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TWENTY-FIFTH SESSION  
3-9 November 1998  
Yokohama

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

**Yokohama, Japan**

**3-9 November 1998**

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## REPORT

### OPENING OF THE SESSION (Agenda item 1.0)

1. The Twenty-fifth Session of the International Tropical Timber Council was opened by the Chairperson of the Council, Ms. Stephanie Caswell (U.S.A.)
2. The Session was honoured with the attendance of His Excellency Mr. Jean-Claude Kouassi, Minister of Environment and Forests, Republic of Côte d'Ivoire; His Excellency Honourable Cletus Avoka, Minister of Lands and Forestry, Republic of Ghana; His Excellency Mr. Olivier Hugues Rajohnson, Minister of Water and Forests, Republic of Madagascar; Mr. Rodolfo Masuda Matsuura, Vice-Minister of Agriculture, Peru; Mr. Jorge Viana, Governor-Elect of the State of Acre, Brazil; and Mr. Minoru Shibuya, Deputy-General, Economic Affairs Bureau, Ministry of Foreign Affairs, Japan.

#### Statement by the Chairperson, Ms. Stephanie Caswell (U.S.A.)

3. In her opening address, the Chairperson welcomed delegates to the Twenty-fifth Session and expressed her deep appreciation to the Government and delegation of Gabon, especially to Minister Berre and Mr. Bile for their kind assistance to her while she was in Gabon for the Twenty-fourth Session.
4. The Chairperson indicated that the Organization was approaching a crossroad. She enumerated some of the achievements of the Organization since the 1994 International Tropical Timber Agreement came into force but pointed out that in the year 2000 the issue of the scope of the Agreement, whether to include non-tropical timber, would be reviewed.
5. The Chairperson pointed out that the review of the 1994 Agreement would also take place against the backdrop of other developments in the wider international forestry policy, particularly current debate at the Intergovernmental Forum on Forests (IFF). According to the Chairperson, the Forum was considering, among other things, the merits of negotiating a legally binding Convention covering all types of forests, and the outcome could have a profound effect on the review of ITTA, 1994, in the year 2000.
6. The Chairperson called for a more focused and efficient Organization and the need to identify and build on the Organization's comparative advantages in order to remain successful in attracting funds.
7. Ms. Caswell also stressed the importance of co-operation among Member Countries, and indicated that the caucus structure (Producer and Consumer groupings), which had been typical of commodity organizations, tend to divide and polarize the Organization. She called for transparency in the deliberations and the decision-making process.
8. The Chairperson further called for a wider "Observer" participation in ITTO meetings since that would have a profound effect on ITTO's influence in the wider international arena.

#### Statement by the Executive Director, Dr. B.C.Y. Freezailah (Agenda Item 7)

9. The Executive Director welcomed all Delegates to the Twenty-fifth Session and paid tribute to the continued support of the Government of Japan to the International Tropical Timber Organization.
10. He informed the Council that Italy and Suriname had joined the Organization as full Members.
11. The Executive Director also spoke about the new century and the third millennium as well as the global challenges ahead, including global warming, droughts, flooding, desertification, deforestation, forest fires, loss of biodiversity, eroded soils and pollution on an unprecedented scale. He pointed

out the importance of trees and forests as indicators of environmental health and regretted that not much had been done to reverse the trend of environmental degradation as we bid farewell to the second millennium.

12. The Executive Director reiterated the achievements of the Earth Summit in 1992, which resulted in the adoption of Agenda 21 as a blueprint for action to be taken globally. He also spoke about the Forest Principles and the three Conventions on biodiversity, climate change, and desertification as positive instruments for the third millennium in order to tackle the environmental problems of our planet. Dr. Freezailah indicated how these initiatives impinged and were inter-connected with the work and activities of the ITTO.
13. The Executive Director pointed out that with the adoption of the ITTO Libreville Action Plan and the revised Criteria and Indicators for the Sustainable Management of Natural Tropical Forests, the ITTO was further strengthened. He also outlined the scope of the agenda of the Session and hoped that with the continued process of assessment and refinement of various working procedures, the ITTO would enter a new phase, more prepared and more confident to meet the challenges and opportunities for conservation, management, and sustainable development of tropical forest resources within the framework of the ITTA, 1994.
14. Dr. Freezailah further spoke about the problems of climate change and the Kyoto Protocol adopted in 1997 and the need for ITTO to undertake collaborative studies in the field of carbon sequestration and also support projects in biodiversity conservation. He cited the ITTO Borneo Biodiversity Expedition, and hoped that other Member Countries would be encouraged to promote and implement similar projects.
15. The Executive Director also spoke about the ITTO Year 2000 Objective, enshrined in ITTA, 1994. He cautioned that with the year 2000 in the corner, the commitment by Members to achieve sustainability of their forest by year 2000 should be properly handled.
16. He quoted the definition of Sustainable Forest Management adopted by the Council as "Sustainable Forest Management is the process of managing forest to achieve one or more clearly specified objectives of management with regard to the production of a continuous flow of desired forest products and services without undue reduction of its inherent values and future productivity and without undue undesirable effects on the physical and social environment." Therefore, according to the Executive Director, sustainable forest management is a process, and by implication a commitment by the ITTO to that process by the year 2000.
17. Dr. Freezailah mentioned that the Bali Partnership Fund was an important ingredient in achieving the ITTO Year 2000 Objective and hoped the procedures for the management and disbursement of the fund would be finalized and adopted at the Session to make the fund operational.
18. Dr. Freezailah enumerated a number of international meetings and engagements in which the ITTO was involved. These included the Second Session of the Inter-governmental Forum on Forests (IFF) held in Geneva from 24 August to 4 September 1998 and the Committee on Trade and Environment of the World Trade Organization from 23 to 25 July 1998 in Geneva. He called for the continued involvement of the ITTO in such global fora.

**Statement by the Deputy Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs of Japan, Mr. Minoru Shibuya**

19. Mr. Minoru Shibuya, who represented the Government of Japan, also welcomed delegates to the Session.
20. Mr. Shibuya spoke about the various achievements of the ITTO since its inception, twelve years ago. He cited the Libreville Action Plan and the Criteria and Indicators for Sustainable Management of Natural Tropical Forests as some of the achievements of the Organization.



21. Mr. Shibuya was particularly pleased about the co-operative spirit between Producers and Consumers and hoped the same co-operative spirit would form the basis for the review of "the Year 2000 Objective" as stipulated in the ITTA, 1994.
22. Mr. Shibuya also spoke about forest fires and the pioneering role that ITTO had played on the issue including the formulation of the ITTO Guidelines on Fire Management in Tropical Forests. He also mentioned the role of Japan International Cooperation Agency (JICA) on the issue of forest fires.
23. Mr. Shibuya further spoke about the Convention on Biological Diversity and the UN Convention to Combat Desertification and stressed the need for ITTO to be actively involved in these international fora to promote its public relations.
24. On the issue of the global economy and the financial crisis in Southeast Asia, Mr. Shibuya said it had caused a decrease in export earnings of developing countries resulting in further economic disparity between developing and industrialized countries. He mentioned that the Government of Japan was fully aware that the recovery of its economy was important to the stabilization and the development of the Asian economy as a whole, and based on that awareness, the Japanese Government was making every effort to steadily implement economic measures unprecedented in scale, and to strengthen its financial system.
25. He pledged the Japanese Government's continued financial support for technical co-operation undertaken by ITTO.

**Statement by the Minister for Environment and Forestry of the Republic of Côte d'Ivoire, His Excellency Mr. Jean-Claude Kouassi**

26. His Excellency Mr. Jean-Claude Kouassi (Republic of Côte d'Ivoire) noted that the past two decades had been marked by international debates on forests with diverse opinions. He said Côte d'Ivoire perceived forests as an essential factor of growth and development. He said forest administration and management began in Côte d'Ivoire in 1913 and the first forest grading operations were carried out from the mid-1920s, which eventually led to the establishment of Permanent Forest Estates and a network of National Parks.
27. The Minister mentioned that Côte d'Ivoire had developed and introduced a system aimed at ensuring the sustainable management of the national forest heritage which included the adoption of a Forestry Code on 20 December 1965 by the Ivorian Parliament. The Code prescribed the procedures for the management of national forest estate, made up of 2.6 million hectares of forest and 1.2 million hectares of savannah. He mentioned the establishment of SODEFOR, thirty (30) years ago to be responsible for reforestation activities. Côte d'Ivoire had also developed a Forestry Master Plan (1998-2015) with the objective of stabilizing the country's forest cover at 20 percent of the total national territory. From 1992 to 1998, management plans covering 2.5 million hectares of reserved forests were introduced. The management plans took into account all forest related interests through the forest farmer commissions and an advisory commission for the management of forest logging areas. The objective of the policy was to make all parties concerned aware of their responsibilities in order to achieve the sustainable management of forest resources. The forest management structures had been supported by a system of promotion of timber processing activities, in particular secondary and tertiary processing. The Honourable Minister said, the policy had enabled Côte d'Ivoire to build one of the most efficient forest industries in sub-Saharan Africa, and had developed a network of protected forest reserves covering an area of 6.5 percent of the national territory.
28. The Honourable Minister expressed his gratitude to the Japanese Government for the financial assistance it had been providing to Côte d'Ivoire in the area of nature protection. He also expressed his gratitude to the Government of the United States of America and other funding sources whose action had contributed to the economic development and the preservation of the environment of Côte d'Ivoire. He paid tribute to the Executive Director, Dr. Freezailah, for his leadership of the Organization.

29. The Minister expressed his wish that developed countries would agree to alleviate the debt of developing countries by converting part of the debt of developing countries, in particular African countries, into means of financing activities aimed at the protection and rational management of tropical forests, as well as the protection of the environment.

**Statement by the Minister of Lands and Forestry of the Republic of Ghana, His Excellency Honourable Cletus Avoka**

30. The Honourable Cletus Avoka emphasized the commitment of Ghana to the ideals and objectives of the International Tropical Timber Agreement (ITTA).
31. The Minister informed the meeting that Ghana promulgated a New Forest and Wildlife Policy in 1994 and had developed a Forestry Sector Master Plan to implement the objectives of the new policy. A new legislation on timber resource utilization had also been enacted to ensure sustainable utilization of timber resources.
32. Honourable Cletus Avoka also indicated that a forest protection strategy which outlined the activities aimed at ensuring the protection of the forests' genetic diversity had been approved, and a biodiversity strategy was being finalized to conserve biodiversity in Ghana.
33. On the issue of forest certification, the Minister informed Council that, in 1995, a national stakeholder meeting agreed to adopt a policy of forest certification as a market based instrument in ensuring quality forest management.
34. He also reaffirmed Ghana's commitment to the principles of sustainable forest management. He however, indicated that the cost of promoting sustainable forest management was very formidable and appealed to the donor community to contribute more to the Bali Partnership Fund in order to ensure sustainable flow of assistance to the developing countries.
35. The Honourable Minister also commended the Executive Director, Dr. Freezailah, for his dynamic leadership of the Organization.

**Statement by the Vice-Minister of Agriculture of Peru, Ing. Rodolfo Masuda Matsuura**

36. Ing. Rodolfo Masuda Matsuura (Peru) in his address mentioned that Peru, like many other countries with moist tropical forests, had been making efforts to ensure sustainable management of its forest resources. However, the complexity of the tropical forest ecosystem and the complex socio-economic and political situation had made it difficult to achieve the goal of sustainable management. Consequently, Peru had begun to implement a new strategy for the management of its forest resources based on:

- (i) The zoning of the forest region;
- (ii) The establishment of Permanent Forest Estates;
- (iii) The implementation of forest management plans as a prerequisite for forest harvesting.

The zoning process would serve as a guide in the future land-use management of the region, thus avoiding land-use conflicts while contributing to a reduction in the deforestation rate in the forest region, estimated to be 260,000 hectares per annum. Based on the results of the zoning process, eleven (11) Permanent Forest Estates would be established over an area of approximately 10 million hectares during the first stage. The remaining production forests would be held in reserve to be gradually incorporated into the forest production activity in a gradual and orderly process in accordance with national needs.

37. Ing. Rodolfo Masuda Matsuura also mentioned the forest management demonstration initiative, which was implemented in the Alexander Von Humboldt National Forest, with the support of ITTO, as well as many other participatory forest management initiatives implemented in Alto Mayo and

Jean, also with ITTO support.

38. On behalf of the Peruvian Government, he expressed gratitude to ITTO for the invaluable technical and financial support. He stated that ITTO had been the multilateral agency that had provided the most significant assistance to the forestry sector of Peru.
39. He expressed his deepest appreciation to Dr. Freezailah for his dedication and hard work as the Executive Director of ITTO. Finally on behalf of the Government of Peru, the Minister extended a formal invitation to host the Twenty-eighth Session of the International Tropical Timber Council in May 2000.

**Statement by the Governor-Elect of the State of Acre of Brazil, Mr. Jorge Viana**

40. Mr. Jorge Viana recalled his first Council Session in 1988, as a young forester and his role as co-ordinator of the first ITTO financed project which prepared and implemented a forest management plan in Brazil. He indicated that the ITTO support led to the first ever establishment of a State level forest, totally reserved for sustainable management and used by the local community with equal emphasis on wood and non-wood products, within the Brazilian Amazon region.
41. Mr. Viana expressed his gratitude to the Governments of Japan, Switzerland, and the United States for financing the project.
42. The Governor-Elect spoke about the forest resources in the State of Acre. He indicated that the State land area was about 15 million hectares, 90 percent of which was covered by tropical forest. He pointed out that the large forest resources had not led to development and socio-economic well being of the people. There were no modern timber industries and that the only operating plywood mill and few sawmills were nearly on the verge of collapse. Thus, the forest resources had not provided the basis for sustainable forest based development.
43. He called for a stronger partnership between the State of Acre and ITTO and suggested an ITTO mission to the State of Acre, similar to those ITTO sponsored missions to Sarawak, Malaysia, and more recently to Bolivia.

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

44. The Executive Director, Dr. B.C.Y. Freezailah, reported to Council that the Quorum for the Twenty-fifth Session of the ITTC had been met (annex 1 of this document gives a full list of participants).

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

45. The Chairperson referred to document ITTC(XXV)/1 dated 31 August 1998. She informed Members of an editorial amendment on item 10, "Promotion of Market Access Opportunities for International Trade in Tropical Timber – Decision 2(XXI)," and said the decision citation should be Decision 2(XXIII) and not Decision 2(XXI). The agenda was adopted as amended.

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

46. The Executive Director reported that membership of Council had increased by two (2) following the accession of Italy on 25 June 1998 and Suriname on 24 August 1998. This had brought the total membership to fifty-two (52) countries, comprising twenty-eight (28) Producers and twenty-four (24) Consumers (Membership of Council is attached as annex III).

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

47. The Executive Director drew Council's attention to the annex in document ITTC(XXV)/1 where the distribution of votes for Producers had been indicated on page 7 and that for Consumers on page 8.

He also drew attention to documents ITTC(XXV)/3 and ITTC(XXV)/10 concerning the distribution of votes and assessed contributions of Italy and Suriname. Italy was accorded 30 votes with an assessed contribution of US\$36,860.00 while Suriname was accorded 17 votes with an assessed contribution of US\$8,245.00.

48. The Chairperson, Ms. Stephanie Caswell (U.S.A.), welcomed Italy and Suriname into the Organization and hoped they would be active Members of the Organization.
49. Mr. Stefano Stefanile (Italy) indicated that Italy was pleased to be back again as a full Member of ITTO and looked forward to participate fully in all ITTO activities in future. He also pointed out that Italy had taken note of the distribution of votes and the assessed contribution to the Administrative Account.

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

50. The Chairperson drew Members' attention to Document ITTC(XXV)/Info 3 which listed States, Inter-governmental/governmental and non-governmental organizations applying for Observer status. The Council agreed to admit all applicants.

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

51. The Chairperson reported that the Informal Advisory Group (IAG) had met for the third time on Monday, 2 November 1998. The meeting comprised the Chair of the Council, the four Committee Chairs, among them a host government representative, and the Executive Director. Since the Producer and Consumer caucuses were without Spokespersons, there were no caucus representatives. The Vice-Chair of the Council was also unable to attend. The IAG report made the following recommendations for the consideration of the Council; (i) As a matter of priority the two caucuses were called upon to select Spokespersons and alternate Spokespersons so that in the unexpected resignation or absence of a Spokesperson, caucus views could be solicited, co-ordinated, and conveyed as needed, (ii) In the light of documents ITTC(XXV)/5 – Review and Classification of Council Decisions and ITTC(XXV)/11 – Exploring Possible Ways to Reduce Costs of Preparation, Printing, and Distribution of ITTO documents, the IAG requested that the Executive Director make copies of the 160 Decisions taken by Council to date available to interested delegations on request; sunsetting and archiving those Council Decisions classified in ITTC(XXV)/5 as "implemented", "superceded" and "others of no further relevance to the Organization", reviewing and preparing a report for the consideration of Council at its Twenty-sixth (26<sup>th</sup>) Session, those Council Decisions classified as "under implementation" or "still relevant", (iii) and requested Members to finance the establishment of a Document Network System as proposed in ITTC(XXV)/11 to enable electronic distribution of ITTO documents to interested Members, (iv) The IAG also recommended that Members endeavour to reach consensus decision on the following pending issues, at the Session;

- (a) further means of reducing costs of document preparation, translation, and distribution;
- (b) further streamlining the work of the Committees;
- (c) matters related to Article 16 of ITTA, 1994;
- (d) operationalizing the Bali Partnership Fund;
- (e) ITTO co-operation with the African Timber Organisation (ATO);
- (f) ITTO contribution to the work of the Inter-governmental Forum on Forests (IFF) and to implementation of the IFF proposals for action within its mandate; and
- (g) the ITTO Work Program for 1999;

(v) The IAG further recommended that the Vice-Chairs of the Committees be included in future Sessions of the Expert Panel to Organize the Work and Agendas of the Committees.

52. The IAG drew Council's attention to Decision 3(XXII) on reassessing the role and continued existence of the IAG at the Twenty-sixth Session and reaffirmed unanimously the importance and necessity of the IAG and the need for the continuation of the IAG as an important forum for key

Members of the Council to focus on and flag key issues for early consideration by caucuses as well as receiving valuable inputs and perspective from the Secretariat.

53. The IAG urged that all the issues outlined above be addressed by the caucuses (The full report of the IAG is attached as annex VI).

#### **FURTHER STREAMLINING THE WORK OF THE COMMITTEES (Agenda Item 17)**

54. Professor I.S. Ferguson, Chairperson of the Sixteenth Expert Panel for Technical Appraisal of Project Proposal presented the report of the Expert Group "to Organize the work and Agendas of the Committees." Other members of the group were; Dr. Roszehan Mohd. Idrus (Malaysia), Chairperson, Committee on Economic Information and Market Intelligence; Mr. Anoh Emile Jean Claude (Côte d'Ivoire), Chairperson, Committee on Reforestation and Forest Management; and Ms. Aulikki Kauppila (Finland), Chairperson, Committee on Forest Industry. The Committee was assisted by the Secretariat.
55. The Group met on 31 October 1998 at the ITTO Headquarters in Yokohama, and based its work on the terms of reference set out in Decision 5(XXIII).
56. According to Professor Ferguson, a much higher proportion of project and pre-project proposals now met or came close to meeting the technical criteria and guidelines for project proposals. This meant that a higher proportion of proposals now go to the Committees, significantly increasing the workload especially in the case of the Committee on Reforestation and Forest Management.
57. The Group also proposed that one or two staff positions in the Secretariat be devoted to providing assistance on project preparation to Member Countries.
58. The Group proposed two major changes for the categories of Decision used by the Expert Panel for Technical Appraisal of Projects and Pre-projects. They proposed a new category 5 - "With the incorporation of any modifications noted, the Panel noted that the (pre-) project could meet the guidelines other than those concerning costs commensurate with the outputs. The Panel concluded that major re-formulation of the budget was essential and that it will need to see a reformulated proposal (incorporating any modifications noted) before it can recommend the proposal to the Committee for approval."
59. The second major change recommended was related to project proposals requiring essential modifications. The Group recommended that such project proposals be referred back to the Expert Panel instead of the present system where it had to go straight to the Committees. The introduction of these measures, according to the Group would reduce the workload of the Committees.
60. The Group also noted that some simple measures in managing Committee work might assist in meeting timelines without reducing the opportunity for Committee members to comment on any proposal they wished. They suggested an initial screening of those projects that Members might wish to discuss.
61. The Group further noted that while the current set of recommendations for Ex-Post Evaluations could be carried out under existing budgets, the position was likely to change rapidly in future as many more long-term projects draw to a conclusion, and therefore had requested the Secretariat to prepare a paper on the future processes which might be adopted, given the likely budget constraint.
62. The Group reaffirmed the importance of a balanced representation of expertise on the Expert Panel in terms of subject areas, gender, and rural sociology and development.
63. The Group expressed concern about the increasing number of projects which were unduly delayed as a result of donors inability to provide funds.

64. The Group raised three (3) other issues for the attention of the relevant Committees and Council. That, the Committee on Reforestation and Forest Management and Council should explore: -
- (i) the possibilities of financing an external review on the engagement of ITTO on mangroves;
  - (ii) the possibilities of financing the development of dendrological field manuals for foresters and interested stakeholders on the basis of the PROSEA Handbooks;
  - (iii) the future relationship of ITTO project proposals to establish Model Forests with that of the International Model Forest Network to see whether ITTO projects could or should be integrated in the Network and the funding implications thereof.
65. Mr. Osamu Hashiramoto (Japan) presented the report of the Expert Group for Strengthening and Streamlining the Work of the Committees.
66. The Group convened in Yokohama from 14 to 17 September 1998 and was chaired by Mr. Antonio Villa Lopera. Other members of group were Ms. Cecilia Malaguti de Souza (Brazil), Mr. Emmanuel Siisi-Wilson (Ghana), Mr. Wahjudi Wardojo (Indonesia), Mr. Osamu Hashiramoto (Japan), Dr. Jürgen Blaser (Switzerland) and Mr. Derk de Groot (Netherlands). The Group made a number of observations of the various stages of the project cycle.
67. On the issue of project identification, the group suggested the following options for improvement;
- (i) submission of a project idea as a first step in the project cycle;
  - (ii) development of a concise ITTO programme in Member Countries, defining priorities within the framework of the ITTO Libreville Action Plan;
  - (iii) the use of the mechanism of project PD 73/89 Rev.3 (M, F, I) to improve the quality of the proposals;
  - (iv) co-operation between Member Countries to improve the quality of the identification process.
68. On submission of project proposals the Expert Group recommended the following for the consideration of Council;
- (i) Member Countries should define clearly the national authority responsible for ITTO matters and to screen proposals to reflect national priorities
  - (ii) Member Countries should channel their proposals solely through their established ITTO contact point.
69. On project appraisal and approval the Expert Group suggested the following options for the consideration of Council;
- (i) the number of project proposals to be dealt with in one Session of the Expert Panel be limited to 30;
  - (ii) project proposals requiring essential modifications should be subject to reassessment by the Expert Panel.
70. According to Mr. Hashiramoto, the Expert Group also made the following suggestions on project-financing for the consideration of Council;
- (i) Member Countries should prepare short country programmes on the basis of the Libreville Action Plan and national priorities;
  - (ii) the Expert Panel for Technical Appraisal of Projects should, on the basis of criteria approved by the Council, identify those project proposals that merit financing through the Bali Partnership Fund.
71. On implementation and monitoring of projects, the Expert Group suggested the following options for consideration of Council;

- (i) the Secretariat be given a wider mandate for implementation and monitoring in order to reduce the lengthy discussions in the Committees;
  - (ii) projects in progress should be discussed only once in a year OR only 50% of the projects in progress should be discussed at each Session;
  - (iii) provision should be made for an annual financial audit of all projects with a duration of 2 years or more and a budget above \$400,000.
  - (iv) a standard format for reporting on projects and pre-projects in progress be developed.
72. Other issues discussed by the Expert Group covered mid-term and ex-post evaluation of projects, dissemination of project results, rationalization of time between Policy Work and project work, strengthening the Expert Panel for the Technical Appraisal of Project Proposals, as well as streamlining the work of the Committees.
73. Mr. Enzo Barattini (European Union) supported most of the proposals in the report and expressed his satisfaction with the recommendation to rationalize the time between project and policy work of the Organization. He expressed his satisfaction with the report and congratulated the Expert Groups.
74. Mr. Franklin Moore (U.S.A.) agreed with the intervention by the European Union and congratulated the Expert Group. He however posed questions relating to the area of project identification and finance and the suggestion to develop ITTO programmes in each country which would define national priorities within the framework of the Libreville Action Plan for the next 5 years. He requested for more details from the Expert Group on how the concept could be used especially for new Members in the Organization. In his opinion, it could take a longer time before new Members could get any projects approved if the proposal was accepted.
75. In the area of project appraisal and approval, Mr. Moore (U.S.A.) did not support the suggestion to limit the number of projects to be dealt with by one Session of the Expert Panel to 30. He indicated that this could mean taking the first 30 projects which meet acceptable criteria. However, he wanted to know whether there was a correlation between projects that come in early and those submitted close to the deadline and which of these two categories of projects were usually approved and eventually financed. The third comment made by Mr. Moore related to looking at options presented in terms Committee work and Council work and pointed out that the 6-day Council Session was on a trial basis and would be evaluated in Yokohama in November 1999 and therefore suggested that an evaluation of the one-week meeting would be very useful in terms of how Committee work and Council work should be divided.
76. Mr. James Gasana (Switzerland) on behalf of the Swiss delegation expressed satisfaction with the report. He also supported the idea that Member Countries should be required to draw up priority country programmes within the framework of the Libreville Action Plan. He suggested that ITTO should provide the framework for drawing up national plans and projects. On project formulation, Mr. Gasana suggested the establishment of small national group of experts who had been involved previously in PD 73/89 Rev.3 (M, F, I) to review country proposals to be submitted to the ITTO.
77. On non-financing of approved projects, Mr. Gasana indicated that there could be other problems apart from lack of funds and suggested that a case by case study should be carried out to find an appropriate solution and, in his opinion, the Bali Partnership Fund might not be the most appropriate solution.
78. On evaluation and monitoring, Mr. Gasana indicated his delegation's support for most of the recommendations made by the Group of Experts apart from the recommendation that projects in progress be discussed in the Committees only once a year. In his opinion, that might handicap the management of certain projects because the majority of projects were of short duration and suggested that the Secretariat should undertake coordination with donors.
79. Mr. Gasana expressed satisfaction with some of the options for improvement suggested by the Expert Group with regard to project evaluation and indicated that the Secretariat could continue to

- present one comprehensive report on completed projects, in the three languages, on the basis of the recommendations made by the Evaluation and Monitoring Group. He indicated his delegation's support for the recommendations on dissemination and policy work.
80. Mr. Gasana indicated that his delegation did not support the recommendation that Council meet once per year and also did not support the recommendations to limit the number of project proposals to 30.
81. Mr. Lee Sang-Kyu (Republic of Korea) expressed his delegation's satisfaction with the report of the Expert Group and associated himself with the position expressed by the European Union for further discussions on the subject in an informal working group. He suggested that the Secretariat should prepare a comparative table regarding the various options as well as the budgetary implications for the various options regarding the number of Council Meetings in a year.
82. Mr. Luciano Helmold Macieira (Brazil) associated himself with earlier comments that the Expert Group had done very good work. He however indicated that the recommendations had not received consensus by Members and that they remained the recommendations of the Group of Expert. He expressed his delegation's support that Member Countries could present their projects directly and independent of the Expert Group. He mentioned that his delegation would not want the Expert Group to have any power to veto proposals in the framework of the Bali Partnership Fund when the fund became operational.
83. He also indicated that it might be useful to introduce new stages in the presentation of projects but care should be taken not to lose the operational nature of the process. In his opinion, there was no need to create too many stages and that the process should rather be made more efficient. Mr. Macieira expressed Brazil's support for the option to present projects at both meetings of the Council and also that there should be no limit to the number of projects that could be presented. On implementation and monitoring, Mr. Macieira suggested that the mandate should be monitoring of implementation and not implementation and monitoring.
84. Mr. Richard Dewdney (United Kingdom) associated himself with the comments made earlier by the representative of the European Union, and looked forward to more detailed discussions of the proposals. He expressed satisfaction with the report. He suggested that, detailed consideration be given to the existing procedure of project idea which was not being used widely. He also wanted to know how the conclusion reached on the report of the Expert Group on Further Streamlining the Work of Committees would affect the work of the consultants on Revisions of Project Related Guidelines and Manuals.
85. The Chairperson requested the caucuses to take up the issue raised by Mr. Richard Dewdney on how the conclusions reached would affect the work of the consultants on the Revision of Project Related Guidelines and Manuals.
86. Mr. Batoum Themotio (Cameroon) indicated the support of the Cameroon delegation for the report. He thanked previous speakers especially Switzerland and U.S.A. for their contributions. He however, felt that it might be difficult to implement some of the recommendations especially those that relate to national programmes that had to be approved by Council. He expressed his delegation's support on the recommendation that the mandate of the Secretariat be broadened to carry out monitoring of projects. Mr. Batoum pointed out that project auditing is a specialized field and quite expensive and suggested yearly auditing of projects.
87. The Chairperson, in her conclusion, referred the report to the caucuses for further deliberations on the recommendations and suggested that an open-ended informal bipartisan working group be set up after the caucuses deliberations to look at areas of consensus with a view to enhancing the decision making process.



