether forgiveness has been obtained from any of them.

15. The Committee decided to continue discussion to find solutions to reduce the arrears in contributions of Members to the Administrative Budgets.

#### **Item 6: Current Status of the Administrative Account**

16. Mr. Charas Mayura, Finance/Administrative Officer, presented document CFA(VI)/4 which shows the current status of the Administrative Budget for 1999 (as at 29 October 1999) and estimated expenditures for the current year. The Secretariat advised the Committee that although the U.S. dollar has weakened against the Japanese Yen beginning from September 1999, the favourable exchange rates of the U.S. dollar against the Japanese Yen in the early months of 1999, coupled with further saving measures exercised by the Secretariat, will result in the total expenditures for 1999 at \$3,726,125.00 which is less than the approved budget of \$4,120,331.00. As some payments are anticipated, it was estimated that a small surplus of \$43,454.00 could be achieved in the current year's budget.

17. The Secretariat also informed the Committee that with payments by Members of arrears in contribution and interests in the early months of this year, the Working Capital Account at present amounts to US\$2,960,989.46, which is an increase of US\$175,408.73 from the amount of US\$2,785,580.73 reported at the last Session of the Committee. This was due to payment by Members of arrearages in contributions and interest charges levied on late contributions under the old Agreement. The use of resources from the WCA should be authorized by the Council.

18. The Committee took note of the report.

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

19. Mr. Charas Mayura, Finance/Administrative Officer, presented document CFA(VI)/5, which is a comprehensive listing of expenditures on, and contributions to, the two sub-accounts of the Special Account, namely Pre-Project and Project Sub-Accounts. A list of completed Pre-Projects, Activities and Projects was also included and showed the pro-rated refunds to relevant donors. The Secretariat also advised that since this document serves as an information and reference document, Members are invited to contact the Secretariat for further information or clarifications on the details either during the course of this Session or by correspondence at a later date. The Committee took note of the document.

20. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as shown in this document, the unearmarked resources (sub-account B) of the BPF as of the end of October 1999 amount to US\$4,174,024.32 and noted that the mechanisms concerning the allocation of funds from this sub-account are being finalized at this Session.

#### **Item 8: Appointment of Auditor for 1999**

21. Mr. Takeichi Ishikawa, Assistant Director, Management Services, introduced document CFA(VI)/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 1999. These are: (a) Arthur Andersen & Co., Tokyo; (b) Deloitte Touche – Tomatsu & Co., Tokyo; and (c) Price Waterhouse, Yokohama. Quotations were submitted in either Japanese Yen or U.S. dollar, ranging from US\$40,000.00 to US\$50,000.00, not including provisions for out-of-pocket expenses. All three firms have had experience auditing the Organization's accounts.

22. After deliberations, the Committee decided to recommend to the Council the selection of the firm "Arthur Andersen & Co., Tokyo" to audit the accounts of the Organization for the financial year 1999.

#### **Item 9: Progress and Cost Implications for Further Development of the ITTO Home Page**

23. The Information Officer, Mr. E. Collins Ahadome, introduced document CFA(VI)/6, which was prepared at the request of the Committee at its Fifth Session to facilitate further discussions by the Committee at this Session. He informed the Committee of two major developments in the ITTO home page: (i) redesigning of

the home page to make it more compelling so as to encourage regular site visits; and (ii) the creation of a sub-site address in the home page for documents distribution.

24. The secretariat also drew the attention of the Committee to documents currently available on the home page in PDF and HTML formats, and indicated that as more documents are placed on the home page in PDF format, the cost of maintenance of the home page is expected to be reduced substantially.

25. On the use of the special sub-site address, the Secretariat informed the Committee that it had been utilized for distribution of most Council and Committee documents for the Twenty-seventh Session of the ITTC.

26. Mr. Luciano Helmoold Macieira (Brazil), Chairperson of the Committee, on behalf of the Brazilian Delegation, highly commended the Secretariat for the improvements in the home page and the distribution of documents through the home page sub-site.

27. Ms. Ellen M. Conway (U.S.A.), Vice-Chairperson, also highly commended the Secretariat for the improvements and suggested that the Secretariat should explore the possibility of distributing projects and pre-projects documents through the home page sub-site. She further suggested that the Secretariat should send a questionnaire to Members for them to indicate whether they require hard copies of documents that were already available on the home page sub-site.

#### **Item 10: ITTO Information Policy and Strategy**

28. The Secretariat introduced document CFA(VI)/6, which was prepared at the request of the Committee at its Fifth Session, to facilitate further discussions by the Committee at this Session. The Secretariat informed the Committee about the information outputs currently generated by the Organization and suggested improvements that could be made utilizing existing resources.

29. The Secretariat drew the Committee's attention to the various reports published by the Organization and made freely available to the public. The Tropical Forest Update (TFU), the Market Information Service (MIS), the Annual Review and Assessment of World Timber Situation and the Annual Report were cited as key information outputs of the Organization.

30. The Secretariat informed the Committee that, as indicated in the document, the establishment of a communication unit within the Secretariat that brings together the TFU Editor, the MIS Co-ordinator, the Statistician and the Information Officer, might enhance the communication outputs of the Organization.

31. In responding to the query from the delegate from Japan, Ms. Kayoko Fukushima, the Secretariat informed the Committee that press releases were normally translated into Japanese, when time allows. The Representative of Japan, Mr. Kazuo Tanaka, noted that some key communication outputs such as the TFU and Market Information Service were being supported through funds from the Special Account and suggested that this issue should be discussed at the Council so that they would be included in the Administrative Budget as part of the on-going work of the Organization. Mr. Tanaka also expressed the view that an information policy and strategy were essential for the Organization and would require further thought by the Committee.

#### **Item 11: Election of Chairperson and Vice-Chairperson for 2000**

32. The Vice-Chairperson of the Committee for 1999, Ms. Ellen M. Conway of the United States of America, was elected as Chairperson of the Committee for 2000. Mr. Batoum Thémotio of Cameroon was elected as Vice-Chairperson of the Committee for 2000.

#### **Item 12: Dates and Venue of the Ninth Session**

33. The Committee agreed that the Ninth Session would be held on the same dates and at the same venue as Thirtieth Session of the Council.

#### **Item 13: Other Business**

##### **(a) Medical Insurance for Staff Members of the Organization**

34. The Secretariat informed the Committee that the current medical insurance scheme for staff members who are not Japanese nationals or permanent residents in Japan was arranged, following the adoption by the Council at its Third Session, of a travel insurance scheme which is deemed not fully satisfactory. In view of this, the Committee decided to request the Secretariat to contact other insurance companies and present other alternative medical insurance plans for non-Japanese staff members of the Organization together with their financial implications to the Administrative Account, for further consideration by the Committee at its Seventh Meeting.

##### **(b) Other Matters**

35. As requested by the Council, the Committee considered the possible resources for funding the "Freezailah Fellowship Fund". The delegate from The Netherlands, Mr. Derk De Groot, was requested to co-ordinate an informal group to discuss the matter and to report to the Committee. The Committee considered the matter and recommended to the Council that the "Freezailah Fellowship Fund" be financed through one or both of the following:

- (i) Voluntary contributions from member countries; or
- (ii) 10% of interest earned as a result of activities related to the Special Account.

36. The IAG had requested the Committee to discuss and present to the Council at this Session a draft Decision on prioritization and monitoring of actions, pre-projects and projects funded by the "Unearmarked Window" (sub-account B) of the Bali Partnership Fund (BPF). The Chairperson suggested that an informal working group be formed under the chairmanship of the delegate from Switzerland, Mr. Ralph Friedländer, to prepare a draft for consideration by the Committee before submission to the Council. This draft was later considered and forwarded to the Council.

37. The Work Programme for the Year 2000 of the Committee of Finance and Administration is shown in Appendix II.

#### **Item 13: Recommendations to the International Tropical Timber Council**

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

- (1) To accept the revised Administrative Budget for the Financial Year 2000 of the amount of US\$4,465,940.00 as presented in document CFA(VI)/2 Rev.2. The assessed contributions from Members will be US\$4,480,000.00 to take account of the discount to be given to Members for timely payment of their contributions in 1999 and to utilize part of the bank interest earned in the same year;
- (2) To appoint the firm "Arthur Andersen & Co., Tokyo" to audit the accounts of the Organization for the financial year 1999; and
- (3) To adopt the decision on prioritization and monitoring of actions, pre-projects and projects funded by the sub-account B of the Bali Partnership Fund (BPF).

#### **Item 14: Report of the Session**

39. The Committee adopted this report as amended.

Appendix I

**Summary of Consultations with Other Organizations  
on the Treatment of Arrears in Contribution**

International Cocoa Organization (ICCO)

- Does not grant relief and has no precedent regarding write-off of arrear contributions,
- One occasion of writing-off debt of Members to the Buffer Stock fund by decision of the Council (the Buffer Stock Fund was contributed to, by levy).