**MATTERS RELATED TO ARTICLE 16 OF ITTA, 1994 - Decision 4(XXIV) (Agenda Item 16)**

88. The Chairperson, Ms. Stephanie Caswell (U.S.A.), drew Members' attention to document ITTC(XXV)/9 – "Report of the Meeting of the Working Committee to Undertake Work on the Procedure for Appointing the Executive Director of ITTO Pursuant to ITTC Decision 4(XXIV)." In her introductory remarks, she informed Members that the Working Committee met in Geneva on 5 September 1998 to address issues arising from ITTC Decision 4(XXIV). She then invited Mr. Erik Chrispeels, Senior Legal Counsel of UNCTAD and Dr. Gary Dolman (Australia) to present their reports.
89. Dr. Gary Dolman (Australia) noted that the report should have been presented by the Chairpersons of the Working Committee, Ms. Barbara Tavora (Producer Spokesperson) and Mr. David Drake (Consumer Spokesperson) who were the joint Chairpersons of the Committee but unfortunately both were absent from the Twenty-fifth Session. Other members of the Committee were; Mr. Madingou Andre Juls (Gabon), Mr. E.O Nsenkyire (Ghana), His Excellency Hamidon Ali (Malaysia), Dr. Gary Dolman (Australia), Mr. Enzo Barattini (European Union), Mr. Osamu Hashiramoto (Japan), and Ms. Jan McAlpine (U.S.A.).
90. Dr. Dolman pointed out that the report should be considered as an input to facilitate discussions at the Session on matters related to Article 16 of ITTA, 1994. He indicated that the Committee met for one day in Geneva on 5 September 1998. He referred to the terms of reference of the committee as contained in annex 1 page 3 of ITTC(XXV)/9.
91. Dr. Dolman (Australia) mentioned that the Committee benefited from the presence of the UNCTAD Legal Counsel, Mr. Erik Chrispeels, who advised the Working Committee on the legal aspects of the process for selecting an Executive Director for the ITTO, including the voting procedures required under the ITTA, 1994.
92. On development of guidelines and selection criteria for the position of the Executive Director of the ITTO, he referred Members to annex 2 of the report. He indicated that the guidelines specified the qualifications and academic background that were considered appropriate for future ITTO Executive Director. He also indicated that the guidelines were broad so as not, to, unduly restrict applicants with relevant experience. The qualifications and requirements had also been written to reflect the subject matter of ITTO's Committees. The suggested guidelines also showed preference for candidates with proven ability in more than one ITTO Working language and that applicants should be a citizen of an ITTO Member Country. The Committee briefly discussed employment conditions, and, noted that, a separate Council Decision might be required to address issues relating to employment conditions, but indicated some suggestions which Council might wish to consider that relate to the terms of appointment of any future Executive Director. These guidelines, if adopted by Council, according to Dr. Dolman would assist Member Countries in proposing suitable candidates for the selection of a future Executive Director. The procedures are:
- (i) endorsement of the candidates by their respective governments;
  - (ii) a voting process to reduce the number of candidates to a minimum number for the purposes of a final vote which should be according to ITTO special voting arrangements as specified in Article 16 paragraph 1 of ITTA, 1994. The report noted that the voting system as used by FAO in selecting its Director General could be explored for adoption.
93. Dr. Dolman pointed out that the Working Committee had made provision for a second meeting of the Committee in Yokohama prior to the Council Session. Unfortunately the planned meeting immediately prior to ITTC Twenty-fifth Session, could not be held as the Committee was unable to form a quorum. He further reiterated that the report was merely a starting point for Council's consideration of issues relating to Article 16 of ITTA, 1994.
94. In his briefing, Mr. Chrispeels (UNCTAD Senior Legal Counsel) informed Council that he would concentrate on three issues. These were;

- (i) the rules concerning the appointment of the Executive Director of ITTO;
  - (ii) the rules for the appointment of the Executive Director of comparable international commodity organizations; and
  - (iii) the relevant rules of Organizations of the United Nations System.
95. On the rules of appointment of the Executive Director of ITTO, the UNCTAD Senior Legal Counsel said, Article 16 of ITTA, 1994 provided that the Council should appoint the Executive Director, and that the terms and conditions of appointment should be determined by the Council.
96. He pointed out that neither the Rules of Procedure of the Council nor the Staff Regulations and Rules of ITTO contained any supplementary rules to implement the principles set out in paragraphs 1 and 2 of Article 16 of ITTA, 1994. The Decisions could be made either by consensus in accordance with paragraph 1 of Article 12 of ITTA, 1994, or if consensus was not possible, by a special vote in accordance with paragraph 1 of Article 16 of ITTA, 1994.
97. On the procedures for the appointment of the Executive Director in other international commodity organizations that are broadly comparable to the ITTO, Mr. Chrispeels informed Council that he looked at the rules and practices of the International Sugar Organization, the International Cocoa Organization, the International Coffee Organization, and the International Jute Organization.
98. He mentioned that the international agreements establishing these organizations gave little guidance. They simply indicated that the Council should appoint the Executive Director, and that the Decision should be taken by consensus, or in the absence thereof, by a special vote.
99. The UNCTAD Senior Legal Counsel pointed out that, as far as he could remember, the selection of the Executive Director of the International Cocoa Organization had been carried out by consensus, and that there were no special rules, procedures or guidelines.
100. With respect to the International Jute Organization (IJO), Rule 38 of the Rules of Procedure established a procedure for the selection of the Executive Director. He quoted Rule 38 paragraph 1
- " Procedure for the election of the Executive Director**
- (a) *A vacancy for the position of the Executive Director shall be widely advertised and nominations sought from Members.*
  - (b) *The applicants shall have the endorsement of their respective Member Governments.*
  - (c) *The Council shall appoint an ad hoc Committee of 6 members to examine the nominations and applications and make a full report to the Council."*
101. Mr. Chrispeels mentioned that these procedures were resorted to not long ago. The Council for the International Jute Organization established an ad hoc Committee for the selection of candidates for the post of Executive Director. An advertisement calling for applications was placed in the weekly magazine – The Economist. According to Mr. Chrispeels, thirty-eight applications, eight of which were endorsed by governments were received by the Secretariat. An ad hoc Committee screened the government-sponsored applications and prepared a short list of four candidates which it recommended to the Council. The Council failed to agree on the appointment of an Executive Director, and as result, according to Mr. Chrispeels, the IJO Secretariat is headed, for the time being, by an Officer-in-Charge.
102. The UNCTAD Senior Legal Counsel informed Council that a few years ago, the Council of the International Sugar Organization established an ad hoc procedure for the selection of its current Executive Director. A Selection Committee was established by the Council, with detailed terms of reference. The Committee screened applications and recommended a candidate which the Council appointed to the post of Executive Director. Similarly, the International Coffee Organization also established ad hoc procedures for the selection of the present Executive Director. The Chairman of the International Coffee Council proposed guidelines for the selection of an Executive Director, which the Council accepted. The Executive Board screened the applications and recommended a candidate which the Council appointed.

103. Mr. Chrispeels indicated that drawing up guidelines for the selection of an Executive Director appeared to be a recent practice, and that in the past an Executive Director was appointed as a result of informal consultations among Members.
104. The UNCTAD Senior Legal Counsel informed Council that the suggested Guidelines for the Selection for the ITTO Executive Director, contained in annex 2 of the report of the Working Committee, were comparable to the guidelines of other international commodity organizations.
105. Mr. Chrispeels also mentioned that he had looked at the Procedures for the Appointment of Executive Heads of the United Nations Organization and those of its Specialized Agencies like the Food and Agricultural Organization, the United Nations Industrial Development Organization, the World Meteorological Organization, and the World Health Organization. These Organizations, according to Mr. Chrispeels, have specific rules and guidelines.
106. He concluded his presentation on the subject of Article 16 of ITTA, 1994 by saying that there should be a distinction between these 2 phases;
- (a) Guidelines and procedures for the selection of the Executive Head, for example, qualifications, government support, placement of an advertisement calling for applications etc. and,
  - (b) Procedures for the appointment of an Executive Director under Article 16 of ITTA, 1994. For example, whether the decision should be taken by consensus or a vote; the majority required in case of a vote; whether there should be secret balloting; and the number of ballots to be taken in case of more than one candidate.

He suggested that a clear distinction between the two phases should be made.

107. The Chairperson, Ms. Stephanie Caswell (U.S.A.) thanked Mr. Chrispeels for his useful presentation and she encouraged the caucuses to draw on Mr. Chrispeels knowledge and information and invited comments from Members.
108. Mr. Toshikatsu Aoyama (Japan), on behalf of the Japanese delegation expressed his appreciation to Mr. Erik Chrispeels and the Working Committee.
109. Mr. Aoyama indicated that the selection process of a future Executive Director be based on public application system taking into account the career record, special knowledge, personal ability, and regional balance. On the procedure for selection, Mr. Aoyama indicated that the Secretariat should be made to check the qualifications of all the applicants, after which the Executive Director should be selected by a special vote based on Article 16 paragraph 1 of ITTA, 1994. He rejected the FAO selection procedure based on one nation one vote system as referred to in the report of the Working Committee and suggested that the report be amended by deleting the part of the report which referred to the selection system of FAO.
110. Mr. Lee Sang-Kyu (Republic of Korea) referred to paragraph 6 of the Working Committee report, and indicated that the Executive Director should be selected by consensus. However, if there was no consensus, then the Council should resort to special vote as provided for in Article 2 of ITTA, 1994. Mr. Lee Sang-Kyu also sought clarification on the time frame, as to whether the final decision should be taken at the Twenty-fifth Session or deferred to a later Session, and the phrase "most Senior Assistant Director" as contained in annex 2 of Decision 4(XXIV).
111. He also commented on item 5 of annex 2 of the Working Committee report, regarding the employment conditions, and pointed out that the report had indicated that the term of office of the future Executive Director would not exceed the duration of the Agreement. However, there was the possibility for an extended existence of the Council in case the Agreement was terminated as provided for in Article 46 of the ITTA, 1994. In his opinion, these elements had to be taken into account in determining the duration of the term of office of the Executive Director.

112. The Chairperson, Ms. Stephanie Caswell, commented on the issue of time-frame for a decision on the matter of Article 16 and drew Council's attention to the fact that under Decision 4(XXIV) paragraph 5, it was agreed that a final decision on Article 16 should be taken at the Twenty-fifth Session.
113. Mr. Chrispeels explained further that paragraph 5 of annex 2 of the Working Committee Report would be implemented with the required flexibility. He said Council at each of its Sessions could take a decision to extend a term of office of the Executive Director and that would be dictated by the circumstances. He also pointed out that a situation could arise where the Organization could go down and therefore the need for an Executive Director who would be engaged in the process during the period. In his opinion, such a situation could arise.
114. On the issue of the special vote, Mr. Chrispeels drew Members' attention to paragraph 6 of the Working Committee's Report, and annex 3 which reproduced rule 36 of the general rule of the FAO. In rule 36, paragraph 1, Sub-paragraph (b), the different stages used by the FAO to narrow down the number of candidates on which voting would be based had been clearly spelt out. He indicated that there were successive stages, and that at each stage a candidate with the smallest number of votes dropped out. In his opinion, the reference to the FAO procedure by the Working Committee's report was only meant to provide guidance in case there was no consensus and Council had to resort to a voting procedure to narrow down the number of candidates. In the view of the UNCTAD Senior Legal Counsel, the FAO procedure provided a useful guidance that could be adopted and applied by the ITTO.
115. Dr. Dolman also provided further clarification on the recommendation of the Working Committee regarding employment conditions and pointed out that the key outcome of the Committee's deliberations was that employment conditions might require a separate Council Decision which was beyond the mandate of the Working Committee.
116. Mr. Erik Chrispeels further pointed out that according to the UN practice the phrase "most senior Assistant Director" would refer to the length and tenure in that grade.
117. Ms. Jan McAlpine (U.S.A.) expressed the appreciation of the U.S. delegation to the Secretariat for their co-operation in helping to put together the process for the Working Committee and also to the UNCTAD Legal Counsel for providing guidance and inspiration in looking at the range of issues that were of interest to Members of ITTO. She indicated that there was a great deal to be said about choices that the Council could make in terms of how to approach seeking candidates. According to Ms. McAlpine it was the view of the U.S. delegation that the issues could be best addressed by an informal Producer/Consumer Session where an open discussion of the range of options in seeking candidates could be addressed. In her opinion, an open-ended informal discussion could also expand on the recommendations of the Geneva Working Committee.
118. Mr. Enzo Barattini (European Union) supported the position expressed by the U.S. delegation, and indicated that the work that had already been done by the Working Group could serve as a useful focal point for further deliberations at the Session (both at the Council and at a limited informal group) in order to move ahead especially in terms of details on some of those issues where there were divergent views.
119. Mr. Barattini also expressed his views on annex 2 paragraph 5 of the report of the Working Committee regarding the fact that the term of appointment of the future Executive Director should not go beyond that of the Agreement. He indicated that a situation could arise where the term of appointment of the Executive Director might go beyond that of the Agreement and advised that the validity of the duration of the appointment of the Executive Director should not have any kind of impact on the validity of the Agreement in order not to prejudge on the future of the Agreement. He also supported the position that the Twenty-fifth Session should be able to come out with some rules on the appointment of the future Executive Director as expressed in Decision 4(XXIV) in Libreville to ensure good governance of the Organization.

120. Mr. Toshikatsu Aoyama (Japan) indicated that there were still several issues in the report of the Working Group which needed further clarifications and supported the idea of finalizing the report in an informal working group.
121. The Chairperson, Ms. Stephanie Caswell, provided a summary of the discussions on the subject and asked the caucuses to consider how they would want to proceed with further discussions on the subject. In her own view, informal discussions was a useful way forward.

**ANNUAL REVIEW AND ASSESSMENT OF THE WORLD TROPICAL TIMBER SITUATION  
(Agenda Item 9)**

122. The Chairperson drew Members' attention to document ITTC(XXV)/2 – "Elements for the Annual Review and Assessment of the World Timber Situation, 1998". She invited Dr. Steven Johnson of the Secretariat to present the report.
123. Dr. Johnson requested delegates to take an in-depth look at the document ITTC(XXV)/2 and submit any comments to the Secretariat by 15 December 1998. He indicated that since last year, there had been few changes to the document. He noted that there had been increased effort to place tropical timber in the global context. However, there was no coverage of secondary processed wood products in the current document because of difficulties in obtaining data and he hoped to collaborate with the International Trade Centre (ITC) to do more work on secondary processed wood products.
124. Dr. Johnson pointed out the continued coverage of relevant changes in trade barriers in Member Countries and mentioned particularly the introduction by the European Union of changes to the GSP scheme to give preferential treatment to countries adhering to the principles of the ITTO and ILO. He further mentioned that a trend analysis of production, imports, and exports from 1990 to 1997 had been included in the document. He also mentioned that the document dealt with the crisis in the trade and turmoil in most ITTO Member Countries as a result of the economic crisis in Asia.
125. Dr. Johnson mentioned the imposition of currency controls in some countries whilst others had lifted long-standing bans on exports. Basically, according to Dr. Johnson the year 1998 had been a phenomenal year in terms of timber trade in general and especially for tropical timber trade. He presented the annual percent changes in GDP and the net percent changes in timber trade value for 1997 to 1998 for Japan, Republic of Korea, Gabon, Indonesia, Malaysia, Philippines, Peru, and Thailand. He pointed out the devastating trend for timber trade and especially for tropical timber trade. He also pointed out a 30 percent drop in timber trade in Japan. Gabon also showed a 45 percent drop in timber exports for 1998 while Thailand's imports of tropical timber dropped by 70 percent in 1998. He noted that countries that had diversified their markets and their products had been able to perform better during these difficult periods and hoped that the Market Downturn Study that was proposed last year would be financed to enable the Study to be carried out.
126. Dr. Johnson threw more light on the changes in the timber market in Japan, and said the decrease in imports had been stunning. Japan showed a decrease of 19 percent in volume terms, in imports of temperate logs, a decrease of 36 percent for tropical logs, a decrease of 38 percent for temperate sawnwood, a decrease of 9 percent for temperate plywood, and a decrease of 21 percent for tropical plywood. He said these changes would have significant impact on many exporting countries. He however noted that China was the only bright spot in tropical timber imports for the year, but growth was slowing down in China as well, and therefore could not be a panacea to the timber trade turmoil. Dr. Johnson mentioned that not only was ITTO's share of total tropical timber trade declining, but that tropical timber was losing market share (except for veneer) in the global timber market.
127. Dr. Johnson also spoke about the issue of undocumented or illegal trade in forest products which had received a lot of attention lately. He noted that the communiqué released by the G-7 and other august bodies seemed to suggest that something new had to be done to capture such data. However, in his opinion ITTO and other bodies have published direction of trade data for many years, that could provide interesting insights into the extent of the problem.

128. He also pointed out the extent of discrepancies in the data provided by most countries and in his opinion, the most serious limitation to a greater use of trade flow statistics to monitor illegal or undocumented trade in tropical timber was the inability of many countries (including developed countries) to code tropical timber correctly in their customs classification categories and concluded by emphasizing the importance of co-operation from Member Countries in meeting their information sharing obligations under the ITTA, 1994.
129. Mr. Enzo Barattini (European Union) expressed his appreciation to the Secretariat for the presentation which highlighted certain events that had taken place in the EU, in particular, in relation to the EU's legislation in the framework of the GSP. He pointed out that these provisions should not be considered restrictive in anyway. In his opinion, the provisions should be considered as incentives to those countries that apply the guidelines on the sustainable management of forests so that those countries could enjoy some advantages over others. He indicated that there was no compulsion and that it was up to the interested countries to show that the provisions and guidelines of ITTO were being incorporated in national legislation for implementation before they could benefit from the GSP.
130. Mr. Enzo Barattini also commented on the joint questionnaire and hoped the Secretariat were in regular contact with EUROSTAT so that the Secretariat could receive information directly from EUROSTAT. He said intra-Community trade was not taken into account in EU's overall trade statistics because all Member States of the EU comprise one territory.
131. Ms. Lin Xuan on behalf of the Chinese delegation expressed appreciation to the Secretariat for the draft Annual Review document. She pointed out that the document provided a great deal of information about the world timber situation. She however, indicated that the section which dealt with the Asian financial crisis should have provided much more information. She cited for example, the serious problem in the financial system of the affected countries, the weakness in the international financial system especially the lack of mechanism to regulate and supervise the short-term capital flows, like the hedge funds. In her opinion, these factors were the main causes of the Asian financial crisis. She also indicated the bilateral and multilateral assistance that China had given to the affected countries as a way of contributing to the recovery and stability of the regional economy.
132. Ms. Lin Xuan also mentioned the fiscal and monetary policies adopted by China to maintain the 8 percent growth rate. She said, China stimulated domestic demand through investment priorities in the development of infrastructure and also provided exports and foreign investment. She informed Council that China was implementing several laws and regulations on protection of natural forest, and indicated that in the coming years, China's import of tropical timber would increase even more.
133. Ms. Astrid Bergquist (Sweden), expressed her appreciation to the Secretariat for the report and also thanked the Secretariat for the initiative in organizing a meeting with EUROSTAT, FAO, UN-ECE etc. to produce a joint questionnaire. She also pointed out that the idea was favourably received at the meeting of the Timber Committee of the UN-ECE in Geneva. She mentioned that it was a very fruitful beginning of co-operation which could improve the nature of the statistics and also lead to a lot of savings when it came to providing statistics.
134. Dr. I.J. Bourke (FAO) expressed appreciation to the Secretariat for the document ITTC(XXV)/2. He mentioned that the FAO was very pleased with the move to develop a joint questionnaire and to work together with ITTO and other organizations. He also emphasized the importance of gathering accurate data from the sources.
135. Mr. Luciano Macieira (Brazil), said the data received on temperate and tropical timber be reflected in a well-balanced manner in the report. He also pointed out that Brazil was at the moment implementing an advanced programme to monitor the state of its forest cover and the results would be disseminated in a transparent manner. The programme was being financed by the Government of Brazil and that the Government was fully committed to the protection and conservation of the forest cover of Brazil.

**PROMOTION OF MARKET ACCESS OPPORTUNITIES FOR INTERNATIONAL TRADE IN TROPICAL  
TIMBER – Decision 2(XXIII) (Agenda Item 10)**

136. The Chairperson drew Members' attention to Council document ITTC(XXV)/13 – "Impediments to Market Access for Tropical Timber [ITTC Decision 2(XXIII)] – Preliminary Progress Report, November 1998" and invited the two consultants, Tan Sri Dato' Wong Kum Choon of Malaysia and Mr. Michael Ginnings of Australia, to present the report.
137. Tan Sri Dato' Wong Kum Choon (Malaysia) indicated that the report was a preliminary one and they welcome suggestions and comments from Members to improve the report. He also indicated that at the time of preparing the report they had not received most of the questionnaires they sent out. The recommendations of the Study would also be included in the report after receiving comments and views from delegates.
138. Tan Sri Dato' Wong Kum Choon gave a brief background to the structure of the report. He indicated that the Study was begun in August 1993 commencing with a series of meetings with the Executive Director and the senior staff of the Secretariat, the Japanese government officials, the Prefectures and the Trade.
139. He said Mr. Michael Ginnings covered U.S.A., Brazil, and WTO in Geneva, whilst he covered the U.K. including the Ghana Timber Export Development Board, Germany, Netherlands, the European Commission in Brussels, and Malaysia. He indicated that the selection of countries was decided in consultation with the ITTO Secretariat.
140. Tan Sri Dato' Wong Kum Choon said the summer vacation made it difficult for them in setting up appointments and meetings and indicated that because of time and budgetary constraints, they were advised to circulate questionnaires to Member Countries, especially those countries who were not covered in their itinerary of visits.
141. He noted the importance of the European Union market which could be further enhanced in the wake of the current Asian economic crisis. He mentioned that in 1996, the EU accounted for US\$2.7 billion of ITTO's total producers exports of tropical logs, sawnwood, veneer, and plywood and said the trend in EU import of tropical timber over the past years had been falling, and the largest decline were in respect of logs and sawnwood. The EU log import in 1996 was only slightly more than half the level in 1989 while sawnwood import fell by more than half in 1996 as compared to 1989. The only product that showed increase in imports was veneer. The tropical proportion of total EU timber import also declined between 1993 and 1996 for tropical logs, sawnwood, and plywood. The healthy development, however was the increase in EU imports of secondary processed wood products from ITTO Producer Member Countries, which rose from US\$449 million in 1990 to US\$1.25 billion in 1995, an average increase of 56% a year.
142. On the issue of EU import tariffs, he noted that the tariffs on timber products were at zero to moderate levels, with the exception of plywood. However, tariff rates were generally higher for tropical timber as compared to temperate timber and cited, as an example, the tariffs on sawnwood (finger-jointed, whether or not planed and sanded) where the tariff for tropical timber was 49 percent as against 1 percent for temperate timber. He indicated that market impediments of a non-tariff nature were however not evident in the EU, except on the issue of environment, which was continuously affecting the consumption of tropical timber, particularly in the Netherlands, U.K., and Germany. It was generally agreed that the environmental campaigns initiated by the NGOs in these countries had significantly affected the imports of tropical timber. Although no figures could be provided, it had been estimated that up to 30 percent of the decline in imports of tropical timber into the Netherlands in recent years could be attributed to environmental pressure of one kind or another. He also pointed out that the Ghana Timber Export Development Board in U.K. estimated that Ghana had suffered about 10 percent loss of its market since 1992 largely on account of the adverse developments against tropical timber from the environmental movement. Similar views were held by Malaysia.

143. He said that currently, in the Netherlands, about one-third of the 633 Dutch Municipalities had decided not to use tropical timber, which they considered to be unsustainably produced. In the United Kingdom, the trade estimated that about one-third of all Districts and City Councils had a timber purchasing policy banning or requiring that the tropical timber be from a sustainable source. In Germany, more than 300 German towns and cities had joined the Climate Alliance, banning the use of tropical timber in public building projects. Some States and Provincial Governments had decided against the use of tropical timber in public construction and buildings. He said in February 1989, there was a decree by the German Federal Ministry of Transport restricting the use of tropical timber for building works connected with waterways and trunk roads. However, this decree was lifted on 30 April 1997, and in March 1998 a new provision was introduced to the effect that the timber used should originate from sustainably managed sources, and should carry a certificate to prove the source. In the Netherlands, a recent amendment to the Housing Act made it legal for local Authorities to link environmental conditions to housing permits for private development. There had also been a proposed amendment to the Environmental Protection Act which required timber and timber products sold in the Netherlands to be labeled either green or red. Green for products from sustainable forests and red for products not proven to have been produced from sustainably managed sources. At the private sector level, the World Wide Fund for Nature (WWF) had set up WWF Buyers Groups in the U.K., Netherlands, Belgium, Germany, Switzerland, and Austria. Spain, Denmark, Greece, and Ireland were also setting up such groups. Membership of such groups comprised DIY chain stores, supermarkets, and other retail outlets, wood product manufacturers, building contractors, and timber importers. The WWF Buyers Group commit themselves to preferentially purchase and sell timber products certified under the FSC logo. In the U.K., WWF claimed that members of the WWF 95 Plus Group accounted for a quarter of U.K.'s consumption of the forest products with an annual turnover of £2.0 billion. FSC certified products included sawntimber, kitchen utensils, flooring, panelling, doors, accessories, and garden furniture.
144. He mentioned that in the window market, tropical timber had been losing out to substitutes like non-tropical timber and more so to PVC. By 1995, PVC had captured 35 percent share of the window market in Europe with aluminium also taking 30 percent. He also mentioned the recent shift in consumer preference for lighter coloured natural wood which tended to favour temperate timber such as pine, beech, maple, fir, and birch, the unpredictably large fluctuations in prices of tropical timber, uncertainty about supply as tropical countries opted for policies to restrict the export of logs and even sawnwood in favour of downstream processing, competition from domestically produced MDF against imported plywood, competition from timber products from Eastern and Central European countries as some of the factors which tended to affect the consumption of tropical timber in the European Union.
145. On forest certification, he said the Forest Stewardship Council had been spearheading the move towards certification and indicated that the FSC aimed at using its certification scheme to create a world-wide market mechanism to influence sustainable forest management, by creating the FSC logo, and that besides WWF, several other NGOs, including Friends of the Earth (FOE) and Greenpeace, were supportive of the FSC certification scheme, as the only scheme applicable on a global basis and attempting to obtain its exclusivity in the European market. He indicated that the exclusivity was however being resisted by national governments, the timber trade and private forest owners. He cited Germany, where forest owners had started the Forest Initiative to develop their own criteria and indicators. He mentioned the claim by FSC that its current area of certified forests around the world amounted to over 6 million hectares covering 85 sites in twenty countries. According to Tan Sri Dato' Wong Kum Choon, WWF and the World Bank had entered into a strategic alliance targeted at the certification of a total of 200 million hectares of forests by the year 2005.
146. He indicated that in the Netherlands, the Dutch government was supportive of certification in tandem with its declared policy to increase the use of timber as an environmentally friendly material in the building and construction sector. The Dutch government was against the attempt by NGOs to seek exclusivity for the FSC Certification Scheme and had rejected a proposal in the Dutch Parliament to allow only FSC-certified timber to be used since that would pre-empt other certification initiatives such as that undertaken by Kerhout Foundation. He indicated that the Dutch government had established minimum requirements for certification, and that the Dutch Timber Trade believed that certification would be the means by which tropical timber could overcome market impediments



associated with environmental concerns.

147. He said the European Commission supported timber certification as a marketing tool to increase the supply of timber from sustainably managed forests, and had accordingly indicated that certification should be market based, non-discriminatory, transparent, and cost effective. The European Commission also favoured a more co-ordinated approach to certification to avoid a proliferation of certification schemes and inclined to supporting a multilateral approach leading to a possible internationally based certification arrangement covering all types of timber. In June 1998, the European Commission introduced a scheme for environmental incentives by which exporting countries could obtain a remission of the duty payable of some 30 percent if they could show proof that they applied legislation incorporating the substance of the standards of the ITTO.
  
148. He also discussed briefly the timber trade in Malaysia and mentioned that in 1997, Malaysia's export earnings from timber and timber products amounted to approximately US\$5.2 billion which was roughly 6.6 percent of the total export earnings. He mentioned certain policy decisions to further forest conservation and downstream processing in Malaysia, which included a ban on log export from Peninsular Malaysia since the late seventies, a ban of log export from Sabah in January 1994 which was partially lifted in November 1996 to allow for up to 2 million m<sup>3</sup> of logs per year to be exported; reduction of log production in Sarawak from 12.5 million m<sup>3</sup> in 1992 to 9.2 million m<sup>3</sup> in 1996; stricter control on logging practices and punitive measures against illegal logging; the imposition of levy on sawntimber export from Peninsular Malaysia to improve supply availability to wood moulding and furniture industries; announcement in late 1995 that the export of sawntimber from Peninsular Malaysia may be stopped by year 2000. He indicated however, that the ban on sawntimber from Peninsular Malaysia was not likely to happen, given the Asian economic turmoil and the contraction of domestic demand for sawntimber.
  
149. He mentioned certain actions taken by Malaysia to counter restrictive trade practices which included pursuing with like-minded countries to follow up implementation of the UNCED Statement on Forest Principles and Agenda 21 through CSD and the IFF; strengthening SFM at Federal and State levels in terms of policy and implementation; embarking on a communication programme to correct misinformation and misperception about the state of tropical forest management and the causes for the massive losses of tropical forests; and undertaking a pilot project on timber certification in co-operation with the Dutch timber trade and the Kerhout Foundation.
  
150. He also mentioned the feeling of Malaysia on international co-operation to promote SFM in tropical countries. He indicated that this should include: levelling the playing field through the elimination of discriminatory tariffs and other unfair trade practices against tropical timber vis-à-vis competing substitutes; enhancing rather than diminishing value of tropical forests to ward off competing claims for land use within the context of national development; and provision of equitable opportunities for export earnings for tropical timber products to finance R & D, training, and SFM.
  
151. Mr. Michael Ginnings (Consultant) also emphasized that the report was a preliminary one and that the Study was still in progress.
  
152. He informed Council that the Study took him to the United States, Brazil, and Geneva where he spoke to the WTO. He said the United States' consumption of all the lumber, veneer, and plywood made from both tropical and temperate hardwood as well as softwoods was 40 percent and therefore pointed out that the U.S. was a very big and important consumer. He said the Study revealed that increasing amount of secondary processed wood products were moving from ITTO and non-ITTO Members to the major consuming countries and mentioned that the U.S. was by far the largest importer of secondary processed wood products from ITTO Producer Countries.
  
153. He also said discussions with members of the Timber Trade Associations in the United States revealed a number of initiatives being taken by Sub-National Authorities within United States to restrict the use of tropical timber.
  
154. Mr. Michael Ginnings noted that the consumption of tropical timber in the United States was not showing the same downturn in consumption compared with the situation in Europe, and therefore

made it difficult to identify the cause(s) for any downturn in consumption. He said the tariffs applied in the United States were extremely limited in impact.

155. Turning to Brazil, Mr. Ginnings mentioned that Brazil was the largest producer of tropical hardwood logs in the world. He provided some statistics on Brazil's log production and indicated that in 1997, Brazil produced 48 million cubic metres, compared with Malaysia and Indonesia, which produced 30 million cubic metres each. Similarly, Brazil's sawn timber production (almost 20 million cubic metres) was more than double that of Malaysia and Indonesia which produced about 7 million cubic metres each.
156. Mr. Ginnings noted that unlike Malaysia and Indonesia, most of Brazil's production was consumed domestically, with less than 2 percent of Brazil's logs and, less than 7 percent of its lumber exported. Veneer exports of Brazil had increased from 28 percent to 45 percent of production, while plywood exports had declined from almost 42 percent to under 27 percent of production. He further mentioned that plywood production in Brazil, was increasingly becoming a combination of tropical hardwoods as faces and softwoods as cores, or 100 percent softwood, and indicated similar trend in the production of plywood in Japan. He noted that in Brazil, concrete formply should have a guaranteed number of re-uses.
157. He said Brazil had recently initiated a number of new laws concerning the environment, which were very tough. These legislations were meant to curb illegal logging.
158. Mr. Ginnings mentioned the important role of Japan in the consumption of tropical timbers and indicated that in 1996, Japan consumed 11 percent of all the lumber, veneer, and plywood made from tropical and temperate hardwoods as well as from softwoods which were consumed by ITTO Consumer Countries. Japan's imports had not changed very significantly, except for plywood. He noted that imports of tropical plywood had increased very significantly. Although there was reduction in the import of logs, there was a significant increase in the import of plywood.
159. He noted that Japan's imports of Secondary Processed Wood Products (SPWP) reached US\$2.6 billion in 1995 of which just under US\$1.0 billion was purchased from ITTO Producers which represented 36 percent of the total.
160. He said Japan, U.S.A., and Europe were importing large quantities of Secondary Processed Wood Products from non-ITTO Member Countries and that should be a big challenge to ITTO Producer Members.
161. He also spoke about the heightened awareness over the past 10 years concerning sustainable forestry and the apparent reduction in the availability of tropical timbers, particularly in the Japanese market, which had resulted in a move away from tropical timber and indicated that Producer Countries should reflect on these developments. He pointed out that through the 1980s, Producer Countries progressively embarked upon restrictions in log exports which resulted in buyers looking elsewhere for alternate markets to supply their needs.
162. Mr. Ginnings said, although Japan had increased its imports of tropical hardwood plywood, that had come under scrutiny by Japanese consumers and there had been some efforts to restrict the use of tropical hardwood plywood in some local authority construction. He cited the Tokyo municipal government which announced measures to reduce tropical plywood shuttering in constructions financed by the Tokyo City.
163. Mr. Osamu Hashiramoto (Japan) mentioned that the Study was very important not only to ITTO but also other International Organizations in the field of forestry and timber trade. He however noted that there were some inconsistencies in the structure of the report. He pointed out that in some cases issues of major importance had not been discussed extensively while certain issues which were not so relevant had been allocated so many paragraphs in the report. He therefore proposed that the report should be further revised to incorporate all the questionnaires which would be received later.

164. Mr. Mark Reimers (U.S.A.) pointed out the discrepancy in the title of the report and said the title of the Decision authorizing the Study was "Market Access" and indicated that the title of the report should be the same as that of the Decision authorizing the Study. He said, the U.S. delegation shared the concern of the Producers about the Market Access problems and believed that ITTO Members could perform a very constructive role in the area of Market Access. However, the preliminary report as presented did not address the range of issues and concerns that were addressed in Decision 2(XXIII), and indicated that the report appeared to be somewhat one dimensional, with simplistic conclusions. He cited as an example, the sections dealing with the environmental regulations which ignored a variety of problems and attributed the limitations to the structure of the questionnaires. The United States had pointed out the limitations in the questionnaire to Mr. Ginnings during their meeting in the U.S. and also had expressed such concerns in a subsequent letter to the Executive Director.
165. He suggested that the caucuses should discuss the issue and review possible options and the resource implications of these options that were available under Decision 2(XXIII). He further suggested that the issue could also be discussed at an informal joint Producer/Consumer session to enable a better understanding of the views and concerns. He noted that it might not be appropriate for the consultants to come out with any recommendations, but rather the issue should better be left to Council Members to engage in a bipartisan process.
166. Mr. Luciano Macieira (Brazil) endorsed the position expressed earlier by Mr. Osamu Hashiramoto (Japan) and indicated that because of the importance of the report there was the need for a more thorough understanding of the range of issues.
167. Mr. Hagen Frost (Germany) requested for a definition of "market restriction" to enable Members have a better understanding of the different situations in different countries. He regretted that they could not meet with the consultants in Bonn but indicated that they were prepared to provide every information on the developments in the tropical timber market with respect to Germany and the behaviour of consumers in Germany. Mr. Frost pointed out that the decree by the German Ministry of Transport had been wrongly quoted in the report, and he assumed that the consultants might not have had access to the original decree or might have taken their information from newspaper publications. He indicated his willingness to provide any further information the consultants might require on the subject. He supported an earlier proposal for in-depth discussion on the matter.
168. Mr. Barattini (European Union) expressed his support for the earlier suggestions made to have another in-depth look at the subject. He indicated that the European Union, on behalf of its Member States responded to the questionnaire in a very general manner. In his opinion, some of the questions in the survey should be addressed more to the private sector than to public authorities. He also mentioned that the legislation introduced in the framework of the GSP should be included in the report. He further reiterated that the legislation should not be considered restrictive in terms of trade but rather as an incentive for greater benefit of those countries who introduce sustainable forest management in their forestry. He supported the suggestion for further in-depth discussions in the caucuses.
169. Mr. Marco Braeken (The Netherlands) drew Members' attention to page 12 of the report – "Amendments to the Housing Act" and "The Vos Initiative" and indicated that the consultants had rightly concluded that the revised Housing Act made it possible for municipalities to link environmental conditions to building permits to private developers. He however pointed out that, the amendment was not with the view to implement a ban on the use of tropical timber, as stated in the report, since, such an act would clearly constitute a violation of the Netherlands's Government's obligation to the EU and WTO. He further pointed out that the early version of "The Vos Initiative" contained a ban on the use of tropical timber, however, during the consideration stage of the draft legislation in the Second Chamber of Parliament, the ban on the use of tropical timber was deleted because it was found to be inconsistent with the international obligations of the Netherlands Government. He also informed Members that during the summer months the Vos Initiative had been notified to the European Commission in Brussels, the EU Member States, and the WTO Secretariat. The notification indicated 19 October 1998 as the final date for comments on "The Vos Initiative". He pointed out that about 20 comments had so far been received, and submitted to the First

Chamber of Parliament for further consideration. He indicated further that the Minister for Foreign Trade had invited the First Chamber of Parliament for further briefing on the draft legislation by mid January 1999. In his opinion, by mid January 1999, the Minister for Foreign Trade should be in a position to give further information to the European Commission, the members of the EU, and the WTO Secretariat on the Vos Initiative.

170. Mr. Remigi Winzap (Switzerland) indicated that the report contained several interesting information and pointed out that the Swiss delegation was looking forward to proposals for action as indicated in the terms of reference. He suggested that any proposals should be put in the perspective of the Libreville Action Plan and should address the roles of Producer Countries, Consumer Countries, and the Organization in general.
171. Dr. I.J. Bourke (FAO) indicated that the introduction to the report should define the issues under discussion, and that the issues in the report should relate to market demand and not market access as traditionally defined. He supported the re-titling of the report as suggested by the representative of the United States.

#### **DOWNTURN IN THE INTERNATIONAL TROPICAL TIMBER MARKET – Decision 6(XXIV) (Agenda Item 18)**

172. The Executive Director, Dr. B.C.Y. Freezailah, was invited to address this agenda item on the Downturn in the International Tropical Timber Market.
173. He indicated that at the Twenty-fourth Session, concern was expressed by Council on the serious implications of the market downturn in the international trade in tropical timber and the implications of that in relation to the socio-economic well-being of Members and the on-going efforts towards enhancing sustainable forest management. He further indicated that Council had in that context decided to undertake a Study to assess the extent and implications of the market downturn for tropical timber and to make recommendations to address the problem.
174. Dr. Freezailah pointed out that the Study could not however be undertaken as no funds had been pledged for the purpose.
175. The Chairperson, Ms. Stephanie Caswell, strongly urged Members to consider financing the Market Downturn Study.

#### **COOPERATION BETWEEN THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO) AND THE AFRICAN TIMBER ORGANISATION (ATO) – Decision 7(XXIV) (Agenda Item 19)**

176. The Executive Director, Dr. B.C.Y. Freezailah, presented the report on cooperation between the ITTO and the ATO.
177. In his presentation Dr. Freezailah referred to Decision 7(XXIV) and drew Members' attention to document ITTC(XXV)/7. He pointed out that in accordance with the provisions of that Decision, the Executive Director entered into consultations with the Secretary-General of ATO, Mr. Mohammed Lawal Garba. He indicated that six (6) areas of co-operation were identified:
  - (i) activities related to the promotion of further processing of tropical timber
  - (ii) promotion of regional projects
  - (iii) collection and dissemination of information related to the work and activities of the two organizations
  - (iv) improvement of market information
  - (v) participation in the ITTO annual market discussions by the ATO
  - (vi) strengthening the inter-institutional dialogue and co-operation.

178. Dr. Freezailah further outlined the concrete measures needed to address areas of co-operation identified and drew Members' attention to Table 1 of document ITTC(XXV)/7. He also indicated that the Government of Gabon had submitted a project proposal to organize a conference to promote further processing of tropical timber in ATO Member Countries. The proposal, had been favourably appraised by the Expert Panel and would be considered by the Committee on Forest Industries at the Session.
179. The Executive Director also mentioned that the ATO would consult its Members in the formulation of regional projects to be submitted to the ITTO and such projects would focus on human resources development, implementation of criteria and indicators for sustainable forest management, promotion of lesser-used timber species and non-wood products.
180. In the area of information dissemination, the ITTO's Tropical Forest Update might be used for the dissemination of information related to ATO and ITTO's work and activities, and also the ATO would provide information for publication in the ITTO bi-monthly market information newsletter.
181. He also mentioned that the ATO was encouraged to participate in the ITTO's annual market discussion, which brought together members of the trade to discuss and exchange information on topics of current interest.
182. He concluded his presentation by indicating that both the ITTO and ATO should participate regularly in each other's Council Sessions as a way of further strengthening co-operation between the two Organizations.
183. Mr. Joachim Bile Allogho (Gabon), on behalf of the Gabon delegation expressed his appreciation to the Executive Director, for efforts being made to ensure ATO-ITTO co-operation. He recalled his country's request at the Twenty-fourth Session in Libreville for a formal discussion on ATO-ITTO co-operation, and indicated that his country had in that respect, submitted a project proposal to organize a conference to promote further processing in ATO Member Countries. He further indicated that the project proposal would strengthen consultation between ATO and ITTO and also identify obstacles hindering progress in the tropical timber industry in Africa which would lead to better investment of resources.
184. Mr. Osamu Hashiramoto (Japan) welcomed ATO-ITTO co-operation from the viewpoint of exchange of information on tropical timber. He indicated that Japan would contribute towards the proposed conference to promote further processing of tropical timber in ATO Member Countries. He recalled a similar Conference organized by the Common Fund in Africa and Latin America which made significant achievements.
185. Mr. Mohammed Garba (ATO) expressed his appreciation to the ITTO for the co-operation envisaged between ATO and ITTO. He said the ATO-ITTO co-operation was of significant importance because of the common objectives of the two Organizations and also because both ATO and ITTO have some common membership. He indicated that the proposal to organize a conference on further processing, which was submitted by the Government of Gabon had been endorsed by the ATO Council. He further said the conference would be of significant importance in keeping the people of the region informed about the importance of value-added timber processing and would also enhance market competitiveness. Mr. Garba mentioned that all stakeholders would be fully involved in the conference.
186. Mr. Franklin Moore (U.S.A.) indicated that the United States was very supportive of the co-operation being envisaged between the ATO and ITTO.

**REPORT BY THE EXECUTIVE DIRECTOR ON ORGANIZATION OF WORK UNDER THE ITTA, 1994 –  
Decision 2(XXIV) (Agenda Item 14)**

187. The Chairperson, Ms. Stephanie Caswell (U.S.A.), drew Members' attention to document ITTC(XXV)/5 – "Review and Classification of Council Decisions" and document ITTC(XXV)/11 –

"Exploring Possible Ways to Reduce Cost of Preparation, Printing, and Distribution of Documents."

188. Dr. Freezailah mentioned that the subject matter was related to follow-up actions pursuant to Decision 2(XXIV) in connection with the Organization of Work Under the ITTA, 1994. He indicated that there were three (3) issues that needed follow-up actions:
- (a) preparation of an inventory and classification of all Council Decisions adopted to date, as well as, identification of those Decisions that were still relevant and necessary to guide the work and activities of the Organization;
  - (b) initiation, on a pilot basis, the use of electronic mail for the dissemination of ITTO documents; and
  - (c) exploring ways and means of reducing costs of document preparation, translation, and distribution.
189. On classification of Council Decisions, Dr. Freezailah drew Members' attention to Document ITTC(XXV)/5. He noted that all the one hundred and sixty (160) Decisions adopted by Council during the past twenty-four (24) Sessions had been listed in the document under reference. He mentioned that many of the Decisions had been implemented or overtaken by events. The Decisions, had been classified into five (5) categories:
- (i) those implemented;
  - (ii) those superseded by other Decisions;
  - (iii) others – those which could not be classified as either implemented or superseded but were of no further relevance to the Organization;
  - (iv) those under implementation; and
  - (v) still relevant
190. He noted that Decisions that had been classified as "implemented", "superseded", and "others", were no longer relevant to the Organization, whilst those classified as "under implementation" and "still relevant" were still necessary for the Organization. He further indicated that copies of all the 160 Decisions had been compiled and would be made available to Members, on request.
191. Dr. Freezailah also spoke about cost reduction of ITTO documentation and the use of electronic mail for dissemination of documents and drew Members' attention to document ITTC(XXV)/11.
192. The Executive Director mentioned that there had been a steady increase in the number of documents prepared to facilitate the work of Council and the four Committees. He cited the Twenty-fourth Session in Libreville, where about one hundred (100) documents were prepared, translated, and disseminated, which imposed a heavy burden on the limited resources of the Organization and was consequently becoming rather unmanageable. To rationalize and reduce the workload, the Executive Director proposed four options for the consideration of Council:
- reduction of the number of documents prepared for Council and the Committees;
  - reduction of the number of documents translated;
  - reducing the frequency of Council and Committee Sessions; and
  - the use of electronic means to distribute documents.
193. Dr. Freezailah further indicated that there could be a significant reduction in the number of documents prepared for Council and Committees and drew Members' attention to the list of those documents he considered to be essential and which must be prepared (Ref. Pages 1 & 2 of document ITTC(XXV)/11). He mentioned that all other documents and reports prepared by implementing agencies of projects and pre-projects, should only be used as references or summarized and included in one of the essential documents listed on pages 1 and 2 of document ITTC(XXV)/11. He cited examples of non-essential documents; progress and completion reports of projects and pre-projects, monitoring and evaluation reports, and reports on seminars, workshops and meetings. He however indicated that such non-essential documents would be made available

to Members upon request only.

194. On the issue of the number of documents to be translated, Dr. Freezailah said translation work was costly and time consuming and therefore suggested that only documents classified as essential should be translated into the three(3) working languages of the Organization.
195. Dr. Freezailah suggested that for project and pre-project documents, only proposals submitted in French and Spanish be translated into English to facilitate the work of the Expert Panel for Technical Appraisal of such proposals. Secondly, only proposals considered by the Expert Panel for final appraisal by the Committees should be translated into the three working languages of the Organization.
196. The Executive Director further mentioned the convening of Council and Committee Sessions annually rather than bi-annually as another important issue for cost reduction. He indicated that the issue had been discussed by the Expert Group on Strengthening and Streamlining the Work of the Committees, pursuant to ITTC Decision 5(XXIV).
197. Dr. Freezailah said the Secretariat had, through consultations, gathered information on the establishment of a "Document Network System" and had received the E-mail addresses of 33 Members which would provide a sample large enough to initiate the distribution of documents by electronic means, on a trial basis. He therefore indicated that as soon as funds were pledged for the purpose, a Document Network System accessible only to Members would be established.
198. Mr. Enzo Barattini (European Union) expressed his appreciation to the Executive Director for the proposals made in Documents ITTC(XXV)/5 and ITTC(XXV)/11. He indicated that the proposals had implications which were being discussed in other fora such as the Streamlining of the Work of Council and Committees by reducing the number of Sessions of Council and Committees. He indicated the support of the European Union for the general philosophy underlining the proposals. He also endorsed the proposal on the distribution of documents by electronic mail and indicated that the European Union was willing to participate in it.
199. He supported a reduction in the amount of documents that were distributed to Members for every Session, and suggested that an update of the list of people who should receive the documents be carried out to avoid the situation where two or three sets of documents were sent to the same Member State.
200. Ms. Ellen Conway (U.S.A.) expressed the U.S. delegation's appreciation to the Secretariat for the analysis in document ITTC(XXV)/5. She referred to the IAG report No. 3 and suggested further classification of those Decisions that were still under implementation or still relevant into subject areas. She also indicated the support of the United States for cost reduction in documents preparation, translation, and distribution and indicated further the willingness of United States to participate in the proposed Document Network System.