International Coffee Organization (ICO)

- Has a policy of not writing off arrear contributions,
- Offer to restore voting rights of Members in arrears if a payment plan is maintained and current contributions are paid when due.

International Cotton Advisory Committee (ICAC)

- Currently, no member is more than 18 months in arrears
- If a member is more than 18 months in arrears, provision of documents and other services will be suspended,
- If a member is more than 24 months in arrears, all rights shall be suspended,
- Members withdrawn from membership or had their memberships suspended are not eligible to rejoin until all uncollected assessments owed are paid,
- Current accounting rules, there is no provision to write-off uncollected assessments.

International Jute Organisation (IJO)

- Provisions of the Agreement are similar to those of ITTA, 1994,
- Never agreed to write-off any unpaid contributions.

International Olive Oil Council (IOOC)

- Provisions of the Agreement are similar to those of ITTA, 1994,
- No measures for cancellation or reduction of contributions in arrears.

International Natural Rubber Organization (INRO)

- Provisions of the Agreement are similar to those of ITTA, 1994,
- No provision to permit contributions in arrears of any current or former member to be forgiven.

International Rubber Study Group (IRSG)

- If payment is not made in full after 5 months, voting rights will be suspended,
- If payment is not made in full after 9 months, all secretariat services will be suspended,
- If contribution is not paid in full by the end of the financial, the value of the payment due shall be increased by the annual rate of inflation in the Headquarters country,
- Currently, 96% of due are paid and no current member is in arrears for earlier years,
- Writing off of arrears are guided by advices from auditors based on the prospect of arrears being recovered.

International Nickel Study Group (INSG)

- Not having experience with outstanding contributions and no member is in arrears.

#### International Sugar Organization (ISO)

- Members with two years unpaid contributions shall cease to enjoy the rights of membership and/or cease to be assessed for budgetary purposes,
- Never agreed to write-off any unpaid contributions.

#### International Copper Study Group (ICSG)

- Provisions of the Agreement are similar to those of ITTA, 1994. However, members may decide to suspend membership and will not be assessed while in arrears. If membership is reactivated, full arrears will have to be paid,
- The Secretary General of ICSG has some discretion in negotiating payments. Members have decided not to apply any other incentives measures such as writing-off or reducing amounts in arrears.

Appendix II

**DRAFT WORK PROGRAMME FOR YEAR 2000  
COMMITTEE ON FINANCE AND ADMINISTRATION**

**ADMINISTRATIVE ACTIVITIES**

Activity	Implementation Approach and Cost Implications
(viii) Consider the working documents on intellectual property rights and make recommendations to Council on intellectual property rights [ITTC Decision 10(XXII)] and ITTC report contained in document ITTC(XXIV)/19.	Regular Sessions' work.
(ix) Make recommendations to Council on the appointment of auditors for the purpose of auditing the accounts of the Organization for the 2000 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(x) Review the independent audited statement for the 1999 financial year [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(xi) Examine and make recommendations to the Council regarding the approval of the Organization's administrative budget proposals for the year 2001 [ITTA, 1994, Article 27(6)].	Routine. Regular Sessions' work.
(xii) 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.
(xiii) 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.
(xiv) Continue its work with a view to make recommendations to Council on the Organization's information Policy, strategy and work.	Routine. Regular Sessions' work.

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**ANNEX VI**

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)**

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1 – 6 November 1999  
Yokohama, Japan

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)**

**AT ITS FIFTH MEETING**

**31 October 1999  
Yokohama, Japan**



**Fifth Meeting of the Informal Advisory Group (IAG)  
Yokohama, Japan, 31 October 1999**

**Report of the Chairperson**

The Fifth Meeting of the IAG was convened on Sunday, 31 October 1999 at the ITTO Secretariat Conference Room at 2:15 p.m. under the chairmanship of Mr. Jean Williams Sollo (Cameroon), Chairman of the Council. The meeting was attended by Mr. Rae-Kwon Chung (Republic of Korea), Vice-Chairman of the Council, Mr. Alhassan Attah (Ghana), Chairman of the Committee on Economic Information and Market Intelligence, Mr. James K. Gasana (Switzerland), Chairman of the Committee on Reforestation and Forest Management, Mr. Luciano Helmond Macieira (Brazil), Chairman of the Committee on Finance and Administration, Mr. Kazuo Tanaka (Japan), Representative of the Host Country, Dr. Untung Iskandar (Indonesia), Producer Spokesperson, Mr. Richard Dewdney (United Kingdom), Consumer Spokesperson, and Dr. Manoel Sobral Filho, the Officer-in-Charge.