#### **REPORT OF THE CONSULTANTS ON REVISION OF PROJECT RELATED GUIDELINES AND MANUALS – Decision 8(XXII) (Agenda Item 13)**

201. The Chairperson introduced the two consultants, Dr. Marcio de Paula Fernandes (Brazil) and Mr. John Krijnen (Swiss Intercooperation). She recalled that at the Twenty-fourth Session in Libreville, the consultants provided an interim report on the subject. She invited the consultants to present their final report.
202. Mr. John Krijnen (consultant), on behalf of Mr. Marcio de Paula Fernandes expressed their appreciation to the Council and indicated that the tasks of the assignment, based on Decision 8(XXII), were essentially two-fold. These were:
  - (a) Revision of existing manuals;
  - (b) Preparation of a new manual.

203. Referring to existing manuals, Mr. Krijnen cited the "ITTO Manual for Project Formulation" and the "ITTO Manual for Project Monitoring, Review, and Evaluation". He pointed out that the objectives for the revision stressed in particular, simplification in form and content, through the use of standard formats. The output from the revised manuals was expected to lead to clearer, more coherent and concise project proposals as well as more effective and efficient project implementation.
204. Referring to the preparation of a new manual, Mr. Krijnen said, the new manual was expected to provide instructions for the executing agencies on planning, monitoring, and evaluation work. He further indicated that the new manual included:
- (a) Financial Rules and Rules Relating to Projects;
  - (b) Guidelines for the Selection and Employment of Consultants;
  - (c) Guidelines for the Procurement and Payment of Goods and Services Financed from the Special Account; and
  - (d) Updated version of all Council Decisions.
205. According to Mr. Krijnen, the new manual also contained proposals for
- (i) Travel Arrangements and Travel Authorization;
  - (ii) Official Hospitality; and
  - (iii) Channels of Communication.
206. Mr. Krijnen provided highlights of the expected outputs of the three (3) manuals –
- (1) Manual on Project Formulation,
  - (2) Manual on Project Monitoring, Review, and Evaluation
  - (3) Manual on Rules and Procedures for Project Implementation.
207. Referring to the Manual on Project Formulation, Mr. Krijnen said it had been completely reformulated and gave the following as the highlights:
- (i) Completely simplified – irrelevant sections had been taken out from the previous manual
  - (ii) Less theoretical explanations had been used;
  - (iii) Large number of concrete planning examples had been provided for every Committee;
  - (iv) More weight had been given to specific annotated formats for project-ideas, project proposals, and pre-project proposals;
  - (v) A new budget category – Executing Agency Management Cost had been introduced in the budget. He explained that the idea was to cover the Executing Agency's overhead costs as part of the Host-Government's contribution to the project;
  - (vi) The inclusion of a standard format on the profile of the Executing Agency.
208. On the manual for Project Monitoring, Review and Evaluation, Mr. Krijnen indicated that models for Project Technical Reports and Yearly Plan of Operation had been included. He explained further that the Project Technical Reports were meant to register and transmit the results of the work carried out under the ITTO research, development, and demonstration projects. He mentioned that the Technical Reports were different from Progress Reports, in nature and content, and that Technical Reports contained technical and scientific data, analysis of the data as well as discussion of project results. While Progress Reports contained information which were essentially managerial, such as description of tasks which had been started or concluded in the period covered by the Report, the percentage of the work carried out and the costs incurred.
209. On the Yearly Plan of Operation, Mr. Krijnen said it formed the year-wise expression of the Project Document and to be prepared on a yearly basis, by the Project Management, taking into account the results of internal and external reviews through regular and periodic monitoring of achievements, as reflected in the Project Progress Report. He suggested that the Yearly Plan of Operation should



be used for projects with a duration of two years or more, and a phase budget exceeding US\$400,000.00. He said one of the difficulties in project planning was that the "radius of foresight" hardly ever corresponded to the "radius of action" and that the longer the duration of a project phase, the more difficult it was to correctly assess whether the activities of the subsequent years were realistically planned especially for projects with innovative character. He suggested that for such projects, monitoring and planning should be more closely linked to ensure project effectiveness, efficiency, and impact.

210. On the Manual on Rules and Procedures for Project Implementation, Mr. Krijnen said, the new Manual had been written as a field manual for quick and easy reference. It contained two sets of data –

- (i) Guidelines and Rules
- (ii) Council Decisions

He indicated that the Guidelines and Rules contained summaries which do not have an authoritative character over the Original Guidelines and Rules and therefore where, the bolts and nuts were known, the Original Guidelines should be referred to.

211. In conclusion, Mr. Krijnen said they were looking forward to comments from Members on the report and thanked the Executive Director and his staff for the support they received throughout the entire assignment.
212. Ms. Catherine H. de Pater (The Netherlands) mentioned that the report was very comprehensive but pointed out that the Manual on Project Formulation provided a lot of attention to Stakeholder analysis in the annex to the document and not in the main document. She suggested that Stakeholder analysis be made part of the Project Cycle and therefore should appear in the main text.
213. Mr. Richard Dewdney (United Kingdom) reiterated his earlier suggestion of incorporating decisions reached regarding streamlining the work of the Committees into the Project Related Guidelines and Manuals.
214. Mr. Osamu Hashiramoto (Japan) said the manual was easy to read and understand and also the logical framework concept and the budget items appeared much more transparent. He however, supported the earlier suggestion made by the delegate of the United Kingdom that the Manuals were closely related to the issue of streamlining the work of the Committees and therefore called for further consideration of the Manuals.
215. Mr. Remigi Winzap (Switzerland) praised the work of the consultants and indicated that Council should take a quick decision for the Manuals to enable them become a working document for the Organization. Referring to the Project Formulation Manual, he pointed out that an audited financial report should be one of the key outputs. He also commented on the new budget item – Executing Agency Overhead Cost and indicated that it should be based on 15 percent of the cost of consultants of the executing agency and not the total cost of the project. He also indicated that environmental impact tend to have financial implications on the project.

#### **CITES LISTING PROPOSALS BY MEMBERS – Decision 3(XVI) (Agenda Item 12)**

216. Dr. B.C.Y. Freezailah, Executive Director, presented the report on CITES Listing Proposals by Members.
217. Dr. Freezailah mentioned that the proposals for listing of internationally trade timber species in the appendices of CITES by Members was a follow-up to ITTC Decision 3(XVI). He indicated that the Decision provided for Members to co-ordinate their actions within ITTO and CITES to avoid inconsistent approaches in both fora. The Decision also called upon Members to inform the ITTO at the earliest opportunity of any proposals by Members to list internationally traded tropical timber species in CITES appendices together with any relevant information.

218. The Executive Director informed Council that he had not been advised by Members of any such proposal.
219. Mr. Luciano Macieira (Brazil) drew Members' attention to a statement made by Ms. Barbara Briglia Tavora at the Twenty-fourth Session in Libreville, that Brazil had requested the inclusion of Brazil's population of mahogany (*Swietenia macrophylla*) in CITES Appendix III. He also drew Members' attention to another statement made by Ms. Barbara Briglia Tavora that Brazil would promote an informal working group meeting on mahogany. He reported that the meeting was convened in June in Brasilia with almost 120 participants from many countries, and made reference to page 11 of document ITTC(XXV)/Info. 6 which contained a report of the working group on mahogany.

**CRITERIA AND INDICATORS FOR SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS  
– Decision 3(XXIV) (Agenda Item 15)**

220. Dr. B.C.Y. Freezailah, Executive Director, presented the report on the status of the implementation of Decision 3(XXIV).
221. Dr. Freezailah informed Council that the revised ITTO Criteria and Indicators had been published and widely distributed. He indicated that Decision 3(XXIV) also provided for a consultant's report to facilitate the work of an Expert Panel to produce a manual on the methods that could be used to compile data on Criteria and Indicators. However, since no funds were pledged for that purpose, that component of the Decision could not be implemented.
222. The Chairperson, Ms. Stephanie Caswell, on behalf of Council thanked the Executive Director and the Secretariat for the swift manner it had handled the publication of the Criteria and Indicators. She expressed her dismay that funding was not forthcoming to implement the follow-up work on Criteria and Indicators, which was the development of a User's Manual. She encouraged Members to provide support for the development of a User's Manual.
223. Mr. Toshikatsu Aoyama (Japan) stated that he hoped the Expert Panel to produce a manual on the methods that could be used to compile data on Criteria and Indicators would be convened, based on Decision 3(XXIV). He however suggested that since the issue was very important and was related to the assessment of the Year 2000 Objective, Producer Countries should adopt the ITTO Criteria and Indicators for Sustainable Management of Natural Tropical Forests as part of their forest policies and experiment these Criteria and Indicators on the field.

**WORK PROGRAMME FOR THE YEAR 1999 – Decision 9(XXIV) (Agenda Item 21)**

224. Presenting the Work Programme for 1999, Dr. Freezailah recalled that Decision 9(XXIV) called for the adoption, publication, and dissemination of the Libreville Action Plan, and hoped that Members had received the printed copies. He indicated that the Decision further called for the preparation of a Work Programme for 1999, and the Secretariat had accordingly prepared a draft and circulated to the Chairpersons and Vice-chairpersons of Council and the four Committees, soliciting their comments. Based on their valuable inputs, the Secretariat's draft was accordingly revised, as contained in document ITTC(XXV)/6 dated 16 September 1998. Dr. Freezailah said the Work Programme was based on ITTA, 1994 and the Libreville Action Plan. He further indicated that the programme of work had been structured in terms of the work and activities to be undertaken by the Council, the four Committees, and the Secretariat in 1999. He highlighted some of the activities to be undertaken by Council; items (ii), (iv), (vi), (viii), and (x) [Ref. Doc. ITTC(XXV)/6 page 2]. Dr. Freezailah indicated that the Council might consider undertaking a review of the Organization's progress towards the Year 2000. He recalled that the mid-term review was undertaken in 1995 and suggested that it might be appropriate to undertake another review in 1999.
225. On the Work Programme for the Committees, the Executive Director highlighted three activities in the Committee on Economic Information and Market Intelligence. These were items (ii), (iii), and (iv) [Ref. doc. ITTC(XXV)/6 page 4]. Under the Committee on Reforestation and Forest Management he highlighted items (i) and (ii) [Ref. doc. ITTC(XXV)/6 Page 5]. On the Committee on Forest

Industry he highlighted items (i), (ii), (iii), and (iv). [Ref. doc. ITTC(XXV)/6 Page 6]

226. Ms. Aulikki Kauppila (Finland), Chairperson of the Committee on Forest Industry, informed Council that the Committee had discussed the draft Work Programme in relation to the activities of the Forest Industry Committee. She noted that ten (10) activities were listed for the Committee in document ITTC(XXV)/7. She said it was noted by the Committee that items (v) to (x) were related to project work where the mechanism was already in place. She mentioned that, in the view of the Committee, there should be a distinction between policy work which needed detailed discussions at Council and project work where the mechanism already existed. She also mentioned that the Committee had discussed in detail the four items highlighted by the Executive Director, including the timetable and the resources needed.
  
227. She further mentioned that the Committee had agreed to discuss item (i) – "Monitor and review the need for work on tropical timber standardization and harmonization, including the area of tropical nomenclature" at the Twenty-sixth Session in Thailand. She indicated that the Secretariat would have to compile information on ITTO's previous work on standardization and nomenclature, including type and number of projects ITTO had financed in that area. The information would assist the Committee in the review.
  
228. On item (ii) in the Work Programme, Ms. Aulikki Kauppila mentioned that the Committee had amended it to read "Prepare terms of reference and make recommendations to Council on work, to develop and publish, in co-operation with industry, guidelines on increasing utilization efficiency and the reduction of losses and waste throughout the production chain". She also indicated that the Committee would briefly discuss the issue at the Twenty-sixth Session in Thailand and requested the Secretariat to make a compilation of information on previous work in this field. The terms of reference and final recommendations would however be submitted to Council at the Twenty-seventh Session in Yokohama.
  
229. On item (iii), the Committee requested the Secretariat to prepare a background paper for distribution to Members at the Twenty-seventh Session. The Committee would thereafter discuss the issue at the Twenty-eighth Session in Yokohama.
  
230. On item (iv) of the draft Work Programme for the Committee on Forest Industry, Ms. Aulikki Kauppila pointed out that the Committee discussed that subject briefly at the Twenty-fourth Session in Libreville and decided to hold further discussions on the subject at the Twenty-fifth Session. The Committee noted that under the Libreville Action Plan, the area of Non-wood Forest Products was put under the Committee on Reforestation and Forest Management and therefore suggested the deletion of the item (iv) from the draft Work Programme of the Committee on Forest Industry and rather included in the Work Programme of the Committee on Reforestation and Forest Management.
  
231. Ms. Aulikki Kauppila mentioned that the Committee had suggested the inclusion of a new item in their programme of work - "To prepare terms of reference and recommend to Council the implementation of a study to review the status of tropical timber further processing in producing countries". She indicated that the Committee would implement this activity during the Twenty-seventh Session in Yokohama. However, during the Twenty-sixth Session the Committee would consider the procedures to obtain information on the status of further processing in each producing country. She also mentioned that the Committee would not need any additional resources to implement those activities that had been scheduled for implementation in May 1999, and the situation would however be reviewed at the May Session.
  
232. Dr. Roszehan Mohd. Idrus (Malaysia), Chairperson of the Committee on Economic Information and Market Intelligence, informed Council that the Committee had started discussions on the draft Work Programme for 1999. She pointed out that several additional activities had been suggested for inclusion in the Work Programme but they were still being discussed. She indicated that the Committee would prioritize these activities after concluding discussions on them.
  
233. Mr. Toshikatsu Aoyama (Japan), Chairperson of the Committee on Finance and Administration, informed Council that the Committee on Finance and Administration had concentrated discussions

on the management of the Bali Partnership Fund for the purpose of reaching a draft Decision in line with the Libreville Action Plan.

234. Ms. Ellen Conway (U.S.A.) commended the Secretariat for the 1999 Work Programme. She pointed out that, in the view of the United States delegation, the Programme was too ambitious and that some of the items should be deleted or moved to the year 2000. She indicated that the purpose of the Work Programme was to list priority actions that emanated from the Libreville Action Plan or from Council Decisions. She suggested the deletion of items (iii) and (iv) under ITTC in the draft Work Programme for 1999 and instead suggested that items (iv) and (xv) be combined to read:

"consider ways to mobilize financial resources for the Special Account and Bali Partnership Fund including for example, from the Common Fund of Commodities and non-government sources".

Ms. Ellen Conway also suggested that items (xvi) and (xxi) under ITTC should also be combined because co-operation with ATO had already been addressed in item (xvi). Under the draft Work Programme for the Committee on Economic Information and Market Intelligence, Ms. Conway indicated that item (iv) was a follow-up of items (iii) and (vi) and would be better identified under the Year 2000 Work Programme. She also proposed that the Committee consider ways to enhance consumer awareness and education in order to better inform people about the purpose and activities of the ITTO, including for example the potentially positive relationship between timber production and trade and sustainable forest management. She suggested that this be included in the Work Programme of the Committee. Regarding proposed activities under the Committee on Forest Industry, she indicated that the U.S. delegation was opposed to item (iii) on codes of conduct. In the opinion of the U.S. delegation, an International Organization like the ITTO should not be developing codes of conduct for industry. In her opinion, codes of conduct for industry should be developed by industry. Under the proposed activities for the Committee on Finance and Administration, she suggested the combination of items (viii) and (iv) as part of the general budget discussion.

235. Mr. Enzo Barattini (European Union) commended the Executive Director, the Secretariat, and members of the IAG for the draft Work Programme for 1999. He expressed the satisfaction of the E.U. with the Work Programme and indicated that, it was in line with the implementation of the Libreville Action Plan. He said although it appeared quite ambitious as indicated earlier by the U.S. delegation, it was in the right direction. He said the E.U. expected the future programme of ITTO to be ambitious. He said the document was exhaustive and covered all the activities of the Organization and wondered whether these excellent activities could be undertaken without the necessary resources and suggested that in future an evaluation of the resources needed be included in the programme. He also suggested that a mission statement should also be included in the Work Programme. He concluded by supporting the suggestion made by Dr. Freezailah for a review of the progress of the Organization towards the Year 2000 Objective in 1999.
236. Ms. Kayoko Fukushima (Japan) commended the Secretariat for the draft Work Programme. She indicated that the programme was very comprehensive, and in the view of the Japanese delegation, implementing all activities outlined in the Work Programme in one year would be a heavy burden on the Secretariat and therefore called for prioritization of the activities.
237. Mr. Remigi Winzap (Switzerland) commended the Secretariat for the Work Programme. He however made some suggestions with respect to the structure of future work programmes. In his opinion, all the items in each category should be prioritized. For each of the items, the specific objectives and the activities should be stated with references to either the Year 2000 Objective, the ITTA, 1994, or the Libreville Action Plan. He also suggested that the resources needed to carry out the activities as well as the time frame should be stated in the future work programmes. Mr. Remigi Winzap said the on-going discussions with IFF was not included in the activities listed under ITTC in the draft Work Programme. He also supported the suggestion made by the U.S. delegation that several items listed under the section of Economic Information and Market Intelligence could be combined. He indicated that item (iii) under Committee on Economic Information and Market Intelligence had the same wording as it appeared in the Libreville Action Plan and suggested that the Work Programme should be more concrete than what was stated in the Libreville Action Plan. On the draft Work Programme for the Committee on Forest Industry, Mr. Winzap supported the view expressed by the

U.S. delegation that ITTO should not be involved in developing code of conduct for industry.

238. Dr. Untung Iskandar (Indonesia) commended the Secretariat for the draft Work Programme for 1999. He drew Members' attention to item (xvii) on page 3 of the draft Work Programme which dealt with the results of the technical consultation on the prevention and management of forest fires and indicated Indonesia's support for the initiative and also mentioned that Indonesia would like to be involved in the dissemination of "the Manual of Forest Fire Prevention" particularly to forest dwellers, NGOs, as well as the local communities as one of the activities that would ensure sustainable forest management in Indonesia. He also indicated Indonesia's support for the use of ITTO Home Page and electronic mail to distribute ITTO documents to Members.
239. In her concluding remarks, the Chairperson, Ms. Stephanie Caswell (U.S.A.), indicated that since the draft Work Programme was the first attempt by the Organization, there would be room for improvement in future work programmes.

**TECHNICAL CONSULTATION ON FOREST FIRE: REPORT OF THE EXPERT MISSION –  
Decision 8(XXIV) (Agenda Item 20)**

240. The report of the Expert Mission on Technical Consultation on Forest Fire pursuant to ITTC Decision 8(XXIV) was presented by the Executive Director, Dr. B.C.Y. Freezailah.
241. Dr. Freezailah mentioned that Decision 8(XXIV) called for the dispatch of Expert Missions upon request to Member Countries affected by forest fire and also provided for the convening of a Technical Consultation. He indicated that Expert Missions were undertaken to Indonesia and Malaysia from 8 to 20 September 1998 whilst a Technical Consultation had been planned to be hosted in Jakarta from 7 to 8 December 1998.
242. He drew Members' attention to document ITTC(XXV)/4 – "Report of the Mission on Forest Fire Prevention and Management in Indonesia and Malaysia (Sarawak) (8-20 September 1998)."
243. Dr. Freezailah informed Members that at the invitation of the Governments of Indonesia and Malaysia, the Expert Mission visited Indonesia from 8 to 15 September 1998 and Sarawak, Malaysia from 16 to 19 September 1998. The Mission included: Dr. Cherukat Chandrasekharan (India) as Mission Leader, Dr. Isamu Yamada (Japan), Mr. Surendra Shrestha (UNEP), Dr. F. Gunarwan Suratmo (Indonesia), Mr. Ludwig Schindler (Germany), Dr. Michael Brady (Canada), Dr. Johann G. Goldammer (Germany).
244. The Executive Director mentioned that the Mission held wide-ranging discussions with government officials, donor agencies, NGOs, and experts in both countries. The Mission also held several consultations with JICA. The Mission reviewed occurrences of several forest fires which had attracted world attention in recent past. These included the Parana fire in Brazil in 1963; the Côte d'Ivoire wild fires in 1982-83; the Australia fires in 1983 which killed 300,000 heads of sheep and burned over 2,500 homes; the Northern China fire in 1987 which burned around 1.3 million hectares of forest and destroyed more than 10,000 houses with a death toll of about 200 people; the Roraima fires in Brazil in 1998 which burned some 3.2 to 3.5 million hectares of forest.
245. The Mission undoubtedly reaffirmed that forest fire was a global problem.
246. In Indonesia, the Mission noted that there was evidence of forest fire occurrences since pre-historic times, and provided detailed account of the fire environment and an analysis of the influence of climate variability and anthropogenic factors on fire regimes. The Mission's report indicated that preliminary remote sensing assessment of the area burned in 1997 was 3.6 million hectares (2.2 million in Sumatra and 1.4 million hectares in Kalimantan). The report indicated that a large portion of the area burned was non-forested land. Forests burnt were mainly logged over and secondary areas.

247. The report also mentioned that in 1998, wild fires burned 508,732 hectares of forest area, in East Kalimantan. There was hardly any fire in well-preserved evergreen forests. It provided an analysis of the causes of forest fires in Indonesia, and indicated that the El Niño phenomenon might have existed for over two million years and occurred in a cycle of about 7-10 years, however fires due to natural causes, which might or might not coincide with the El Niño phenomenon, occurred only once in a 100 years or more. It pointed out that in recent past, the frequency and intensity of El Niño and wild fires had increased. The report mentioned that the forest fires in Indonesia were characterized by conditions, often emanating from negligence, and cited the following causes:
- (i) large scale logging, leaving a high percentage of residues in the forest, which became highly combustible in drought years;
  - (ii) land clearing practices of plantation companies, shifting cultivators, and small holders;
  - (iii) careless use of fire by graziers, non-wood forest products collectors, and campers;
  - (iv) intentional fires for staking land claims, or for other reasons.
248. Other contributory factors cited in the report included:
- weaknesses in policies, legislation and their implementation/enforcement;
  - reluctance to adopt zero-burn techniques of land preparation on the part of land owners, or low-impact logging on the part of concessionaires;
  - inadequacies in forest fire management;
  - poverty, social conflicts, and lack of incentives for the total community to participate in forest fire protection; and
  - institutional inability to learn lessons from past experience.
249. The Mission also carried out valuation of losses due to the forest fire in Indonesia. According to the report, the WWF conducted a study on the economic losses caused by fire in Indonesia during 1997 and estimated it to be in the range of US\$3.1 billion. Additional costs due to fire and smoke haze in Indonesia and in the neighbouring countries were in the range of US\$1.4 billion – Malaysia lost US\$300 million, mainly from industrial production losses and tourism; Singapore lost over US\$60 million, mainly from tourism; Indonesia lost over nearly US\$90 million from tourism, airline cancellations, and airport shutdowns; while Malaysia and Singapore together suffered almost US\$12 million in health costs.
250. The Report mentioned the lack of infrastructure, inadequate trained personnel, insufficient equipment, and weaknesses in enforcement of rules and regulations as major constraints in forest fire management in Indonesia.
251. The Mission noted that Sarawak had been free from any major fires except for small managed fires but was however affected severely by the effect of smoke and haze generated by the Indonesian forest and land fires of 1997 and 1998. According to the Report of the Expert Mission, the first major fire in Sarawak, in the recent past, was recorded in 1998. The Report mentioned that several of the constraints faced by Sarawak during the fire event were similar to those in Indonesia – inadequacy of fire data; remoteness of fire locations, inadequate facilities to transport fire fighting crew, lack of adequate and upgraded training on specific aspects of forest fire appropriate to site characteristics, etc.
252. The Mission also reviewed the short to medium term international assistance to Indonesia in addressing the problem of forest fire between 1982 and 1992. These included; fact finding and needs assessment and consultation missions; emergency assistance; technical aid and equipment; training courses and seminars as well as management support by several agencies and countries such as UNDP, UNDRO, FAO, JICA, ITTO, GTZ, U.S.A., EC, Australia, Canada, and Finland. At the regional level several initiatives were taken to address the problem of transboundary haze pollution – such as establishment of Haze Technical Task Force, regular meetings of the ASEAN Environmental Ministers, formulation of ASEAN Regional Haze Action Plan, and its implementation and co-ordination of regional level actions with support from the Asian Development Bank (ADB).

253. The Report indicated that the 1997-98 fires led to several initiatives at national, regional, and international levels. Many countries and international organizations provided emergency assistance in cash and kind, including equipment and medical supplies. These led the Indonesian Government to reactivate and strengthen the Forest and Land Fire Control Centres at national and provincial levels and Executive Units and Fire Brigades at subdivisional and local levels.
254. The Report further indicated that the ITTO, with financial support from the Common Fund for Commodities (CFC), provided assistance to develop an Indonesian National Guidelines on Forest Protection Against Fire.
255. In defining a niche for ITTO in the context of forest fire management, the Mission identified the following areas for consideration:
- assistance for preparing a national forest fire plan;
  - rehabilitation planning for fire affected forest areas;
  - pilot demonstration and practical training in forest fire management;
  - community participation in forest fire management;
  - manuals for forest fire management activities;
  - support for selected components of capacity building;
  - expanding the scope of the Model Forest Management Area Project in Sarawak to include forest fire management;
  - support to and collaboration with national, regional, and global incentives on technology development;
  - building strategic partnerships with relevant agencies.
256. The Mission further emphasized that integrated forest fire management was an essential component of sustainable forest management and a basic requirement to achieve ITTO Objective 2000.
257. The Executive Director informed the Council that a technical consultation on the main aspects of forest fire management would be hosted by the Government of Indonesia from 7 to 8 December 1998, with the theme "International Cross-Sectoral Forum on Forest Fire Management in South-East Asia". The ITTO and JICA would jointly sponsor participants.
258. Ms. Kayoko Fukushima (Japan) indicated that forest fires were made more disastrous because of global climate change and the El Niño last year and countries with tropical forests such as Indonesia suffered from the losses of precious forest resources. Although forest fires had been subdued, there was the possibility of similar large-scale disasters occurring in the future, and therefore there was the need for countries and International Organizations to exchange views on the subject. She accordingly, indicated the support of the Government of Japan for the Technical Consultation on Forest Fire to be held in Indonesia. She said the Technical Consultation would be co-organized by JICA and the Government of Indonesia. She also mentioned that ITTO's co-operation with JICA in the Technical Consultation would strengthen future ITTO co-operation with JICA in the field of forestry. Ms. Kayoko Fukushima also mentioned that, it was the hope of the Government of Japan that similar ITTO Missions would be sent to other countries with forest fire problems.
259. Dr. Untung Iskandar (Indonesia) expressed his appreciation to Council for the Expert Mission to Indonesia to examine the extent of fire damage and possible actions to mitigate against future occurrences. He also, on behalf of the Indonesian delegation expressed his appreciation to the Government of Japan, JICA, all donors, and Experts who contributed in diverse ways in controlling the fire which devastated approximately 5 to 7 million hectares of forest land.
260. Dr. Untung Iskandar appealed for international assistance to rehabilitate the livelihood of the local people who were displaced by the fire. He suggested that the rehabilitation could take the form of integration or recruitment of the local people in land rehabilitation efforts as well as other field activities. He also suggested the development of educational programs for the local communities and forest dwellers, such as the zero-burning land clearing practices.

261. Mr. Mark Reimers (U.S.A.) supported the remarks made by Dr. Untung Iskandar. He drew Members' attention to the list of follow-up actions and the recommendations in the Report of the Expert Mission calling on ITTO to work in partnership with other organizations in the area of forest fires. He said the recommendation was an important one, since there was the possibility of a lot of confusion and overlapping efforts and resources from different bilateral and multilateral agencies working in the area of forest fires. ITTO's limited resources should therefore be used to complement the efforts of other donors and agencies.
262. Mr. Jin Bosheng (China) commended the ITTO Secretariat and the donor agencies on the implementation of ITTC Decision 8(XXIV) on forest fires and also for sending the Expert Mission to Indonesia and Malaysia. He pointed out that forest fire had become regional/global issue rather than national issue and therefore a global mechanism should be established to combat forest fires. He said China had been discussing the possibilities of establishing some mechanism to control the trans-boundary forest fires with China's neighbouring countries.
263. Mr. Enzo Barattini (European Union) commended the Executive Director, Dr. Freezailah, for the Report. He indicated that the Report gave a dramatic picture of the terrible situation that many countries had suffered because of the damage caused by fire and also provided highlights of some activities that could be undertaken within the general framework of ITTO's future activities.
264. Dr. I.J. Bourke (FAO) said the issue of forest fires was a subject of considerable interest and a number of organizations, including the FAO, were involved in different aspects. He mentioned that FAO recently convened a meeting of experts on the problem of forest fires on public policies affecting forest fires which was attended by Dr. Efransjah of the ITTO Secretariat and commended the very useful inputs made by Dr. Efransjah at the meeting. He also mentioned that FAO was hosting a meeting of Ministers of Forestry in 1999 which would discuss, among other things, the issue of forest fire.
265. Mr. Pralong Dumrongthai (Thailand) commended the ITTO for the Expert Mission as well as the publication and distribution of "ITTO Guidelines on Forest Fire Management in Tropical Forest" which they found very useful. He mentioned that Thailand also experienced the problem of forest fire, and indicated that Thailand had sent resource persons for training in Indonesia on forest fire management. He further made a request for the Expert Mission of Forest Fire to visit Thailand.

#### **REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 22)**

266. The Chairman of the Credentials Committee, Mr. Joachim Allogho Bilé (Gabon) referred Members to document ITTC(XXV)/16. He indicated that the Credentials Committee which comprised representatives of Colombia, Côte d'Ivoire, Egypt, Germany, Indonesia, Republic of Korea, and the Netherlands met on 5 November 1998 to examine the credentials and attendance of forty (40) countries and the European Union during the Twenty-fifth Session of the ITTC and Twenty-third Session of the Associated Committees.
267. The Committee recommended that the credentials of the forty (40) countries and the European Union be approved. The Committee further requested Bolivia and Switzerland to submit their credentials for appropriate action by the Secretariat.

#### **REPORT BY MEMBERS ON PROGRESS TOWARDS ACHIEVEMENT OF THE YEAR 2000 OBJECTIVE – Decision 3(X) (Agenda Item 11)**

##### **Statement by Malaysia**

268. Mr. Shaharuddin Mohamed Ismail (Malaysia) on behalf of the Malaysian delegation presented the Malaysian progress report towards the achievement of the ITTO Year 2000 Objective.



269. He recalled the last Malaysian progress report presented at the Twenty-second Session of the ITTC held in Santa Cruz, Bolivia in May 1997 and mentioned that since the last progress report, Malaysia had formulated and operationalized the "Malaysian Criteria and Indicators for Sustainable Forest Management (MC & I) using "the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests" and the "ITTO Criteria for the Measurement of Sustainable Tropical Forest Management". The efforts were spearheaded by the National Committee on SFM in Malaysia. Malaysia had also formulated a set of MC & I for purposes of forest management certification at the FMU level. A total of 71 activities and 164 management specifications covering 6 criteria and 28 indicators were formulated. He pointed out that since the formulation of the MC & I, a number of assessments, both internally and through independent external assessors had been conducted to assess the implementation of all prescribed activities at the FMU level. The first internal assessment for Peninsular Malaysia was conducted in 1996. The assessment had resulted in valuable feedback for further improvement and refinement of the MC & I. In addition, Malaysia and the Netherlands through the Kerhout Foundation had undertaken an assessment on current forest management practices in the States of Pahang, Selangor, and Terengganu in accordance with MC & I for forest management at the FMU level, and as a result SGS Malaysia, issued audit statements on forest management, certifying the practices of sustainable forest management in those three States.
270. Mr. Shaharuddin also mentioned that as part of the programme to promote the MC & I, and recognizing the important role played by logging contractors towards the full implementation of the programme, the Forestry Department of Peninsular Malaysia organized three (3) regional seminars for the logging contractors and the logging industries in March, May, and August 1997. Besides these achievements, he said there were further efforts by the Malaysian Government to strengthen the institutional and policy framework to ensure more effective forest management and administration.

#### **Statement by Brazil**

271. Mr. Luciano Macieira (Brazil) on behalf of the Brazilian delegation presented the report on the progress of Brazil towards the Year 2000 Objective.
272. He informed Members that Brazil was in the final process of creating the Brazilian Agency for Environment, which would be responsible for regulation of forest activities. The new Agency would have a flexible structure with its own budget and that constituted a remarkable achievement towards sustainable forest management.
273. Mr. Macieira also mentioned the listing of Brazilian population of mahogany in Appendix III of CITES with effect from 26 July 1998. Brazil also hosted a meeting of the working group which discussed issues related to logging and protection of mahogany from 3 to 5 June 1998. He also mentioned some policies instituted by the Government of Brazil on mahogany. He cited the reduction in the number of logging licenses for mahogany since 1994, and indicated that new authorization for logging mahogany had now been completely frozen. In the State of Para, logging, production, and trade had been fully prohibited. The Government of Brazil had also instituted a Task Force for fighting forest fire and created a working group with representatives from foreign affairs, finance, agriculture, environment, frontier police etc. to study the problem of undocumented trade. A new model for the management of national forests had also been proposed with the creation of the national public forests. The new Agency for Environment would be responsible for implementing and monitoring the new model of exploitation, which incorporated concepts of sustainable management of forest resources.
274. Mr. Richard Dewdney (United Kingdom) commended Brazil for the number of activities they had undertaken towards the ITTO Year 2000 Objective in the recent past.

#### **Statement by Papua New Guinea**

275. Mr. Dike Kari (Papua New Guinea) presented the report on the progress of Papua New Guinea towards the ITTO Year 2000 Objective.

276. Mr. Dike Kari recalled Papua New Guinea's 1995 Mid-term report which provided an update on their achievements towards the Year 2000 Objective. He outlined further progress made since 1995, which included:
- (a) drafting of the Forestry Act and the National Forest Policy;
  - (b) promulgation of a National Forest Plan in 1996 to guide forest resource utilization and management;
  - (c) finalization of Papua New Guinea logging code of practice in 1996 which was ratified by Parliament in June 1996 and became effective on 1 July 1997;
  - (d) preparation of the Medium Term Development Strategy (1997-2002);
  - (e) preparation of the Four Year Corporate Plan (1998-2001) for Papua New Guinea Forest Authority;
  - (f) formulation of Forest Management Agreements (FMA) between the customary landowners and the Papua New Guinea Forest Authority for securing forest areas for development. The FMA system replaced the old Timber Rights Purchase method of acquiring forest resources from the customary owners. The FMA system had been designed to ensure sustainability by giving long term (50 years) use, harvest and replenish rights to the Forest Authority. Under the FMA concept the minimum size for stand-alone projects would be 82,000 hectares of forest. However, smaller areas would be considered for amalgamation to give a sustainable project to last at least 35 years;
  - (g) establishment of Rapid Resource Appraisal to Forest Inventory Mapping System (RRA/FIMS) to provide forest data for planning and maintaining forest management in PNG;
  - (h) introduction of Resource Replacement Policy to commence in January 1999. The Policy directive, according to Mr. Dike Kari, was issued by the Prime Minister and that was the first time in the history of the Papua New Guinea for a Prime Minister to issue such a directive and give political support to resource replacement.
277. Mr. Dike Kari mentioned ITTO's assistance towards sustainable forest management in Papua New Guinea and commended the Organization for the assistance.
278. He also mentioned three factors which affected the forestry sector of Papua New Guinea in 1997. These were:
- (i) El Niño weather phenomena which resulted in forest fires that destroyed parts of plantations, woodlots and natural forest areas;
  - (ii) the Tsunami Tidal Wave Disaster that killed over 2000 people and devastated several villages; and
  - (iii) downturn in the Asian economy which severely affected Papua New Guinea's log exports. He mentioned that market diversification and policy options were being considered for the future of the industry.

#### **Statement by Thailand**

279. Mr. Pralong Dumrongthai (Thailand) presented a report on the progress of Thailand towards the Year 2000 Objective.
280. He mentioned that Thailand was in the process of revising its policies and legislations which govern all aspects of forestry in the country. He indicated that in the past emphasis had been on timber and wood production, but following public outcry about the devastation of natural resources, the emphasis had shifted towards conservation and the involvement of the public in forest policy. He further indicated that the Royal Forestry Department had enacted important forestry laws and also had placed more officers to enforce forestry laws and regulations in order to put forest exploitation under management. Forest areas in Thailand had decreased to the extent that the Government had decided to keep the remaining forest for conservation rather than for exploitation, which resulted in the ban on logging in the Kingdom's terrestrial forests in 1989.

281. Mr. Pralong Dumrongthai mentioned some progress Thailand had made towards sustainable forest management. These included:
- (i) comprehensive land use planning and provision for action;
  - (ii) increase in conservation forests within the Protected Area System in both number and area which was expected to reach 25 percent of the country land area in the near future; and
  - (iii) implementation of several programs for development in community forestry agroforestry and forest plantation promotion outside the Protected Area System.
282. He also mentioned that current policy of the Government was to maintain 40 percent of the country's land area as forests, hence the introduction of a forest land zoning scheme in 1992 to implement environmentally, socially, and economically sustainable strategies for the country.

**Statement by Colombia**

283. Ms. Maria Angela Andrade Perez (Colombia) on behalf of the Colombian delegation reported on Colombia's progress towards the Year 2000 Objective.
284. She informed Members about certain activities of the Ministry of Environment in Colombia.
- (i) A Green Plan had been developed by the National Government aimed at establishing strategic guidelines for the reafforestation and re-establishment of forests in Colombia. The Green Plan placed emphasis on forest cover as a way of contributing to national development;
  - (ii) implementation of sectoral competitiveness agreements for the production of plywood, furniture, and other forms of processed wood products as well as the production of pulp and paper.
- She mentioned that both the State and private sectors had reached agreements to achieve an increase in productivity, better export capacity for timber products, and better development of human and technological resources.
285. She also spoke about the development and implementation of Colombia National Forestry Plan which aimed at sustainable management and conservation of the forest. The Plan include a series of projects, and activities for 1998 to 2002. The Plan was developed with the active participation of the private sector. The Colombia Forestry Statute was also being modernized so as to unify requirements and rules for the exploitation of forest resources, the development of botanical gardens of forest reserves as well as modernization and marketing of forestry products.
286. Colombia was also working on market research both domestic and international to initiate and implement activities connected to a possible system of certification of forest products. A project on Criteria and Indicators for Sustainable Management of Forest based on the ITTO Criteria and Indicators was being initiated by Colombia using the Amazonian products and products of the Pacific Coast of Colombia.
287. Another issue that Colombia had given priority to was the Kyoto Protocol and the inter-governmental Panel on Forest (IPF) as well as the integration of the biodiversity policy in all policies on sustainable management of forest. These issues had been incorporated in Colombia's National Plan for Development.

**Statement by Australia**

288. Dr. Gary Dolman (Australia) on behalf of the Australian delegation presented the report on Australia's progress towards the Year 2000 Objective.
289. He mentioned that the full report of Australia's progress included detailed trade statistics and a separate brochure providing information on Australia's forests, progress towards sustainable forest management as well as its forest policy. He provided some highlights which included the following:

- (i) significant progress on regional forest assessments including the signing of the third 20 year forest agreements between national and state governments to expand protected forest area, improve forest management practices, and provide industry with wood supply;
- (ii) an endorsement of sub-national Criteria and Indicators by the Australian Forestry and Environmental Ministers as well as agreement on a phased implementation strategy with research component to develop a cost effective means of implementing the indicators;
- (iii) publication of the first State of the Forest Report which would provide comprehensive data on Australia's forests drawn together through National Forest Inventory, over the last 10 years;
- (iv) considerable success in encouraging industry to invest in plantation establishment in accordance with Australia's vision of increasing the area of plantations by three-fold by the year 2020, which had led to about 70,000 hectares per year of plantation establishment rate.

**PLEDGES OF NEW VOLUNTARY CONTRIBUTIONS TO: (a) THE SPECIAL ACCOUNT; AND (b) THE BALI PARTNERSHIP FUND (Agenda Item 23)**

290. Mr. Toshikatsu Aoyama (Japan) reiterated Japan's commitment to support the Special Account and the Bali Partnership Fund, but that would be done at the Twenty-sixth Session in Thailand.
291. Mr. Remigi Winzap (Switzerland) indicated the importance Switzerland attaches to the implementation of the Libreville Action Plan which aims at operationalizing the ITTO Year 2000 Objective, and also recognized that these goals could only be attained if sufficient financing was available in the three financing mechanisms of ITTO, namely, the Special Account, the Administrative Account, and the Bali Partnership Fund.
292. He commented, however, that Switzerland was concerned about the way regular recurrent task of the ITTO were being financed and that there were too many *ad hoc* financing requests to donor countries which should normally be borne by the Administrative Account and therefore posed the question relating to the budget of the Administrative Account, the efficient running of the Organization and the sharing of the burden of ITTO additional *ad hoc* financing. He indicated that these issues must be addressed in the near future for the ITTO to remain on a sound, balanced, and more sustainable financial position.
293. He also reiterated Switzerland's appreciation of ITTO's project activities and expressed the satisfaction of the Swiss Government for having been able to fund many excellent projects and also pledged the Swiss Government's continued support to the ITTO and its Members in the implementation of project work. He also indicated the readiness of the Swiss Government to pledge to the Special Account to fund projects submitted by Member Countries to enhance the capacity of Members to achieve exports of tropical timber and tropical forest products from sustainably managed sources.
294. He accordingly pledged an amount of US\$1.5 million to the Special Account. Mr. Winzap also mentioned some concerns of the Swiss Government on the Bali Partnership Fund. He indicated that there should be a mechanism to attract new additional funding. In his opinion, this could only be attained if the funding mechanism for the Bali Partnership Fund was specific and different from the existing funding mechanism, particularly the Special Account. He indicated Switzerland's regret that the Decision on the Bali Partnership Fund did not contain sufficiently clear criteria, permitting a distinction between funds to be used to finance projects from the Special Account and the Bali Partnership Fund and therefore under those conditions Switzerland's could not pledge additional funds to the Bali Partnership Fund. He indicated however, that Switzerland's contribution to the Bali Partnership Fund was therefore limited to 50 percent of the interest earned from their contribution to the Special Account.
295. He reiterated Switzerland's recognition of the fact that additional financial means were needed to finance ITTO's projects and activities, implementation of the Libreville Action Plan as well as addressing common concerns of regional or global significance which were not country specific. In order to finance such projects of regional or global concern, he mentioned that Switzerland had

decided to open a new window in the ITTO Swiss Trust Fund, to be used to complement funding of Bali Partnership Fund projects of regional or global concern. Funds in the bilateral Trust Fund could in future be brought into the Bali Partnership Fund if the criteria for allocating funds from the Bali Partnership Fund were defined in a more precise manner. Mr. Winzap, on behalf of the Swiss Government pledged an amount of US\$500,000 to the new window of the bilateral Trust Fund of the Special Account.

296. Mr. Mark Reimers (U.S.A.) expressed the pleasure of the U.S. delegation on the satisfactory conclusion to the discussion on the Bali Partnership Fund. He re-stated the U.S. pledge of US\$100,000 made at the Twenty-fourth Session in Libreville to the Bali Partnership Fund. He further indicated that the U.S. pledge was unearmarked and encouraged other Members to make unearmarked contributions to the fund.

#### **REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES AND THE FELLOWSHIP SELECTION PANEL (Agenda Item 24)**

##### **Report of the Committee on Economic Information and Market Intelligence (CEM)**

297. The Chairperson drew Members' attention to Committee document CEM(XXIII)/10 Rev.1 and invited the Chairperson of the Committee on Economic Information and Market Intelligence, Dr. Roszehan Mohd. Idrus to present the report of the Committee.
298. Dr. Roszehan said the Committee had made recommendations to Council on four (4) projects and one (1) pre-project proposals for funding and implementation. The Committee also recommended for funding and implementation, an activity in the area of "development of a joint forest statistics questionnaire".
299. The Committee on Economic Information and Market Intelligence also reviewed the status report of thirteen (13) projects and one (1) pre-project which had been approved at previous Sessions of the Committee and also those projects which were in progress. The Committee noted that four (4) projects approved previously were still not funded and therefore urged donors to consider and provide funds for those projects to be implemented. The Committee also took note that seven (7) projects and one (1) activity had been completed and recommended that ex-post evaluation be carried out on three (3) of the completed projects.
300. Dr. Roszehan informed Council that on the issue of market access, the Committee noted that non-environmental factors were equally important and therefore the need for a balanced coverage in addressing these factors. In the view of the Committee, the Secretariat should keep Members informed of developments concerning impediments to market access. The Committee accordingly decided to keep the issue of market access, including certification, on its agenda for future Sessions.
301. On the proposed 1999 Work Programme, the Committee included another activity – "To Monitor Developments Relating to Timber Certification and the Proposed Listing of Internationally Traded Tropical Timber Species in the Appendices of CITES". The Committee however recognized the need to prioritize the implementation of the activities listed in the Work Programme.
302. The Committee further noted that the study "To Assess the Extent and Implications of the Market Downturn for Tropical Timber" approved at the Twenty-fourth Session was very important and was glad that the study had received pledges for financial support. The Chairperson informed Council that the theme for the 1999 Market Discussion to be organized by the Informal Trade Group would focus on the downturn in the world tropical timber market and the positive contributions that ITTO should make. ( The full report is attached as annex V)

### **Report of the Committee on Reforestation and Forest Management (CRF)**

303. Dr. Svend Korsgaard (Assistant Director, Reforestation and Forest Management Division) presented the report of the Committee on Reforestation and Forest Management on behalf of the Chairperson of the Committee. He drew Council's attention to Committee document CRF(XXIII)/24 Rev.1.
304. Dr. Korsgaard informed Council that the Committee reviewed sixteen (16) project proposals, and three (3) pre-project proposals. Fourteen (14) of the project proposals and all the pre-project proposals were approved and recommended to Council for funding and implementation. The Committee further examined seven (7) projects that had been reported as completed at previous Sessions but without audited financial statements and also reviewed the reports of three (3) completed pre-projects and eighteen (18) pre-projects under implementation.
305. Dr. Korsgaard reported that there were seventy reforestation and forest management projects under implementation which the Committee reviewed. He further noted that there was one (1) project whose agreement had not been signed and twenty-one (21) projects approved by the Committee and still awaiting financing while one (1) project fell under the sunset provision. He said that thirty-seven (37) projects had comments which had been detailed in the report under reference. The Committee also made comments on three (3) of the projects awaiting financing. The comments related to further clarifications and amendments to the budgets.
306. Dr. Korsgaard further reported that the Committee reviewed the proposed Work Programme for the Organization for the Year 1999 and agreed that the proposed Work Programme for the Committee was reasonable. It was however noted by the Committee that further deliberations on the format of the Work Programme as well as the financial implications should be addressed by Council.
307. Dr. Korsgaard also informed Council that the U.S. delegation had informed the Committee that the Vice-chairperson of the Committee, Mr. Walter Dunn (U.S.A.), would not be able to continue as Vice-chairperson of the Committee. Dr. James Gasana (Switzerland) was accordingly nominated by the U.S. delegation and elected by acclamation as the Chairperson for 1999. Mr. Pisarn Wasuwanich (Thailand) was elected by acclamation as Vice-chairperson for 1999. (The full report is attached as annex V)

### **Report of the Committee on Forest Industry (CFI)**

308. Ms. Aulikki Kauppila (Finland), Chairperson of the Committee on Forest Industry, presented the report of the Committee.
309. She drew Members' attention to Committee document CFI(XXIII)/9. She noted that the Twenty-third Session of the Committee on Forest Industry was very successful. The Committee reviewed the report of one completed pre-project and four (4) projects and discussed the results of two (2) ex-post evaluations. The Committee discussed extensively the benefits of the ex-post evaluations to all parties. They concluded that ex-post evaluations were useful when carried out sometime after project completion when socio-economic and environmental impacts could be assessed. The Committee requested the Secretariat to contact the Common Fund for Commodities on the possible ex-post evaluation of one project funded by the Common Fund for Commodities. She pointed out that other projects which merited ex-post evaluation would be selected by the Committee at its next Session in Thailand.
310. The Committee recommended to Council four (4) new projects and one (1) pre-project for funding and implementation. The Committee noted that three (3) projects and two (2) pre-projects which were approved at previous Sessions were still awaiting financing and urged Member Countries to consider financing those projects.
311. On the proposed ITTO Programme of Work for 1999, Ms. Aulikki Kauppila noted that the Committee's detailed comments had already been given to Council. The Committee however discussed the area of Non-Wood Forest Products and recalled earlier work of six ITTO financed

projects and pre-projects in the field of Non-Wood Forest Products, and also stressed the importance of information sharing in the area of Non-Wood Forest Products noting that several major international organizations such as CIFOR, ECE Timber Committee, FAO, and IFF had carried out considerable work in the field of Non-Wood Forest Products. The Committee therefore recommended that a future issue of the ITTO "Tropical Forest Update" should focus on Non-Wood Forest Products.

312. Election of officers of the Committee for 1999.

Ms. Maria Angela Andrade Perez (Colombia, Chairperson)  
Ms. Kayoko Fukushima (Japan, Vice-chairperson)

#### **Report of the Fellowship Selection Panel**

313. Mr. Jean Williams Sollo (Cameroon), Vice-chairperson of Council presented the report of the Fellowship Selection Panel.
314. Mr. Sollo said that the Fellowship Selection Panel comprising representatives of Cameroon, Brazil, Côte d'Ivoire, Thailand, Australia, U.K., and U.S.A. reviewed the selection criteria for the award of fellowships, assessed the fellowship applications and made recommendations for fellowship award. He commended the Secretariat for the preliminary assessment. He indicated that there were 113 applications for fellowship, out of which 88 applications were from Producer Countries and 25 from Consumer Countries. 76 percent of the applications were in the area of reforestation and forest management.
315. Mr. Sollo mentioned that out of 113 applications, the Panel recommended 27 applications for approval by the Council at the cost of US\$123,781. Out of the 27 approved applications, 23 applications came from Producer Member Countries while 4 came from Consumer Member Countries. The breakdown of the approved applications from Producer Countries by region stood at:

33 percent	Latin America
30 percent	Asia – Pacific
22 percent	Africa

The applications covered a wide range of activities such as short-term training, attending seminars and conferences, higher education courses, and short-term research. The breakdown of the approved applications by Committees were:

74 percent	RFM
19 percent	CFI
7 percent	CEM.

He also mentioned that 6 of the approved applications were from female candidates. The Panel further noted that there was lack of balance between the subject areas and suggested a revision of the application forms by the Secretariat for further discussion at the next Session of the Panel in Thailand. The Panel also recommended that the membership of the Panel should not be changed at the Twenty-sixth Session in Thailand to ensure continuity in the discussions (The full report attached as annex V).

#### **Report of the Committee on Finance and Administration (CFA)**

316. Mr. Toshikatsu Aoyama (Japan), Chairman of the Committee on Finance and Administration, presented the CFA report on its Fourth Session.