1. The IAG considered the following agenda items for discussion:
  - i. Brief background on the IAG:
    - Decision 5(XXVI);
    - Report of Chairperson on Fourth IAG Meeting, 27 May 1999;
  - ii. Implementation of Decision 10(XXVI) on the ITTO Year 2000 Objective;
  - iii. Council allocation of unearmarked resources of the Bali Partnership Fund;
  - iv. Work Programme for Year 2000;
  - v. Honduras' request for forgiveness of arrears to the Administrative Account;
  - vi. Malaysia's request for Council consideration of "Market Transparency and a Formal Price Formation Mechanism - Setting Up a Plywood Exchange";
  - vii. Report of the Expert Panel on the Revision of the ITTO Fellowship Programme;
  - viii. Cooperation with IFF;
  - ix. Developments of the Climate Change Convention of relevance to ITTO;
  - x. Council Decisions;
  - xi. Matters Related to Article 16 of the ITTA, 1994;
  - xii. IAG Chairperson's report to the Council.
2. The IAG underlined the importance of the implementation of Decision 10(XXVI) on the ITTO Year 2000 Objective to the credibility of the Organization. Noting that only a few reports on overviews from member countries on the progress achieved towards the attainment of the Objective had been received, the IAG recommended that the deadline for the submission of the reports or overviews be extended to 15 December 1999. In order to ensure adequate preparations for the initial review scheduled for the Twenty-eighth Session of the Council, the IAG recognized the need for three regional consultants to be appointed by the consultants to assist them in their assignment. Additional funding in this regard would be required. In view of the importance of the review, the IAG recommended that the matter be raised by the Spokespersons at their respective caucuses for their urgent consideration.
3. Regarding the resources of the Bali Partnership Fund (BPF), the IAG noted the need for the Council to decide on allocating funds to eligible projects and activities. It was further noted that in accordance with Decision 6(XXVI), the BPF was divided into two sub-accounts for country specific and non-country specific activities. With regards to allocating earmarked funds for country specific activities from the BPF, the usual procedure for the Special Account could be followed, since the Expert Panel for Technical Assessment of Project Proposal had indicated which project proposals, in its view, were eligible for

funding from the BPF. However, for the unearmarked funds, the Council would need to establish a procedure for identifying projects and activities which, in the view of the Council, would be eligible for funding, and to prioritize such projects and activities and authorize the Executive Director to allocate funds for their immediate implementation within the resources available in the relevant sub-account. The donors having announced contributions in May 1999 in Chiang Mai should provide contributions to the BPF. The IAG further noted that the donors should provide the BPF with new additional funds in order for its objectives to be fulfilled.