317. He drew Members' attention to document CFA(IV)/8 and said the major issue discussed by the Committee was the management of the Bali Partnership Fund. A small working group, chaired by Mr. Richard Dewdney (United Kingdom), was established to discuss the Bali Partnership Fund. The outcome of the discussions is reflected in ITTC Decision 8(XXV).
318. Mr. Aoyama mentioned that the CFA also discussed the program support cost. He recalled the recommendations made by the Committee at Libreville, that:
- (i) An amount of US\$210,713.79 be transferred from the "General Programme Support" component to the component of "translation costs" in the Programme Support Fund to eliminate the deficit incurred in that amount as at the end of the financial year 1997; and
  - (ii) The percentage to be deducted in the budget of all projects, pre-projects, and activities to defray the costs of translations be increased from 0.5 percent to 1 percent beginning with proposed projects, pre-projects, and activities submitted for appraisal at the Twenty-fifth Session of the Council.
319. He indicated that after extensive discussions at the Committee the issue was referred to an informal working group which resulted in a draft Decision which authorized the transfer of US\$210,713.79 from the "General Programme Support" component to the component of "translation costs" in the Programme Support Fund. However, the recommendation to increase the percentage of charges to defray the costs of translation from 0.5 percent to 1 percent of project and pre-project budgets would be reviewed at the Fifth Session of the Committee in Thailand. The Committee, accordingly requested the Secretariat to make available the details of the expenditures and income under the component of "translation costs" to facilitate further discussion.
320. Another issue that the Committee discussed was the Administrative Budget for 1999. He indicated that the initial budget had been prepared based on an exchange rate of 142 yen to US\$1.00. However, that had to be revised using an exchange rate of 116 yen to US\$1.00. The Committee approved the Administrative Budget for 1999 which amounted to US\$4,120,331.00. Mr. Aoyama said the 1999 budget was a zero-growth budget with all items of expenditures remaining at the same level as in 1998, except for a small increase of about 1 percent to take account of staff salary increment. He recommended that Council should approve the 1999 Administrative Budget. He further indicated that the assessed contribution from Members towards the Administrative Budget for the Financial Year 1999 would be US\$4,122,000.00 to take account of discounts given to Members for timely payment of their contributions in 1998.
321. Mr. Aoyama also mentioned that the Committee had approved the appointment of Price WaterHouse, Yokohama, to audit the accounts of the Organization for the Financial Year 1998 (The full report is attached as annex V).
322. Mr. Remigi Winzap (Switzerland) drew Members' attention to paragraph 17 of document CFA (IV)/8 line 5 and suggested that the sentence should read "Switzerland pointed out that the BPF should be in a separate window for financing projects which are of general interest according to the priorities of the Libreville Action Plan".

#### **ELECTION OF THE CHAIRPERSON AND VICE-CHAIRPERSON FOR 1999 (Agenda Item 25)**

323. The Chairperson, Ms. Stephanie Caswell (U.S.A.) invited nominations for the position of Chairperson of Council for 1999.
324. Mr. Marco Braeken (The Netherlands), on behalf of the Consumer caucus, nominated Mr. Jean Williams Sollo (Cameroon), as Chairperson of the Council for the Year 1999. He gave a brief background of Mr. Jean Williams Sollo. He mentioned that Mr. Sollo currently was the General Manager of the National Forestry Development Agency of Cameroon. He graduated as a Forestry Engineer from the National Institute of Rural Engineering, Forestry and Fisheries in France. His past work experience included:



Director of Reforestation at the National Agency for Forest Regeneration;

- Head of the Forest Department at the Forest and Industry Company of Belabo;
- Director of the Forestry Department;
- Technical Adviser at the Ministry of Agriculture of Cameroon; and
- Mayor of the Akono Council, his hometown.

Mr. Sollo's experience with ITTO dated back to 1994 when he was the Head of the Cameroon delegation during the negotiations of ITTA, 1994. He was also a member of the Expert Panel for the Development of ITTO Guidelines for Tropical Forest Industries, Vice-chair and Chair of the Committee on Forest Industry, and Vice-chairperson of Council since May 1997.

325. In the absence of any other nominations, Mr. Jean Williams Sollo was elected by acclamation as the Chairperson of ITTC for the year 1999.
326. The Chairperson, Ms. Stephanie Caswell (U.S.A.), invited nominations for the position of Vice-chairperson of Council For 1999.
327. Dr. Untung Iskandar (Indonesia), on behalf of the Producer caucus nominated Mr. Young Woo Chun (Republic of Korea) as the Vice-chairperson of ITTC for 1999. He indicated that Mr. Young Woo Chun was currently the Deputy Director-General for Science and Environment at the Ministry of Foreign Affairs and Trade of the Republic of Korea. He mentioned Mr. Young Woo Chun's experience in United Nations and APEC affairs as well as his vast experience in multilateral issues. He also led the Korean delegation as chief negotiator in the Conference of Parties of the UNFCC. Mr. Young Woo Chun obtained his Master's degree in International Economics at Columbia University. He joined the Korean Ministry of Foreign Affairs in 1977 and served in the Korean Mission to the UN in New York and also served in Korean Embassies in Austria, France and Morocco.
328. In the absence of other nominations, Mr. Young Woo Chun was elected by acclamation as Vice-chairperson of ITTC for 1999.

#### **DATES OF THE TWENTY-EIGHTH AND TWENTY-NINTH SESSIONS OF THE COUNCIL AND ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 26)**

329. The Chairperson, Ms. Stephanie Caswell, announced the following dates for the Twenty-eighth and Twenty-ninth Sessions of the Council and Associated Committees:

Twenty-eighth	24-30 May 2000 (Peru)
Twenty-ninth	30 October - 4 November 2000 (Yokohama)

The Chairperson also announced that the new date for the Twenty-sixth Session to be held in Chiang Mai, Thailand would be from 28 May to 3 June 1999.

#### **OTHER BUSINESS (Agenda Item 27)**

330. The Chairperson invited delegates who wished to make statements of a general nature.

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

331. Mr. Robert Michael James (Timber Trade Federation, U.K.) made a statement on behalf of the Informal Trade Group. He said that the trade in tropical wood and wood products was in a period of great hardship. Consumption of tropical wood products continued to fall and markets were being lost. The sawnwood timber trade had dropped by about 100 million cubic metres and the market was increasingly turning to alternate products of non-wood nature. He indicated that if the trend continued then the future trade in tropical wood products, and by implication, tropical forests would be seriously threatened. Members of the trade therefore urged the ITTO to develop a strategy and plan in co-

operation with the trade to promote the use of tropical timber worldwide.

332. He indicated that the Informal Trade Group would organize a day for market discussion at the Twenty-sixth Session in Thailand. He further indicated that, the Secretariat had agreed to support in the organization of the market discussions. The market discussions, would address the general theme in the downturn of the world tropical timber market and the positive contributions ITTO should make. He pointed out the importance of the market discussion to the members of trade as well as Members of Council in the context of enhancing the relevance of ITTO in the future.

**Statement by the Director General of the Royal Forest Department of Thailand**

333. Dr. Plodprasop Suraswadi (Director General of Royal Forest Department, Thailand) made a statement on behalf of the Government of Thailand.
334. Dr. Plodprasop Suraswadi gave a brief background of himself and his aspirations for the future of Thailand Forestry. He indicated that Thailand was the largest importer of tropical log and sawntimber and that Thailand imported 4 million cubic metres of logs and sawntimber in 1996, but the figure dropped to 2.5 million m<sup>3</sup> in 1998 due to the Asian economic crisis but hoped that Thailand's imports would rise again as the economy improved. He mentioned that Thailand had banned logging and terminated all concessions since 1989. The vision of Thailand, according to Dr. Suraswadi would be to produce 1.0-1.5 million m<sup>3</sup> of logs and sawnwood per annum, and action had already started under the programme for economic forest plantation in privately owned land. He indicated the importance of forest and the need to preserve and conserve forest apart from being considered as a trade element.
335. Dr. Suraswadi, on behalf of the Government of Thailand, invited all delegations to the Twenty-sixth Session of the ITTC to be held in the city of Chiang Mai. He gave a brief description of the history, geography, architecture, and culture of Chiang Mai and compared it to Kyoto City in Japan. He promised delegates that there would a lot to see and experience in Chiang Mai and that the traditional hospitality of Thailand was next to none in the world.

**Statement by the Secretary General of the African Timber Organisation**

336. Mr. Mohammed Lawal Garba (Secretary General, ATO) made a statement on behalf of the African Timber Organisation.
337. Mr. Garba said the ATO had been associated with the ITTO for many years as an Observer and welcomed the Libreville Decision to strengthen further co-operation between the two Organizations within the framework of promoting effective forest management as well as marketing and utilization of tropical forest products on sustained yield basis. He further noted that the proposed joint ATO – ITTO Conference on the Promotion of Further Processing of Tropical Timber in Africa would be the starting point of collaboration between the two organizations. He indicated that the conference would be a follow-up of similar conferences held in Paris and Gabon in 1993 and 1997 respectively. These earlier conferences, according to Mr. Garba clearly underscored the importance of value-added processing to enhance socio-economic growth.
338. Mr. Garba informed Council that preparation for the joint ATO–ITTO Conference in Gabon was at an advanced stage and hoped the budget proposals submitted by the Government of Gabon would receive favourable consideration. He promised smooth execution of the conference in February 1999. He indicated the importance African countries attached to the conference as a way of informing people about value-added processing, market competitiveness for value-added products as well as optimal utilization of timber resources. He further noted that the conference would also provide a business forum between Producers and Consumers and also stimulate investment in the sector. He said, in the view of ATO, the conference would be regarded as a litmus paper test for future ATO–ITTO co-operation.

339. He solicited for financial assistance and technology transfer to stimulate further processing of tropical timber in Africa.
340. Mr. Garba informed Council about achievements made by ATO in association with CIFOR in developing common criteria and indicators for sustainable forest management on field test basis. The program was being financed by the European Commission, the French Cooperation, and the Netherlands. ATO had carried out three field tests in Côte d'Ivoire, Cameroon, and Gabon, and was carrying out a fourth test in the Central African Republic. He also indicated that there were enough funds for three additional tests to be carried out. He further said working groups had been established in each of the ATO Member Countries, with the active involvement of all stakeholders, and the same mechanism would be used to promote timber certification. He cited Ghana as the country which had advanced so much in that respect. He expressed ATO's appreciation to all the donors who had assisted in diverse ways. He also announced to the Council that his mandate as Secretary General of ATO had come to an end after 8 years of service.

#### **DECISIONS AND REPORT OF THE SESSION (Agenda Item 28)**

341. The Chairperson, Ms. Stephanie Caswell (U.S.A.), referred to the document ITTC(XXV)/17 comprising the eight Decisions for adoption by Council at its Twenty-fifth 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 29)**

##### **Statement by Representative of FAO**

342. Dr. I.J. Bourke (FAO) highlighted a few of FAO's current activities relevant to ITTO. He mentioned that most of the areas discussed at the Twenty-fifth Session were of considerable interest to FAO. He mentioned particularly, FAO's activities in the high-priority programme areas – improving, updating, and extending information on the forest resource through the forest resource assessment, criteria and indicators of sustainable forest management, national forest programmes, and outlook studies and statistics. He indicated that the FAO had worked very closely with the ITTO on some of the areas and hoped to continue to work together in the future.
343. Dr. Bourke informed the Council that the FAO Outlook Study on the Asia-Pacific had been finalized and the final report would be published by the end of November 1998. He also mentioned that FAO was now involved in an Outlook Study for Africa. Dr. Bourke said FAO was carrying out a project with the European Commission on a number of activities involving data collection, training and the development of statistical information on resources, forest products and trade in selected ACP countries, and hoped that ITTO would join in the statistical training courses of the project. He further indicated FAO's pleasure to have been involved in the ITTO Workshop on the Development of a Joint Questionnaire on forest products trade and production, and also expressed the FAO's interest in participating in the workshop which ITTO would be hosting in Madras, India in December by sponsoring two participants. Dr. Bourke mentioned that most of FAO's Regional Forestry Commissions had met in the course of the year to address forestry issues relating to their regions. He said the American and Caribbean Forestry Commission met in Cuba (10-14 September); FAO European Forestry Commission met in Finland (19-23 October). He mentioned that the FAO North American Forestry Commission would meet in Mexico (16-20 November); FAO Near East Forestry Commission would also meet in Syria (6-9 December). He expressed FAO's appreciation to the ITTO for the valuable contribution Dr. Efransjah made at the FAO Expert Meeting on Public Policies Affecting Forest Fires. He indicated that the findings and recommendations from the Expert Meeting would serve as an input to discussions on the subject of forest fires meeting of Ministers of Forestry, to be hosted by FAO in Rome in March 1999. The meeting would be held immediately after the Meeting of the Committee of Forestry (COFO) from 1 to 5 March 1999.

#### **Statement by Representative of Guinea**

344. Mr. Dantily Camara (Guinea) on behalf of the delegation of Guinea expressed the appreciation of the Government of Guinea for being admitted as an 'Observer' for the first time. He expressed Guinea's concern regarding sustainable management of forest resources. He spoke about drought in Guinea resulting in soil degradation, drying of streams, and destruction of fauna. The Government of Guinea had consequently put in place important resources as part of forestry development policy approved by donors. He indicated that the objectives of the policy would be to protect and manage Guinea's forest on a sustainable basis as well as develop the human resource capacity and improve public education on the importance of forest. He mentioned the forest resources of Guinea, including the National Parks and the protected habitats which are part of UNESCO's national heritage, as well as 112,000 hectares of biosphere reserve. He also mentioned the protected border areas between Guinea and Mali as well as between Guinea and Guinea-Bissau. Mr. Dantily Camara said the Government of Guinea's intention was to improve the soil and water resources of the rural areas of Guinea. The Niger Basin, the Senegal Basin, and the Gambia Basin are part of the water resources of Guinea, which the Government of Guinea would want to protect. He mentioned that the objectives of Guinea's forest policy coincide with those of the ITTO, and therefore indicated Guinea's readiness to become a Member of ITTO in the near future.
345. Mr. Toure Morlaye (Guinea) spoke about the National Forestry Fund of Guinea, the funding mechanism, and the management of the fund.

#### **Statement by the Delegation of Peru**

346. Ing. Rodolfo Masuda Matsuura (Vice Ministro de Agricultura, Peru) on behalf of the Government of Peru offered to host the Twenty-eighth Session of ITTC in May 2000. He commended ITTO for its invaluable contribution to the protection of natural resources in Peru and promised Members that the May 2000 meeting would meet the expectations of the ITTO. He indicated that Peru had been following with keen interest the activities of Malaysia and Indonesia in relation to their adjacent protected areas of their forest, similarly Bolivia, Ecuador, and Peru would be working together to implement joint or coordinated actions for the management and conservation of protected natural areas.

#### **Statement by the Delegation of Brazil**

347. Mr. Luciano Macieira (Brazil) on behalf of the Brazilian delegation thanked the Government of Japan for the hospitality accorded to participants at the Twenty-fifth Session. He also commended the Executive Director and staff for the excellent organization of the meeting. He further commended the Chairperson, Ms. Stephanie Caswell (U.S.A.), for her excellent leadership during the meeting. He however, expressed his disappointment about the extent of interest shown by Members with regard to Decision 5(XXV), concerning the Seminar on the Trade Related Aspects of the Sustainable Management of All Types of Forests being sponsored by Brazil in co-operation with UNCTAD in 1999 in Geneva. He indicated that due to the leadership of ITTO in dealing with trade related issues on forests and forest industry, ITTO's participation in the seminar would be of great interest not only to Brazil and the Producer Members of ITTO but to the entire Organization, considering the fact that the crucial issue of Year 2000 Objective would be the focus of the seminar. He further expressed his gratitude to the Producer Members for their support during the Session and hoped to co-operate further to achieve more results in future meetings to ensure that ITTO accomplished its mandate in a balance perspective.

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

348. Mr. Hyosuke Yasui (Japan) on behalf of the Government of Japan expressed gratitude and appreciation to the Chairperson, Ms. Stephanie Caswell (U.S.A.), the Executive Director, Dr. B.C.Y. Freezailah, and the Secretariat staff for a successful Council meeting. He attributed the success of the Council meeting, particularly to the excellent leadership of Ms. Stephanie Caswell, the Chairperson, and praised the opening statement of the Chairperson. He further praised the mutual

co-operation and the spirit of tolerance that prevailed among Member Countries throughout the meeting which allowed the Organization to reach consensus and overcome difficulties on various issues. Mr. Yasui, however pointed out that there were still many issues confronting the Organization and hoped these issues would be discussed and solved in a satisfactory manner by all Member Countries at the next Council meeting at Chiang Mai, Thailand. He also thanked the Government of Thailand for the warm invitation to Members to attend the next Council meeting in Thailand.

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

349. Mr. Enzo Barattini (European Union) on behalf of the Member States of the European Union commended the capacities and efforts of Members that had allowed the Organization to advance towards the achievement of the Year 2000 Objective. He indicated the progress achieved at the Twenty-fourth Session through the adoption of the Libreville Action Plan, which gave a clear direction for the future and also stimulated a creative reflection for the rationalization of work within the various fora as well as within the Organization. Mr. Enzo Barattini commended the Executive Director for preparing a Work Programme for the Organization which would facilitate the identification of priorities in the political, technical, and administrative fields. He mentioned that it was the wish of the European Community and its Member States that the activities in the Work Programme would be accomplished particularly those relating to the facilitation and realization of the Organization's horizon. In addition, Decision 8(XXV) on the Management of the Bali Partnership Fund would achieve a better implementation of project and pre-projects and also encourage Members to fulfil their financial obligations to the Organization. He expressed the satisfaction of the European Community with Decision 3(XXV) that established the rules of procedure for the appointment of the future Executive Director of ITTO. He, however, regretted that the usual process of informal dialogue between Producers and Consumers did not produce the desired results and consequently invited Members to restore the climate of active participation in the common interest of the Organization. He concluded by saying that any denaturing of the spirit and objectives of the current Agreement would be evaluated attentively by the European Community and its Member States. He finally expressed the gratitude of the E.U. to the Chairperson, the Executive Director, and the Government of Japan.

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

350. Mr. Marco Braeken (Consumer Spokesperson) on behalf of the Consumer Group commended the Chairperson, Ms. Stephanie Caswell (U.S.A.), for her leadership, support, and commitment to the Organization. He further commended the Chairpersons and Vice-chairpersons of the four Committees for their leadership. He noted the progress made at the Session, including a Decision to implement the Bali Partnership Fund and looked forward to working with the Producer colleagues in future Sessions to refine the criteria used for identifying projects. He also mentioned the consensus reached on the provisional Work Programme for 1999, which included, amongst other items, the preparation of a paper on options for a possible review of the progress towards the Year 2000 Objective, which would allow the Organization to take stock of what had been achieved and what remained to be done. He further mentioned the progress made on streamlining and strengthening the work of the Committees and Council and hoped the changes made would support Producers, strengthen the Project Cycle, and address the concerns that had been expressed by a number of donor countries.
351. Mr. Braeken noted the role of the informal open-ended working groups and said they formed a very important component of the decision-making process of the Organization. He recalled the Decision at Manila to move away from the practice of separately agreeing Consumer and Producer positions which hitherto led to unnecessarily polarized debates. He however noted with concern the reduction in the number of countries attending the informal open-ended working group meetings and urged Members to recommit themselves to the process. Mr. Braeken commended the Executive Director, Dr. B.C.Y. Freezailah, and the staff of the Secretariat for the support. He also thanked Dr. Untung Iskandar, the Producer Spokesperson for the spirit of openness, trust, and friendship which characterized their working relationship. He also extended his sincere gratitude and appreciation for the enormous support provided by the Government of Japan and the City of Yokohama for

hosting the Session.

352. Mr. Braeken announced that he would be assuming other duties and therefore would not be attending ITTO Sessions any longer and indicated his pleasure for working with ITTO for the past four (4) years.

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

353. Dr. Untung Iskandar (Producer Spokesperson) on behalf of the Producer Group commended the Chairperson, Ms. Stephanie Caswell (U.S.A.), for her skilful and able leadership. He mentioned that the diverse opinions of Members in the process of seeking a practical approach on issues and problems resulted in extended deliberations and commended the Chairperson for providing the needed leadership to enable the Council reach Decisions on a number of issues. He welcomed the Decisions and hoped the Decisions would bring the Organization a step further towards achieving the objectives enshrined in the ITTA, 1994. He mentioned particularly, Decision 4(XXV) on Further Strengthening and Streamlining the Work of the Committees, Decision 7(XXV) on the ITTO Programme of Work for 1999 and Decision 8(XXV) on the Management of the Bali Partnership Fund. He indicated that these Decisions would enhance the focus and efficiency of the future work of the Organization. He also commended donors for their financial contributions to projects, pre-projects, and activities through the Special Account, and expressed his regret that some projects could not be financed. He noted the progress made towards the management of the Bali Partnership Fund and hoped that the fund would be operationalized as soon as possible. Dr. Untung Iskandar commended the Secretariat for the report on "the review of tropical timber situation" as well as the consultants' report on the "Impediments to Market Access" and expressed the feeling of the Producer caucus, that further discussions were needed for the mutual benefit of all parties. He also welcomed the continued co-operation between ITTO and IFF and the contribution of ITTO to the implementation of relevant IPF Proposal for Action. He welcomed Mr. Sollo as the new Chairperson and looked forward to working closely with him.
354. Dr. Untung Iskandar expressed the sincere thanks and appreciation of the Producer caucus to the Executive Director, Dr. Freezailah, and the Secretariat. He also thanked the Government of Japan and the City of Yokohama for their support and hospitality during the meeting. He further extended his thanks to Mr. Marco Braeken, the Consumer Group for the spirit of co-operation, openness, and friendship that characterized their working relationship over complicated issues.

#### **Statement by the Executive Director**

355. Dr. B.C.Y. Freezailah, the Executive Director, commended the Chairperson and Vice-chairperson of Council, the Chairpersons and Vice-chairpersons of the four Committees, the two Spokespersons and the Chairpersons of the Informal Working Groups for their efforts and dedication. He mentioned that projects, pre-projects, and activities costing more than US\$ 8 million were funded at the Session and paid tribute to the enormous contribution by the Government of Japan. He equally acknowledged with deep gratitude the contributions by other donors including Switzerland, the United States, the Netherlands, Australia, United Kingdom, France, and Sweden. He expressed his satisfaction with the adoption of Decision 8(XXV) to put the Bali Partnership Fund into operation. He however, pointed out that, substantial resources would be needed in the Bali Partnership Fund to achieve the historic ITTO Year 2000 Objective and that the Organization was under scrutiny by the world on the issue. In fact, according to Dr. Freezailah, the credibility of the whole Organization was at stake, and called for co-operation on an unprecedented scale amongst Member Countries. He also noted with satisfaction the adoption of Decision 7(XXV) on the Work Programme for 1999, and mentioned the need to organize and focus the work of the Organization based on a programme for which the necessary resources needed may be quantified and the methods of implementation, established in concrete terms.
356. Dr. Freezailah also welcomed Decision 5(XXV) on the Intergovernmental Forum on Forests which called for further strengthening of ITTO's role and contributions in the IFF process. He mentioned the need for ITTO to take into account emerging global developments that impinge on the work and activities of ITTO to avoid being marginalized.

357. The Executive Director paid special tribute to the women in the Organization who had been contributing so much to the growth and development of ITTO. He cited the Chairperson, Ms. Stephanie Caswell, the Chairpersons of CFI and CEM, Ms. Aulikki Kauppila and Dr. Roszehan Mohd. Idrus, for special commendation.

**Statement by the Vice-chairperson of Council**

358. Mr. Jean Williams Sollo (Cameroon), Vice-chairperson of Council, expressed his gratitude to the Council for having been elected as Chairperson for 1999. He deemed it a great honour to his country, and to himself to ascend to the high office of Chairperson of ITTC. He promised to do his best to discharge his duties to uphold the trust and meet the expectations of Members. He acknowledged the immense task ahead but promised to do his best to further promote the image and relevance of ITTO in all international and public fora. He commended the out-going Chairperson, Ms. Stephanie Caswell, for her brilliant leadership and the positive efforts she made towards enhancing the image of ITTO. He also congratulated Mr. Young Woo Chun (Republic of Korea), the in-coming Vice-chairperson of Council. He commended the Secretariat and solicited for co-operation and support. He expressed his gratitude to the Government of Japan and the City Authorities of Yokohama for their hospitality.

**Closing Statement by the Chairperson of Council**

359. Ms. Stephanie Caswell (U.S.A.), Chairperson of Council, highlighted some of the achievements of the Twenty-fifth Session. She noted the establishment of criteria for operationalizing the Bali Partnership Fund, a matter of particular importance to Producer Members. She also mentioned establishment of guidelines and procedures under Article 16 of ITTA, 1994. She noted the Decision on the Work Programme and acknowledged that an amount of more than US\$ 8 million were pledged to finance projects, pre-projects, and activities at the Session. She spoke about a major step taken with respect to further strengthening and streamlining the work of the Council and Committees.
360. She informed Council that the Twenty-fifth Session would be her last Council Session after eleven (11) years of service to the Organization. She paid tribute to the pioneering role of Don Wijewardana of New Zealand, Enzo Barattini of the European Union, and David Drake of Canada. She commended all the Officers of Council; the Vice-chairperson, Mr. Sollo, the two Spokespersons, and the Chairpersons and Vice-chairpersons of the Committees. She also commended the Chairman of the Informal Working Groups. In conclusion, Ms. Stephanie Caswell expressed her warm appreciation to the Executive Director, Dr. Freezailah, and the staff of the Secretariat. She also expressed her thanks to the Government of Japan and the City of Yokohama for their continued generous support to the ITTO. She commended the team of interpreters and translators and finally closed the Twenty-fifth Session of the International Tropical Timber Council.

## **ANNEX I**

### **LIST OF PARTICIPANTS**

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3 - 9 November 1998  
Yokohama, Japan

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## LISTE DES PARTICIPANTS

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Mr. Barney Chan

General Manager

### SHINSHU UNIVERSITY

Mr. Kim Phat Nophea

Graduate Student

### SISTEMA DE INFORMACIÓN ESTADÍSTICO FORESTAL(SIEF) - COLOMBIA

Sr. Fernán Ramiro Macía Sanabria

Coordinador Nacional

### TROPICAL FOREST FOUNDATION

Mr. Keister Evans

Executive Director

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Mr. Chris Holmes	Publishing Coordinator, ANUTECH (TFU)
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Ms. Masaki Miyake  
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Ms. Naho Tamura  
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Ms. Manako Hanawa  
Secretary

Mr. Michiaki Fujimoto  
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Mr. Daiki Tanaka  
Administrative Clerk

Mr. Tadayuki Saito  
Driver

\* \* \*

**ANNEX II**

**AGENDA**

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



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ITTC(XXV)/1  
31 August 1998

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TWENTY-FIFTH SESSION  
3-9 November 1998  
Yokohama, Japan

## PROVISIONAL 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 Executive Director
8. Report of the Informal Advisory Group - Decision 3(XXII)
9. Annual Review and Assessment of the World Tropical Timber Situation
10. Promotion of Market Access Opportunities for International Trade in Tropical Timber - Decision 2(XXIII)
11. Report by Members on Progress towards Achievement of the Year 2000 Objective - Decision 3(X)
12. CITES Listing Proposals by Members - Decision 3(XVI)
13. Report of the Consultants on Revision of Project Related Guidelines and Manuals - Decision 8(XXII)
14. Report by the Executive Director on Organization of Work under the ITTA, 1994 - Decision 2 (XXIV)
15. Criteria and Indicators for Sustainable Management of Natural Tropical Forests - Decision 3(XXIV)
16. Matters Related to Article 16 of the ITTA, 1994 - Decision 4(XXIV)
17. Further Streamlining the Work of the Committees - Decision 5(XXIV)
  - (a) Report of the Expert Panel to Organize the Work and Agendas of the Committees
  - (b) Report of the Expert Panel for Strengthening and Streamlining the Work of the Committees
18. Downturn in the International Tropical Timber Market - Decision 6(XXIV)
19. Co-operation between the International Tropical Timber Organization (ITTO) and the African Timber Organisation (ATO) - Decision 7(XXIV)

20. Technical Consultation on Forest Fire: Report of the Expert Mission - Decision 8(XXIV)
21. Work Programme for the year 1999 - Decision 9(XXIV)
22. Report of the Credentials Committee
23. Pledges of new voluntary contributions to:
  - (a) the Special Account; and
  - (b) the Bali Partnership Fund
24. Reports of the Associated Sessions of the Committees and of the Fellowship Selection Panel
25. Election of Chairperson and Vice-Chairperson for 1999
26. Dates of the Twenty-eighth and Twenty-ninth Sessions of the Council and Associated Sessions of the Committees
27. Other Business
28. Decisions and Report of the Session
29. Closing Session

## ANNOTATIONS TO THE PROVISIONAL AGENDA

### Item 1 - Opening of the Session

The Twenty-fifth Session will be opened by the Chairperson of the Council, Mrs. Stephanie Caswell (U.S.A.).

### Item 2 - Ascertainment of the Quorum

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

### Item 3 - Adoption of Agenda and Organization of Work

The Council may decide to consider and adopt its Agenda. On the schedule of meetings, the Council may consider the draft schedule distributed by the Executive Director under Decision 5(XXII), the advice of the Informal Advisory Group {Decision 4(XXII)}, and undertake due consultations in the Chairman's Coordinating Bureau, issuing the timetable daily, or at more frequent intervals as necessary. However, registration shall be during 14:30-17:00 hours on Monday, 2 November 1998, at the ITTO Headquarters, and during 09:00-12:00 and 14:30-17:30 hours on Tuesday, 3 and Wednesday, 4 November 1998, 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 Tuesday, 3 November 1998.

### Item 4 - Report on Membership of the Council

The Executive Director will report on the status of membership of the Council.

### Item 5 - Distribution of Votes

The distribution of votes for the year 1998 is reproduced as Annex I to these Annotations. This distribution was adopted by the Council at its Twenty-fourth Session. The votes for Consumer Members were redistributed to include Italy and those for Producer Members to include Suriname as new Member. In accordance with Article 19(4) of the ITTA, 1994, this distribution will be used for the assessment of the contributions of each Member to the Administrative Budget for 1999.

### 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 for the first time. Council may decide to examine both sets of applications separately.

### Item 7 - Statement by the Executive Director

The Executive Director 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 - Decision 3(XXII)

In order to organize its work for the Session, the Council may consider the report of the Informal Advisory Group (IAG) set up under Decision 3(XXII).

Item 9 - Annual Review and Assessment of the World Tropical Timber Situation

The Council may consider the document "Elements for the 1998 Annual Review and Assessment of the World Tropical Timber Situation" {document ITTC(XXV)/2} prepared by the Secretariat and initially considered by the Joint Session of the Committees. The Chairperson of the Joint Session may make a Report to the Council under this agenda item.

Item 10 - Promotion of Market Access Opportunities for International Trade in Tropical Timber - Decision 2(XXIII)

The Council may consider the Promotion of Market Access Opportunities for International Trade in Tropical Timber following the presentation of a report by the Consultants.

Item 11 - Report by Members on Progress towards Achievement of the Year 2000 Objective - Decision 3(X)

The Council may hear Members' reports under this agenda item.

Item 12 - CITES Listing Proposals by Members - Decision 3(XVI)

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

Item 13 - Report of the Consultants on Revision of Project Related Guidelines and Manuals - Decision 8(XXII)

The Council may consider the Report of the Consultants on Revision of Project Related Guidelines and Manuals {document ITTC(XXV)/4} and take any action it considers appropriate.

Item 14 - Report by the Executive Director on Organization of Work under the ITTA, 1994 - Decision 2(XXIV)

The Council may hear the report by the Executive Director on Organization of Work under the ITTA, 1994 {document ITTC(XXV)/5} and consider further steps which it might deem appropriate at this Session.

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

The Executive Director will report on progress in the implementation of this Decision.

Item 16 - Matters Related to Article 16 of the ITTA, 1994 - Decision 4(XXIV)

The Council may consider the report of the working committee on the guidelines and/or selection criteria for the position of the Executive Director.

Item 17 - Further Streamlining the Work of the Committees - Decision 5(XXIV)

The Council may consider the: (a) Report of the Expert Panel to Organize the Work and Agendas of the Committees; and (b) Report of the Expert Panel for Strengthening and Streamlining the Work of the Committees.

Item 18 - Downturn in the International Tropical Timber Market - Decision 6(XXIV)

Members may wish to consider the implementation of this Decision.

Item 19 - Co-operation between the International Tropical Timber Organization (ITTO) and the African Timber Organisation (ATO) - Decision 7(XXIV)

The Executive Director will report to Council on his consultations with the ATO Secretariat for closer co-ordination and collaboration between ITTO and ATO.

Item 20 - Technical Consultation on Forest Fire: Report of the Expert Mission - Decision 8(XXIV)

The Council may consider the Report of the Expert Mission on Forest Fire.

Item 21 - Work Programme for the year 1999 - Decision 9(XXIV)

The Council may consider the Work Programme for the year 1999 prepared by the Executive Director in consultation with the Chairpersons and Vice-chairpersons of the Council and Committees {document ITTC(XXV)/6}.

Item 22 - Report of the Credentials Committee

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

Item 23 - 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 24 - 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 25 - Election of Chairperson and Vice-Chairperson of the Council for 1999

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 1999. 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 26 - Dates of the Twenty-eighth and Twenty-ninth Sessions of the Council and the Associated Sessions of the Committees

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

- Twenty-sixth Session: Chiang Mai, Thailand, 10-15 May 1999
- Twenty-seventh Session: Yokohama, 1-6 November 1999

The Council may wish to decide on the dates and venues of the Twenty-eighth and Twenty-ninth Sessions.

Item 27 - Other Business

The Council may consider any matters raised under this item.

Item 28 - 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 Executive Director and shall be circulated to all Members as soon as possible.

Item 29 - Closing Session

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

\* \* \*

**ANNEX III**

**MEMBERSHIP OF COUNCIL AND DISTRIBUTION OF VOTES  
FOR MEMBER STATES FOR 1998**

# DISTRIBUTION OF VOTES

	<u>No. of Votes</u>	
	1997	1998
<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 .....	21	20
Fiji .....	15	15
India .....	24	27
Indonesia .....	157	144
Malaysia .....	130	127
Myanmar .....	31	26
Papua New Guinea .....	37	34
Philippines .....	17	16
Thailand .....	17	17
<b>Latin America</b>		
Bolivia .....	30	29
Brazil.....	148	159
Colombia .....	32	26
Ecuador .....	21	17
Guyana .....	23	19
Honduras .....	17	15
Panama .....	18	14
Peru .....	37	29
Suriname .....	--	17
Venezuela .....	--	24
Total:	1,000	1,000



	<u>No. of Votes</u>	
	1997	1998
<u>CONSUMERS</u>		
Australia .....	17	16
Canada .....	13	13
China .....	146	131
Egypt .....	16	15
European Union		
Austria .....	11	11
Belgium/Luxembourg .....	20	20
Denmark .....	12	12
Finland .....	10	10
France .....	42	38
Germany .....	31	30
Greece .....	13	12
Italy .....	--	38
Netherlands.....	31	29
Spain .....	25	25
Sweden .....	11	11
United Kingdom .....	45	39
Japan .....	358	344
Nepal .....	10	10
New Zealand .....	10	10
Norway.....	11	10
Republic of Korea .....	108	98
Switzerland .....	11	11
United States of America .....	49	67
Total:	<u>1,000</u>	<u>1,000</u>

**ANNEX IV**

**TEXT OF THE MAIN DECISIONS**

**ADOPTED BY THE COUNCIL AT ITS TWENTY-FIFTH SESSION**

Documents:	DECISION 1(XXV)	ITTC(XXV)/17 Rev.1
	DECISION 2(XXV)	ITTC(XXV)/18
	DECISION 3(XXV)	ITTC(XXV)/19
	DECISION 4(XXV)	ITTC(XXV)/20
	DECISION 5(XXV)	ITTC(XXV)/21
	DECISION 6(XXV)	ITTC(XXV)/22
	DECISION 7(XXV)	ITTC(XXV)/23 Rev.1
	DECISION 8(XXV)	ITTC(XXV)/24

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TWENTY-FIFTH SESSION  
3 - 9 November 1998  
Yokohama, Japan

## DECISION 1(XXV)

### PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Twenty-fifth Session the recommendations of the three Committees on Projects and Pre-Projects, as contained in documents CEM(XXIII)/10 Rev.1, CRF(XXIII)/24 Rev.1 and CFI(XXIII)/9;

1. Decides:

(i) To approve the following Projects:

PD 16/93 Rev.4 (M) Phase IV	Market Information Service for Tropical Timber and Timber Products (M.I.S.) – Phase IV (\$259,000.00 in 1999 \$357,500.00 in 2000)
PD 40/96 Rev.5 (M)	The Establishment of National System for Surveying and Evaluating Data for Egyptian Annually Imported Timber (\$274,300.00)
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 (\$415,096.00)
PD 15/98 Rev.2 (M)	Development and Installation of a Computer Management System for the Control of Forest Production in Gabon (\$471,691.00)
PD 63/97 Rev.3 (F)	Specialization Program for Forest Technicians on Sustainable Tropical Forest Management in Bolivia (\$564,556.00)
PD 2/98 Rev.2 (F,I)	Management and Utilization of Paca (Guadua Sarcocarpa) (\$601,900.00)
PD 10/98 Rev.1 (F)	Participatory Forest Management by the Indigenous Communities of the Chimanes Region, Beni, Bolivia (\$989,393.00)

PD 13/98 Rev.2 (F)	Establishment of a National Network of Permanent Plots of Forest Species (NPPNFS) (\$718,044.00)
PD 24/98 Rev.2 (F)	Intensification of Teak Forestry (\$177,610.00)
PD 30/98 Rev.2 (F)	Study of Silvicultural Techniques for the Sexual and Asexual Reproduction of Chanul ( <i>Humiriastrum procerum</i> ) (\$419,748.00)
PD 36/98 Rev.1 (F)	Establishment of Forestry Sector Draft Development Plan for Sustainable Forest Management in Cambodia (\$99,004.00)
PD 38/98 Rev.2 (F) Phases I & II	Technology Development and Demonstration on Reforestation Using Tropical Hardwood Species in Yunnan Province of China – Phase I & II (\$672,662.00 – for Phase I)
PD 40/98 Rev.1 (F) Phase I	Development and Implementation of a Community-Based Sustainable Forest Development Plan in the Miguel River Basin, District of Donoso, Phase I (\$632,106.00)
PD 48/98 Rev.1 (F)	Reforestation of the Abutia Plains by Indigenous Communities in the Volta Basin (\$576,188.00)
PD 49/98 Rev.1 (F)	Participatory Tropical Forest Development by Women in Indigenous Communities (\$589,534.00)
PD 51/98 Rev.1 (F)	Forest Fire Management in Côte d'Ivoire on an Experimental Basis (\$490,966.00)
PD 54/98 Rev.1 (F)	Institutional Strengthening of the Geographic Information System (GIS) of the National Environmental Authority (ANAM) for the Monitoring and Evaluation of Panama's Forest Resources with a View to their Sustainable Management (\$776,956.00)
PD 46/97 Rev.3 (I)	Community Forest Product Processing in the Puerto Dias Extractive Reserve (\$462,090.00)
PD 41/98 Rev.2 (I)	National Seminar Workshop on the Promotion of Plantation Timber Utilization (\$53,784.00)
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 Sylviculture and Uses (\$197,549.00)

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

PD 16/93 Rev.4 (M) Phase IV	(\$ 259,000.00 in 1999)
PD 2/98 Rev.2 (F,I)	(\$ 601,900.00)
PD 24/98 Rev.2 (F)	(\$ 177,610.00)
PD 36/98 Rev.1 (F)	(\$ 99,004.00)
PD 38/98 Rev.2 (F) Phase I	(\$ 672,662.00)
PD 48/98 Rev.1 (F)	(\$ 576,188.00)
PD 54/98 Rev.1 (F)	(\$ 776,956.00)
PD 44/98 Rev.2 (I)	(\$ 197,549.00)

- (iii) To authorize financing for immediate implementation as soon as funds are available in the Special Account, of the following Projects approved at this Session:

PD 16/93 Rev.4 (M) Phase IV	(\$ 357,500.00 in 2000)
PD 40/96 Rev.5 (M)	(\$ 274,300.00)
PD 6/98 Rev.1 (M)	(\$ 415,096.00)
PD 15/98 Rev.2 (M)	(\$ 471,691.00)
PD 63/97 Rev.3 (F)	(\$ 564,556.00)
PD 10/98 Rev.1 (F)	(\$ 989,393.00)
PD 13/98 Rev.2 (F)	(\$ 718,044.00)
PD 30/98 Rev.2 (F)	(\$ 419,748.00)
PD 40/98 Rev.1 (F) Phase I	(\$ 632,106.00)
PD 49/98 Rev.1 (F)	(\$ 589,534.00)
PD 51/98 Rev.1 (F)	(\$ 490,966.00)
PD 46/97 Rev.3 (I)	(\$ 462,090.00)
PD 41/98 Rev.2 (I)	(\$ 53,784.00)

2. Decides:

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

PPD 8/98 Rev.1 (M)	Establishment of a National Forest and Timber Marketing Statistics System (\$40,000.00)
PPD 10/96 Rev.2 (F)	Preliminary Study of a Project on the Production of Timber by the Agroforestry Method in the Wawa Region (Plateaux Region of Togo) (\$38,240.00)
PPD 10/98 Rev.1 (F)	Establishment of Forest Research Base for Sustainable Forest Management in Cambodia (\$66,971.00)
PPD 16/98 Rev.1 (F)	Management of Aboulaye Permanent Forest (\$59,519.00)
PPD 13/98 Rev.2 (I)	Assessment of Forest Industry Training Needs (\$50,013.00)
PPD 15/98 Rev.2 (I)	Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (\$222,078.00)

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

PPD 8/98 Rev.1 (M)	(\$ 40,000.00)
PPD 10/98 Rev.1 (F)	(\$ 66,971.00)
PPD 13/98 Rev.2 (I)	(\$ 50,013.00)
PPD 15/98 Rev.2 (I)	(\$ 222,078.00)

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

PPD 10/96 Rev.2 (F)	(\$ 38,240.00)
PPD 16/98 Rev.1 (F)	(\$ 59,519.00)

3. Decides:

- (i) to approve the following activity and to authorize financing for immediate implementation:

- Expert Panel for Technical Appraisal of Project Proposals, Seventeenth Meeting (\$95,000.00)

- (ii) to authorize financing for immediate implementation as soon as funds are available in the Special Account, of the following activity approved at this Session:

- ITTO Participation in IFF and Related Initiatives  
[Decision 5(XXV)]  
(\$101,000.00)

- (iii) to authorize the release of additional funds to allow the continued implementation of the following activity as soon funds are available in the Special Account:

- Activity to Facilitate Development of a Joint ITC/ECE/FAO/EUROSTAT/ITTO Forest Statistics Questionnaire  
(\$49,950.00)

4. Urges Members to consider financing those approved Projects and Pre-Projects for which funds are not immediately available;

5. 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;

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

\* \* \*

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3 - 9 November 1998  
Yokohama, Japan

## DECISION 2(XXV)

### ORGANIZATION OF WORK UNDER THE ITTA, 1994

The International Tropical Timber Council,

Recalling Decisions 2(XXIV) and 3(XXII) on the Organization of Work under the ITTA, 1994;

Welcoming the reports on Review and Classification of Council Decisions [ITTC(XXV)/5] and Exploring Possible Ways to Reduce Costs of Preparation, Translation and Distribution of ITTO Documents [ITTC(XXV)/11];

Noting the Report of the Chairperson on the Third Session of the Informal Advisory Group (IAG);

Decides to:

1. Request the Executive Director to archive Council decisions classified in ITTC(XXV)/5 as "implemented", "superseded" or "of no further relevance to the Organization;"
2. Also request the Executive Director to compile a report by subject of Council decisions classified as "under implementation" or "still relevant" for consideration by the Council at its Twenty-sixth Session;
3. Authorize the Executive Director to establish a Document Network System as described in ITTC(XXV)/11 which enables the protected distribution of "restricted" ITTO documents to interested Members and to seek funding from Members for this purpose;
4. Request the Executive Director to routinely translate and distribute to Members all reports and documents needed for the work of the Council and Committees as contained in the Annex to this Decision and make available on request non-essential reports and documents, such as those prepared by project implementing agencies, to Members in the working language of the ITTO in which they were prepared.

## ANNEX

### ESSENTIAL DOCUMENTS FOR THE COUNCIL AND COMMITTEES

#### Council and Committees

- Information Notes related to their Sessions
- Project Cycle Calendar
- List of Participants
- List of Observers
- Credentials Committee Report

#### Council

- Council Agenda
- Draft Report of the preceding Council Session
- Annual Report
- Elements for the Annual Review of the World Timber Situation
- Special reports and studies prepared in response to Council Decisions
- Council Decisions

#### Committees

- Committees Agendas
- Report of the Expert Panel for Technical Appraisal of Project Proposals
- Secretariat reports on implementation of approved Projects and Pre-Projects
- Secretariat reports on completed Projects and Pre-Projects
- Project Ideas
- Project and Pre-Project proposals commended by the Expert Panel for final appraisal by the Committees
- Executive summaries of independent evaluations of projects requested by Committees
- Requests from implementing agencies for significant modifications in approved Projects and Pre-Projects
- Reports of the Sessions of the Committees
- Budget proposals and reports (Committee on Finance and Administration only)
- Audited reports (Committee on Finance and Administration only)

\* \* \*



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3 - 9 November 1998  
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**DECISION 3(XXV)**  
**MATTERS RELATED TO ARTICLE 16 OF ITTA, 1994**

The International Tropical Timber Council,

Recalling Article 16 of the ITTA, 1994;

Noting Decision 4(XXIV), on matters related to Article 16 of the ITTA, 1994, including the transitional rules in Annex 2 of the Decision;

Also noting the Report of the Meeting of the Working Committee to Undertake Work on the Procedure for Appointing the Executive Director of ITTO pursuant to ITTC Decision 4(XXIV) [Document ITTC (XXV)/9];

Stressing the need for open and transparent procedures for identifying qualified candidates for the Council to appoint an Executive Director;

Decides to adopt the procedures for selection and appointment of an Executive Director as contained in the Annex of this Decision and that the procedures are not applicable to the current Executive Director.

## ANNEX

### SELECTION PROCEDURES FOR AN EXECUTIVE DIRECTOR

#### I. Qualifications

##### 1. Professional experience

- (i) Managerial experience – a proven track record in managing programs, staff and finances preferably in matters relevant to the work of the ITTO;
- (ii) International experience – previous governmental work and experience in dealing with international organizations.

##### 2. Academic Background

Advanced degree, preferably in matters relevant to the work of the ITTO.

##### 3. Language

Proven ability in both oral and written communication in one or preferably more of the working languages (English, French and Spanish) of the ITTO.

##### 4. Nationality

Candidates should be a national of an ITTO member country and should be endorsed by their respective government. Only one candidate per country can be endorsed.

#### II. Tenure

Appointment will be for a 4-year term, renewable only once. In the case where the Executive Director is not eligible for renewal of his/her mandate, the selection process will commence twelve months before expiry of the mandate. Otherwise the selection process will commence when the Executive Director declares his/her intention, no later than six months before the expiry of his/her mandate, not to seek renewal of his/her mandate.

#### III. Vacancy Announcement

The position is to be advertised in the ITTO Newsletter, on the ITTO Internet home page, in professional journals, general publications and through national governments. The advertisement will include the information that a formal endorsement by the government of the country of which the prospective applicant is a national will be needed before his/her candidature can be considered by Council.

#### IV. Short-listing

A Panel, comprising an equal number of producer and consumer members – with no more than one per country - will be selected by Council. The Panel is to examine the applications from candidates and agree on an indicative short list of no more than six names, with at least half of these to be from producer members and all must be government endorsed candidates. The Panel will present this short list, and the basis for its selection, to Council. Technical support for the Panel will be provided by the Secretariat.

The short list of candidates will be discussed by the Producer and Consumer Caucuses with each Caucus presenting the conclusions of its debate to Council as an element for an informed decision by Council.

#### V. Final selection

The final selection will be made by Council, if not by consensus then by a Special Vote, according to Articles 16 (1) and 2 of ITTA 1994.

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## DECISION 4(XXV)

### FURTHER STRENGTHENING AND STREAMLINING THE WORK OF THE COMMITTEES

The International Tropical Timber Council,

Recalling Decision 5(XXIV) on further streamlining the work of the Committees;

Welcoming the Report of the Expert Group on Strengthening and Streamlining the Work of the Committees, and the Expert Panel for Technical Appraisal of Project Proposals [ITTC(XXV)/8] and the Report of the Meeting of the Expert Panel to Organize the Work and Agendas of the Committees [ITTC(XXV)/14];

Considering the Report of the Consultants on Revision of Project Related Guidelines and Manuals [ITTC(XXV)/12];

Recognizing the continuing need for the Committees to assess and streamline their organization of work and to restructure their agenda to ensure an appropriate balance;

Also recognizing the continuing need for the Committees to reflect an appropriate balance between project and policy work in order to attain the overall objectives of the ITTA, 1994;

Decides to:

1. Adopt the procedures contained in Annex A to this decision for strengthening and streamlining the project and policy work of the Committees;
2. Authorize the Executive Director to request the consultants on revision of project-related guidelines and manuals to take into consideration Annex A to this Decision in finalizing their work on these guidelines and manuals;
3. Revise the procedures for selection of and reporting by the Expert Panel for Technical Appraisal of Project Proposals as contained in Annex B to this Decision;
4. Request the Executive Director to prepare for consideration by Council at its Twenty-sixth Session a preliminary paper on options for the frequency and duration of Council and Committee Sessions for further strengthening and streamlining the work of Council and Committees, noting that one Council Session a year will be held at the location of Headquarters in Yokohama, Japan.

## **ANNEX A**

### **Procedures for Strengthening and Streamlining Project and Policy Work of the Committees**

The chairpersons and the vice-chairpersons of the Committees will meet at the venue of the sessions one day before the sessions start in order to be briefed by the Secretariat on the agenda for the meeting.

#### **Project Work**

Project work takes a lot of time of the Committees, the Expert Panel for Technical Appraisal of Project Proposals and the Secretariat. Currently the total number of projects and pre-projects in progress is about 140. The number of new proposals submitted amounts to approximately 80 to 100 per year, while the number of projects and pre-projects approved by the Council is about 30 to 50. Annually about 30 to 40 projects and pre-projects are being funded.

In order to contain project cycle activities within acceptable limits, it is important that the quality of project work be improved. Projects reflect the implementation of policy work in the field and are showpieces of the ITTO. At the same time project work should not be allowed to completely engulf the administrative capacity of the Organization. Sufficient time must be available for policy work as requested by the Council.

#### **I. Identification**

1. Urge Members to submit Project ideas (1-2 pages with defined format) to the Expert Panel for Technical Appraisal of Project Proposals for assessment and advice as the first step in the project cycle.
2. Countries should be reminded that cooperation between member countries can improve the quality of the identification process.
3. Project proposals submitted to ITTO should fit within the current ITTO Action Plan and within the context of the national forestry policy of the member countries.

#### **II. Formulation**

1. Encourage wider use of the mechanism provided by PD73/89 Rev.3 (M,F,I), in particular through Project Formulation workshops, to support project formulation.
2. Encourage wider use of pre-projects to prepare high quality project proposals, whenever necessary.

#### **III. Submission**

1. Require member countries to define clearly the national authority responsible for ITTO matters. That authority must screen proposals to ensure that they reflect national priorities and are of adequate technical quality.
2. Require member countries to channel the proposals through their established ITTO contact point.
3. In view of the limited number of project proposals that the Expert Panel for Technical Appraisal of Project Proposals can appraise, the national authority responsible for ITTO should provide a list of project proposals in order of priority for consideration by the Expert Panel.

#### **IV. Appraisal and approval**

Only project proposals requiring essential modifications will be subject to a reassessment by the Expert Panel for Technical Appraisal of Project Proposals and the Panel will forward to the Committees only those proposals requiring minor or no modifications. The only exception to this rule will be in the case of proposals where the proposer is unable to agree with the Panel after three revisions.

#### **V. Financing**

1. Require the Expert Panel for Technical Appraisal of Project Proposals to identify those proposals which meet the criteria for funding from the BPF.
2. Encourage Members to clarify their priorities with respect to project financing to achieve the objectives in the current ITTO Action Plan.