4. The IAG noted the revised draft ITTO Work Programme for Year 2000 as contained in document ITTC(XXVII)/9 Rev.1 which incorporated comments received from some member countries. The IAG recommended that the draft be discussed by the Committees, taking into account the financial implications of the programme proposed, and submitted for the consideration of the Council at its current session.
5. The IAG noted the request from Honduras for the forgiveness of her arrears to the Administrative Account on account of the difficulties faced as a result of Hurricane Mitch. The IAG also noted that requests had been forwarded for forgiveness of arrears to the Administrative Account by several countries. The IAG further noted that a review of the arrears would be made at the meeting of the Committee on Finance and Administration (CFA). Since the consideration of this request would involve matters of principle, the IAG recommended that the request be discussed by the CFA, with the view to proposing concrete options for the consideration of the Council on the treatment of arrears in general.
6. The IAG noted the request by Malaysia that an item regarding a study on the establishment of a plywood exchange as a transparent and formal price formation mechanism be included in the agenda of the Council. In view of the need to undertake an in-depth consideration of the proposal, the IAG recommended that the Malaysian proposal be discussed at the meetings of the consumer and producer caucuses as well as the Committee on Economic Information and Market Intelligence before being presented for the consideration of the Council.
7. The IAG noted the Report of the Expert Panel on the Review of the ITTO Fellowship Programme [Project PD 1/93 Rev.1 (M,F,I)] as contained in document CFI(XXV)/5 and its recommendations including that the report be considered by the Council rather than by the Committee on Forest Industry. The IAG accordingly recommended that the matter be included as an item of the agenda of the Council.
8. The IAG noted that the Fourth Session of the Intergovernmental Forum on Forest (IFF) scheduled on 31 January - 13 February 2000 at the United Nations, New York, would finalize consideration of issues of crucial and direct implications on ITTO. In view of the importance of these issues, the IAG emphasized the desirability that matters related to Article 16 of the ITTA, 1994 be resolved by the Council at its current Session in order that the ITTO could be represented by the Executive Director at these meetings. The IAG recommended that matters in respect of ITTO's cooperation with the IFF and other international organizations and conventions be introduced under item 23 Other Business of the agenda of the present Council. The IAG further noted that discussion on matters relating to reforestation, carbon sequestration and the timber trade at the United Nations Framework Convention on Climate Change (UNFCCC) was also relevant in the ITTO. The IAG recommended that this issue be considered together with matters in respect of ITTO's cooperation with other international organizations and conventions to be introduced under item 23 of the agenda of the present Session of the Council. The IAG recommended that the possibility of ITTO getting access to funding under the Global Environment Facility (GEF) be discussed under item 23 of the agenda of the Council.
9. The IAG took note of the oral report by the Officer-in-Charge on the progress in the implementation of the decisions of the Council adopted at its Twenty-sixth Session. The IAG further noted that the progress in the implementation of most of the decisions was satisfactory saved for a few which could not be implemented due to the absence of funding. The IAG also considered the possible list of decisions to be considered and approved by the Council at its current session.
  - i. Matters Related to Article 16 of the ITTA, 1994;
  - ii. ITTO Year 2000 Objective [further for Decision 10(XXVI)];
  - iii. Work Programme for Year 2000;
  - iv. ITTO Fellowship Programme;
  - v. Rules and Procedures Applying to ITTO Projects;
  - vi. Review and Reassessment of the Frequency and Duration of Sessions of Council and Committees;
  - vii. Allocation of unearmarked resources in the Bali Partnership Fund;
  - viii. Information Policy; and

- ix. Possibly other issues arising from the Report on the Downturn in the International Tropical Timber Market.
10. In the absence of the Officer-in-Charge, the IAG noted that the procedure for the election of the Executive Director had been approved by the Council under Decision 8 (XXVI). The IAG further noted the Report of the Panel on Matters Related to Article 16 of the ITTA, 1994, as contained in document ITTC(XXVII)/8. With regards to the four short-listed candidates, the IAG noted that the verification of the endorsement by the Government of India in respect of its candidate had not been received. As the short-listing process had not involved personal interviews of the candidates, the IAG recommended that every short-listed candidate present be requested to make a ten-minute presentation to the Council. The IAG further recommended that the schedule of the meetings of the Session be adjusted to account for the presentations and the voting procedures.

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**ANNEX VII**

**MATTERS RELATED TO ARTICLE 16 OF ITTA, 1994**

**STATEMENTS BY THE PRODUCER AND CONSUMER SPOKESPERSONS  
ON THE APPOINTMENT OF THE EXECUTIVE DIRECTOR**

## Statement by the Producer Spokesperson on Matters Related to Article 16 of ITTA, 1994

Mr. Chairman, distinguished Members, I must confess that this is a most difficult moment for me. It is difficult because I cannot find enough words to express our deep gratitude to all our consumer friends for their cooperation and understanding which has enabled us to achieve a breakthrough in appointing, by consensus, Dr. Manoel Sobral Filho from Brazil to shoulder the heavy duties and responsibilities of Executive Director of our Organization. I emphasize by consensus by the entire membership of the ITTO, producers and consumers. On behalf of all producers it is therefore my duty and pleasure to put on record the enormous gratitude and appreciation of all producer Members to our consumer friends who have shown great generosity which is remarkable in international cooperation when we know the difficulties of other organizations in selecting their chief Executive Officer. I must also acknowledge with equal gratitude to our dear friends, Mr. Don Wijewardana from New Zealand and Mr. Claude René Heimo from Switzerland for their flexibility, which was indeed fundamental to our breakthrough. Their noble gesture which enabled us to achieve consensus on the appointment of the Executive Director at this Council Session, will forever remain green in our memory. Heimo and Don, we thank you. Also, I thank my colleague, the consumer spokesperson, Mr. Richard Dewdney and the three other members of the consumer contact group, Mr. Enzo Baratini from the EU, Mr. Tanaka from Japan and Mr. Friedländer from Switzerland for their understanding and flexibility which enabled us to achieve consensus at about 11:00 pm last night.

Mr. Chairman, Council Members, the process of appointing our new Executive Director has not been an easy one because we had three excellent candidates whose qualifications, experience and proven track record is more than exemplary. Indeed the selection process has been a learning experience for all of us and we must build upon this valuable experience in future. The Panel which the Council established which I had the honour and pleasure of chairing jointly with my friend, Mr. Richard Dewdney, paved the way to facilitate the difficult selection process. The Panel identified candidates for the Council to consider including their indicative rating. This enabled many producer Members to arrive in Yokohama at this Session with initial positions on matters related to Article 16. The presentations made by the three candidates gave us further information on which to base our selection but still producers did not have a consensus then. However, the initiative by the EU to conduct a dialogue session with the candidates gave us further information and the basis for producers to make a final decision and indeed a complete consensus within the producer caucus, in supporting Dr. Sobral to lead the ITTO Secretariat. I must express our gratitude to our consumer friends for their initiatives in enhancing the selection process which provided transparency and enabled the producer Members to achieve a consensus. We have therefore developed a good process but much more needs to be done to improve upon it.

Dr. Sobral, you are now our man. We know your work will not be easy. But we know your abilities and dedication. At 46 years of age you have the vigour and energy to dedicate your self to improve tropical forestry. Also at your age you have the flexibility to absorb new ideas and inputs from Member countries and modern approaches and concepts to promote the work and activities of our Organization. Coming from Brazil and having worked in IMPA located in the heart of Amazonia, you are familiar with forest development issues in developing countries. We therefore appoint you as Executive Director of the ITTO fully confident in your abilities and commitment to lead us into a new era. You are, in our considered view, a fitting successor to Dato' Dr. Freezailah. We wish you good wishes and please be assured of our continued support.

## **Statement by the Consumer Spokesperson on Matters Related to Article 16 of ITTA, 1994**

Mr. Chairman, it really is with genuine pleasure that I take the floor to announce that the consumer caucus joins with the producer caucus to fully and unconditionally support Dr. Sobral Filho to be the next Executive Director of this Organization. We look forward to him leading the Secretariat into the next century. He has already demonstrated how ably qualified he is for this task having acted as Officer-in-Charge for the best part of this year and prepared for and run two Council Sessions. He has had all the many responsibilities of the post but without the right to call himself "Executive Director". I am delighted that we can now probably recognize his contribution through this appellation.

I would like to request that the full text of this Statement be included in the official record of the meeting to reflect the depth of our support for Dr. Sobral.

Mr. Chairman, Council Members, we have faced a daunting task in selecting our new Executive Director, not least in choosing between the three excellent candidates who have presented themselves to us here. At our last Session in Chiang Mai we agreed the broad criteria for candidates we were seeking to attract and the procedure for advertising the post. I personally was fortunate enough to be one of the Panel members who came to Yokohama to shortlist candidates in September. That Panel helped enormously in narrowing the field to the most able and suited candidates and I am proud of the work we did. Given that this is the first time we have undertaken such a process, the Panel also helpfully identified some areas in which the work of future such Panels might be enhanced. Indeed, we have learned many valuable lessons in this selection process on which the consumer caucus feels we should reflect at the appropriate time, possibly through an Expert Panel as has been discussed informally with some Members of the producer caucus.

Mr. Chairman, we are about to enter the year 2000. I do not have to repeat how significant a year this is for our Organization. As well as matters closer to home, it sees the concluding Session of the UN Intergovernmental Forum on Forests and possibly the beginning of a Seattle trade round. Commodity issues will be addressed at UNCTAD X. With the appointment of a new Executive Director, my caucus feels that this is an excellent opportunity for us all to reflect on the future direction of the Organization. This will enhance the already significant impact of the ITTO and ensure it remains relevant, responsive and forward-looking. This is even more timely with the need to consider the future of the Agreement from 2001. A "brainstorming retreat", for example, would be an appropriate way to start such a process bringing together the Secretariat with Member governments in a relaxed setting and with a spirit of joint endeavour.

Mr. Chairman, my caucus has asked me to raise one more issue. We are all committed to selecting the best people available for posts in the Secretariat. We believe we have done so today. The selection of a candidate from a producer country does not mean that we recognize the post of Executive Director must always be held by a producer Member.

Mr. Chairman, in his opening address to the Council, Mr. Oshima, the distinguished Director General of the Government of Japan, promised to see what he could do about the bad weather. I note that the sun has chosen today to lift itself above the clouds as we select our new Executive Director. Please allow me to ask you all to stand and welcome Dr. Sobral as our new ED.

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