#### **VI. Implementation and monitoring**

1. The Secretariat has the mandate to make the results of implementation and monitoring available to the executing agency, recipient country, donor/s. To reduce the need for lengthy discussions in the Committees, the Secretariat will report only on projects with implementation problems to be dealt with in the Committee sessions.
2. The Secretariat will ensure an external annual financial audit of all projects with a duration of two years or more and a budget above \$ 200,000.
3. The Committees will deal with progress reporting for pre-projects and projects under a single agenda item, and similarly for completed pre-projects and projects. This will slightly reduce the number of documents.
4. The Secretariat will develop a standard format for implementing agencies to report on projects and pre-projects in progress as well as for completed projects and pre-projects.

#### **VII. Evaluation**

1. Require the Secretariat to prepare for each Committee a combined document on completed pre-projects and projects. These documents, consisting of a report of not more than two pages per completed pre-project or project will be prepared by the Secretariat on the basis of the reports and information received from the implementing agencies and the steering committees. Full final reports by implementing agencies will not be included in the Committee agenda. These reports will be available to member countries upon request. However, they will only be available in the original ITTO working language in which they were prepared. This will reduce the workload of the Secretariat and the translators.
2. On the basis of the document prepared by the Secretariat, the Committees will decide upon the necessity of ex-post evaluation for selected projects. The document prepared by the Secretariat will include a mention of the financial resources available for ex-post evaluations. These evaluation reports will go to the respective Committee for consideration under a separate agenda item.

#### **VIII. Dissemination**

The Secretariat will:

1. devise and implement a common strategy for dissemination of project results, methodologies, costs etc.;
2. include in the contract with implementing agencies that they report the outcome of the project and the lessons learned as well as any publications produced for inclusion in the Tropical Forest Update (TFU);

3. use the Internet as a medium for communication of project work;
4. include in the ITTO Project Formulation Manual, a request to include in project proposals how project outcomes will be disseminated.

### **Policy Work**

Policy work is the other important task of the Committees. It should contribute to the work of the Council in guiding the directions in which the Organization develops. Inputs for policy work come mainly from global developments, the current ITTO Action Plan, the annual ITTO Work Programme, recommendations of the Informal Advisory Group and from completed Pre-projects and Projects.

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

## ANNEX B

### Procedures for Selection of and Reporting by the Expert Panel for Technical Appraisal of Project Proposals

1. The Council sets the criteria for the eligibility of the members of the Expert Panel. On the basis of those criteria, the Secretariat creates a database of experts eligible for the Panel on the basis of C.V.'s provided by member countries. The caucuses will select the members of the Expert Panel from the database taking into account the need to ensure balance of expertise in the areas of work of the Committees.
2. The existing checklist for Panel members will be used as a reference.
3. The general observation of the report produced by the Panel will appear as a separate item on the agenda of the joint session of the three Committees. Comments on individual projects will be included in the project briefs of the three Committees.

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## DECISION 5(XXV)

### INTERGOVERNMENTAL FORUM ON FORESTS

The International Tropical Timber Council,

Recalling Decisions 6(XXII) and 7(XVIII) on ITTO support to Intergovernmental Panel on Forests (IPF) or its successor body and implementation of the IPF proposals for action;

Noting the establishment in June 1997 of the Intergovernmental Forum on Forests (IFF) as the successor body to the IPF;

Also noting the lead role of the ITTO within the high level informal Interagency Task Force on Forests for trade and environment issues;

Appreciating the efforts made by the Executive Director to cooperate with and support the IFF consistent with the mandate of the ITTO;

Recognizing the benefits of strengthening ITTO's cooperation with the IFF and contributing to the implementation of relevant IPF proposals for action;

#### Decides to:

1. Request the Executive Director to prepare a report cataloguing existing ITTO policy initiatives and projects that are supportive of IPF proposals for action for review by Council at its Twenty-sixth Session;
2. Request the Executive Director to provide for ITTO contribution to experts meetings being sponsored by countries in support of the work program of the IFF on the relationship of trade and sustainable forest management, including the Seminar on the Trade Related Aspects of the Sustainable Management of All Types of Forests being sponsored by Brazil in cooperation with UNCTAD in 1999;
3. Authorize the Executive Director to sponsor and seek funding for a consultation with FAO, UNEP, ECE and WTO to discuss ways to enhance contributions to the IFF in the area of trade and sustainable forest management.

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## DECISION 6(XXV)

### DOCUMENT TRANSLATION COSTS

The International Tropical Timber Council,

Recalling its Decision 5(XI) on the "Programme Support" in the Special Account which is to be charged to projects, pre-projects and activities;

Also recalling also its Decision 4(XV) which decided that 0.5% of the total budget for all projects, pre-projects and activities would be placed in a pool of funds to be used solely to defray the costs of translating project and pre-project proposals;

Acknowledging with gratefulness the continued willingness of the Government of Japan to bear the majority of the translation costs of all project and pre-project proposals, and other Council and Committee documents;

Noting the recommendations made by the Committee on Finance and Administration at its Third Session regarding inadequacy of the resources allocated for document translation costs in the Programme Support;

Decides to:

1. Authorize the transfer of an amount of US\$210,713.79 from the General Programme Support to the component of "Translation Costs" in the Programme Support to eliminate the deficit incurred in that account as at the end of the financial year 1997;
2. Review the situation regarding the costs of translation at its Twenty-sixth Session.

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## DECISION 7(XXV)

### ITTO PROGRAMME OF WORK FOR 1999

The International Tropical Timber Council,

Recalling Decision 9(XXIV) on the adoption of the Libreville Action Plan;

Welcoming the Draft Work Programme for the Year 1999 prepared by the Executive Director in consultation with the Chairpersons and Vice-Chairpersons of the Council and Committees;

Decides to:

1. Endorse the Work Programme for 1999 as contained in the Annex to this Decision as a working draft;
2. Urge Members to pay any arrears of their assessed contributions to the Administrative Account and encourage Members to contribute to the Special Account and the Bali Partnership Fund, in order to facilitate implementation of the Work Programme;
3. Request the Executive Director in formulating future proposed Work Programmes to identify and group new and routine Council, Committee, and Secretariat activities under the following three headings:
  - (i) Strategic policy activities;
  - (ii) Project activities;
  - (iii) Administrative activities;

This should include relevant crossreferences to the ITTA, 1994; the Libreville Action Plan; Council Decisions and recommendations of the Informal Advisory Group.

4. Also request the Executive Director regarding the proposed activities to provide information on the cost implications, including human resources, and proposed method of implementation including where appropriate draft terms of reference, funding sources, and estimated time frame.

## ANNEX

### ITTC

The highest authority of the Organization is the Council, which is empowered to perform or arrange for the performance of all such functions as are necessary to carry out the provisions of the ITTA. The following activities are proposed for the Council in 1999:

- (i) Hold two regular sessions (the Twenty-sixth, in Chiang Mai, Thailand from 28 May - 3 June 1999, and the Twenty-seventh, in Yokohama, Japan from 1-6 November 1999).
- (ii) Decide on format of 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, Article 29 (a)].
- (iii) Undertake the annual review and assessment of the international timber situation [ITTA, Article 30 (a)].
- (iv) Promote the exchange of views among Member countries regarding:
  - the status of sustainable management of timber producing forests and related matters in Member countries;
  - resource flows and requirements in relation to objectives, criteria and guidelines set by the Organization.

[ITTA, Article 30 (4)]
- (v) 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, Articles 20, 21 and 25].
- (vi) Continue and conclude the work on the Manual on ITTO's rules and procedures for project implementation, and the up-dated versions of the ITTO Manual for Project Formulation, ITTO Manual for Project Monitoring, Review and Evaluation, and 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 [related to ITTC Decision 8(XXII)].
- (vii) Reassess the role and continued existence of the Council's Informal Advisory Group (IAG) pursuant to ITTC Decision 3(XXII).
- (viii) Review the results of the market access study carried out under ITTC Decision 2(XXIII) and consider follow-up action as appropriate.
- (ix) Continue and conclude the work on the Manual on the methods that could be used to compile data on indicators in applying the ITTO Criteria and Indicators for sustainable management of natural tropical forests [ITTC Decision 3(XXIV)].
- (x) Consider and if appropriate take action on the study on the downturn in the international tropical timber market, undertaken under ITTC Decision 6(XXIV).
- (xi) Consider and approve the Organization's administrative budget for the Year 2000, and assess the contribution of each Member [ITTA, Article 19 (3)].
- (xii) Appoint independent auditors for the purpose of auditing the accounts of the Organization for the 1998 financial year [ITTA, Article 23 (1)].
- (xiii) Continue and conclude the work on intellectual property rights [ITTC Decision 10(XXII)].
- (xiv) Continue and conclude the work to establish policies for the operation of the Bali Partnership Fund [ITTA, Article 21 (6)].

- (xv) Review the adequacy of the resources available in the Bali Partnership Fund and endeavor to obtain additional resources needed by producing Members to achieve the purpose of the Fund [ITTA, Article 21 (5)].
- (xvi) Consider and, if appropriate, take decisions on actions to further strengthen cooperation of ITTO with IFF, ATO, FAO, UN/ECE and EUROSTAT [cooperation related to ITTC Decision 7(XXIV) and Cross Cutting Strategies (section 2) in the Action Plan].
- (xvii) Consider the results of the technical consultation on the prevention and management of forest fire [ITTC Decision 8(XXIV)] and decide on follow-up actions as appropriate.
- (xviii) 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.
- (xix) Based on the results of the trial authorized under ITTC Decision 2(XXIV), approve use of electronic mail and the ITTO home page as the principal means of document transmission to interested countries, and consider and undertake appropriate cost savings measures with respect to document production, translation and distribution.
- (xx) Consider and take appropriate action on measures to further improve the effectiveness and efficiency of the Organization, including streamlining the work of the committees [ITTC Decision 5(XXIV)]. Consider ways to encourage greater participation in the work of ITTO of non-government stakeholders and relevant international organizations [Action Plan, cross cutting strategies (section 2)].

## **Committees**

### **Economic Information and Market Intelligence**

- (i) In cooperation with industry and trade associations, organize and hold the ITTO 1999 Annual Market Discussions on the world tropical timber trade [Action Plan, section 3.1, goal 2 action 1].
- (ii) Monitor and analyze statistical data and other relevant information, including any information on undocumented trade [Action Plan, section 3.1, goal 1 action 4].
- (iii) Consider (and make recommendations to Council) the undertaking of studies of the competitiveness of tropical timber and tropical timber products with timber and non-timber substitutes [Action Plan, section 3.1, goal 2 action 7].
- (iv) Prepare terms of reference and make recommendations to Council on a study on the medium and longer term outlook for the tropical timber market.
- (v) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise Economic Information and Market Intelligence project and pre-project proposals submitted by Member countries [ITTA, Article 27 (4)].
- (vi) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the field of Economic Information and Market Intelligence [ITTA, Article 27 (4)].
- (vii) Continue monitoring of development of forest certification and timber labelling [Action Plan, section 3.1, goal 3].
- (viii) Review the results of project and policy work in the field of Economic Information and Market Intelligence and make recommendations to Council on ITTO's work program for the year 2000 [ITTA, Article 27 (4)].
- (ix) In conjunction with the Committee on Forest Industry and the Committee on Reforestation and Forest Management, assess fellowship applications and decide on fellowships to be granted by ITTO under project PD 1/93 Rev.1 (M,F,I).

- (x) Consider project ideas and provide guidance to Member countries for the formulation of Economic Information and Market Intelligence project proposals which meet the priorities set in the Libreville Action Plan [Action Plan, section 3.1, goal 1 action 6, goal 2 action 8, and goal 3 action 4].
- (xi) In cooperation with FAO, UN/ECE and EUROSTAT and the private sector, develop a common questionnaire to obtain information for the Annual Review and Assessment of the World Timber Situation, with a view to minimizing duplication in country information requirements [Decision 8(XXI)],
- (xii) 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].
- (xiii) Propose ways to streamline the collection and dissemination of statistical data [Action Plan, section 3.1, goal 1 action 2].
- (xiv) Consider and if appropriate take action to disseminate information on projects findings and results [ITTA, Article 27 (4), Action Plan, section 2].

#### **Reforestation and Forest Management**

- (i) Prepare terms of reference and make recommendations to Council for work to develop and refine guidelines on reduced-impact logging [Action Plan, section 3.2, goal 2 action 2].
- (ii) Prepare terms of reference and make recommendations to Council on work to compile and publish guidelines for the rehabilitation of degraded forests and forest lands, including guidelines on the management of secondary forests [Action Plan, section 3.2, goal 2 action 3].
- (iii) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise Reforestation and Forest Management project and pre-project proposals submitted by Member countries [ITTA, Article 27 (4)].
- (iv) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the field of Reforestation and Forest Management [ITTA, Article 27 (4)].
- (v) Review the results of project and policy work in the field of Reforestation and Forest Management and make recommendations to Council on ITTO's work program for the year 2000 [ITTA, Article 27 (4)].
- (vi) In conjunction with the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry, assess fellowship applications and decide on fellowships to be granted by ITTO under project PD 1/93 Rev.1 (M,F,I).
- (vii) Consider project ideas and provide guidance to Member countries for the formulation of Reforestation and Forest Management project proposals which meet the priorities set in the Libreville Action Plan [Action Plan, section 3.2, goal 1 action 7, goal 2 action 5, and goal 3 action 6].
- (viii) Consider and if appropriate take action to disseminate information on projects findings and results [ITTA, Article 27 (4), Action Plan, section 2].

#### **Forest Industry**

- (i) Monitor and review the need for work on tropical timber standardization and harmonization, including the area of tropical timber nomenclature [Action Plan, section 3.3, goal 2 action 1]. The Committee will carry out the review in its May 1999 Session. To assist the review the Secretariat will compile information on ITTO previous work on standardization and

nomenclature, including type and number of projects ITTO financed in this field.

- (ii) Prepare terms of reference and make recommendations to Council on work 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]. The Committee will briefly discuss the issue in its May 1999 Session. The Secretariat will compile information on previous work in this field (both by ITTO and other organizations) and prepare draft terms of reference. The Committee will finalize the terms of reference and recommendations to Council in its November 1999 Session.
- (iii) Consider and hold discussions on the need for and desirability of work on a voluntary code of conduct for the forest industry [Decision by the Forest Industry Committee in its Twenty-second Session]. A background paper will be prepared by the Secretariat and distributed in May 1999. The Committee will hold its discussions on the issue in its November 1999 Session.
- (New) (iv) **Prepare terms of reference for and recommend to Council the implementation of a study to review the status of tropical timber further processing in producer countries. The Committee will implement the activity in its November 1999 Session the Committee will consider the procedures to get the information on the situation of further processing in each producing country.**
- (v) Review ITTO's work in the area of non-wood forest products (NWFP) and consider the possibilities of cooperation with other relevant organizations, to promote NWFP processing and use, in the context of NWFP potential for international trade and relevance to local communities [Decision by the Forest Industry Committee in its Twenty-second Session].
- (vi) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise Forest Industry project and pre-project proposals submitted by Member countries [ITTA, Article 27 (4)].
- (vii) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the field of Forest Industry [ITTA, Article 27 (4)].
- (viii) Review the results of project and policy work in the field of Forest Industry and make recommendations to Council on ITTO's work program for the year 2000 [ITTA, Article 27 (4)].
- (ix) In conjunction with the Committee on Economic Information and Market Intelligence and the Committee on Reforestation and Forest Management, assess fellowship applications and decide on fellowships to be granted by ITTO under project PD 1/93 Rev.1 (M,F,I).
- (x) Consider project ideas and provide guidance to Member countries for the formulation of Forest Industry project proposals which meet the priorities set in the Libreville Action Plan [Action Plan, section 3.3, goal 1 action 6, goal 2 action 3, and goal 3 action 5].
- (xi) Consider and if appropriate take action to disseminate information on projects findings and results [ITTA, Article 27 (4), Action Plan, section 2].

#### **Finance and Administration**

- (i) Consider the working documents on intellectual property rights and make recommendations to Council on intellectual property rights [ITTC Decision 10 (XXII)].
- (ii) Make recommendations to Council on the appointment of auditors for the purpose of auditing the accounts of the Organization for the 1998 financial year [ITTA, Article 27 (6)].
- (iii) Review the independent audited statement for the 1998 financial year [ITTA, Article 27 (6)].
- (iv) Examine and make recommendations to the Council regarding the approval of the Organization's administrative budget proposals for the year 2000 [ITTA, Article 27 (6)].

- (v) Make recommendations to Council on policies for the operation of the Bali Partnership Fund, [ITTC Decision 6(XXIII) and ITTA Article 27 (6)].
- (vi) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work [ITTA, Article 27 (6)].
- (vii) 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 [Article 27 (6)].

### **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 1999 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 1999.
- (iii) Organize and provide assistance to the two 1999 meetings of the Expert Panel for Technical Appraisal of Project Proposals.
- (iv) Organize and assist the work of panels and working groups decided by the Council on an ad hoc basis (3 to 4 annually in the period 1995- 1998).
- (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 (137 operational pre-projects and projects as of 15 August 1998).
- (vii) Preparation of draft 1998 Annual Report of the Organization.
- (viii) Prepare a proposal for the administrative budget for the Year 2000.
- (ix) Take the necessary actions for printing, translation and dissemination of ITTO publications.
- (x) Prepare a paper on options for a possible review of the progress made towards achieving Year 2000 Objective.
- (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, 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. Project PD 1/93 Rev.1 (M,F,I)  
ITTO Fellowship Programme - Phase II
  - 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 1999 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"
- j. Reporting to Council on the findings, recommendations and conclusions of the  
missions and technical consultation on Forest Fire [Decision 8(XXIV)].
- k. Providing and facilitating access to relevant information and knowledge contained in  
ITTO publications and project findings.
- l. Carrying out any other tasks decided by Council on an *ad hoc* basis through  
Decisions adopted.

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## DECISION 8(XXV)

### MANAGEMENT OF THE BALI PARTNERSHIP FUND

The International Tropical Timber Council,

Recalling Article 1(d) of ITTA, 1994, "to enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000;"

Also recalling Article 21(4) and (6) of the ITTA, 1994, Decision 6(XXII) concerning financial rules for the operation of the Bali Partnership Fund, and Chapter V of the Financial Rules, and Rules Relating to Projects of the International Tropical Timber Organization [Doc. No. CFA (II)/5 Rev.2)];

Further recalling Decision 8(XX), in particular Annex B;

Welcoming the priorities established in the ITTO Libreville Action Plan;

Stressing the need to operationalise the Bali Partnership Fund as soon as possible and to identify projects pre-projects and activities eligible for financing under the Fund;

Decides to:

4. Identify projects, pre-projects and activities eligible for financing from the Bali Partnership Fund based on the following as contained in the Annex to this Decision:
  - a) Article 21, paragraph 4 of ITTA, 1994;
  - b) Annex B of Decision 8(XX); and
  - c) Paragraph 2 of Rule 19 of the Financial Rules and Rules Relating to Projects.
5. Consider projects, pre-projects and activities proposed by Members according to the procedures established for the Special Account under Chapter VII of ITTA, 1994.
6. Implement, monitor, review and evaluate projects, pre-projects and activities according to the procedures established for the Special Account under Chapter VII of ITTA, 1994.
7. Expand the mandate of the Expert Panel for Technical Appraisal of Project Proposals to identify projects, pre-projects and activities eligible for consideration for financing from the Bali Partnership Fund based on the criteria in the Annex to this Decision.
8. Review annually the criteria used for allocating the resources of the Bali Partnership Fund in accordance with its interpretation of Objective 1(d) of the ITTA, 1994.
9. Strongly encourage Members to contribute to the Bali Partnership Fund.
10. Request the Executive Director to seek voluntary contributions from other public and private sources that the Organisation may accept consistent with its financial rules.

## ANNEX

a) Paragraph 4, Article 21 of ITTA, 1994

In allocating resources of the Fund, the Council shall take into account:

(a) The special needs of members whose forestry sectors' contribution to their economies is adversely affected by the implementation of the strategy for achieving the exports of tropical timber and timber products from sustainably managed sources by the year 2000;

(b) The needs of members with significant forest areas who establish conservation programmes in timber producing forests.

b) Annex B of Decision 8(XX)

- To adopt a forest policy and enforce legislation.
- To establish and secure a Permanent Forest Estate (PFE).
- To reduce the damage done by timber harvesting to the physical and social environments and to the forest eco-system.
- To train the work force to accelerate the use of reduced impact logging thus becomes of the utmost priority and urgency.
- To limit harvest levels to the sustained yield capacity.
- To raise political and consumer awareness of the fact that timber harvesting can be consistent with the sustainability of the tropical forest.
- To concentrate research on the analysis and application of existing data and knowledge so as to ascertain what is or can be made relevant to the operational knowledge of forest eco-system behaviour and put that information into preliminary management prescriptions.

c) Paragraph 2 of Rule 19 of the Financial Rules and Rules Relating to Projects

In allocating the resources of the Bali Partnership Fund, the Council shall take into account the requirements of Article 21 paragraph 4 of the Agreement, Annex B of Decision 8(XX), and the importance of assisting Member countries to implement the ITTO criteria and indicators for sustainable management of natural tropical forests. The Council shall annually review the criteria used for allocating the resources of the Bali Partnership Fund in accordance with its interpretation of Objective 1(d) of the Agreement.

\* \* \*

**ANNEX V**

**REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES**

**Documents:**      CEM(XXIII)/10 Rev.1  
                         CRF(XXIII)/24 Rev.1  
                         CFI(XXIII)/9  
                         CFA(IV)/8 Rev.1

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## REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

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- Appendix A: Technical Assessment of Projects in the Area of Economic Information and Market Intelligence and Summary Table
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- Appendix C: Statement of the Trade

## REPORT

### 1. Opening of the Session

The Twenty-third Session of the Committee was opened on 3 November 1998 at a Joint Session of the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management and the Committee on Forest Industry, under the Chairmanship of Mr. Emile Jean Claude Anoh. The list of participants is reproduced in document ITTC(XXV)/Info.2.

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

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

### 3. Admission of Observers

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

### 4. Annual Review and Assessment of the World Timber Situation

The Committee noted the presentation by the Secretariat on this item before the Council under item 9 of its Agenda.

### 5. Report of the Meeting of the Expert Panel to Organize the Work and Agendas of the Committees – Council Decision 5(XXIV)

The Committee noted and referred to the Report of the Meeting as contained in document ITTC(XXV)/14.

### 6. Report of Project and Pre-Project Work in Progress

The Committee considered the Report of Project and Pre-Project Work in Progress as contained in document CEM(XXIII)/3. Progress reports on the following 13 projects and 1 pre-project were noted:

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

The Secretariat provided details of progress in the past six months, informing the Committee of the contribution this project was making towards improving market transparency. In order to ensure the continuity of this project, to maintain the trade correspondent network that supported the MIS, and to effect some economies, the Committee recommended that the project be approved for a period of two years (1999 and 2000). The Committee further approved the allocation of funds remaining in Phase I (US\$46,300) and all funds remaining in Phase IV (I) of the project to the recommended Phase IV (II). It also approved the utilization of the remaining funds for the continuation of the project beginning 1 January 1999 while waiting for the funding of the project under Phase IV(II). The Committee duly recommended the provision of US\$618,700 (US\$261,200 for 1999 and US\$357,500 for 2000) for the two year extension of PD16/93 (Rev.4).

**(ii) PD 34/94 Rev.1 (M) Establishment and Implementation of a Forest Statistical Information System (Colombia)**

The representative of Colombia provided details of progress in the last six months, noting the improvements in forestry data collection and dissemination that had been brought about by the project. A project newsletter had been distributed to all delegations while the second newsletter was ready to be published. He requested that the project be extended for three months without additional funds to enable the statistical system modules to be completed and tested. He invited the Secretariat to attend the last meeting of the steering committee scheduled for January 1999. The Committee took note of the progress report and decided to recommend that the project be extended for three months without additional funds.

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

The Secretariat reported on the progress achieved in the development of training materials, workshops and orientation on training manuals. The Committee noted the satisfactory progress in the implementation of this project.

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

The Committee noted that the fourth workshop would be conducted in Chennai, India from 16 November to 4 December 1998. 48 participants from 16 member countries had been invited to participate in the workshop. Two more workshops would be convened in Latin America and Africa in 1999.

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

The representative of Peru informed the Committee that the implementation of the second phase of this project had not started due to the unavailability of funds. Consequently, some of the staff of the project had resigned. The Secretariat informed that the disbursement of funds could not be effected as the available funds pledged were less than the minimum 80% required. The representative of the US confirmed that their pledge to the project would be sent to the Secretariat shortly. On the basis of this confirmation, the Committee decided to approve the first disbursement of the funds for the immediate implementation of the project under Phase II Stage 1.

- (vi) PD 25/96 Rev.2 (M) **China's Consumption of Forest Products and Its Demand for Them from the International Market by the Year 2010 (China)**

The representative of China informed the Committee that the last steering committee of this project had verified the satisfactory progress in its implementation. The Committee noted that the International Symposium on the Changing International Tropical Forest Products Market and its Development Trend in 2010 would be held in Beijing from 8 to 10 December 1998.

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

The Committee noted the progress achieved in the implementation of the project which was in line with the project workplan.

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

The Committee noted the production, export and import modules of the statistical system being developed under this project. The export module had been completed while the others were being developed. Institutional cooperation agreements were being formalized to enable the implementing agency to establish the national forest information system.

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

The Secretariat informed that the workplan for the project had yet to be submitted in order for the first tranche of funds to be disbursed. The Committee noted that the implementation of the project would commence upon the completion of the administrative reorganization of the Fiji Forestry Agency.

- (x) PD 29/97 Rev.2 (M) **Development of a Computerized Tracking and Inspection System for Logs and Processed Wood Products in Ghana**

The Committee urged donors to provide funds for the implementation of this approved project.

- (xi) PD 52/97 Rev.2 (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 (Ghana)

The Committee urged donors to provide funds for the implementation of this approved project.

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

The Committee urged donors to provide funds for the implementation of this approved project.

- (xiii) 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 approved project.

- (xiv) PPD 9/97 Rev.1 (M) Development and Implementation of the Forestry Statistics Information System (Philippines)

The Secretariat reported that the monitoring of this pre-project had been delayed but would be carried out immediately after the Twenty-fifth Session of the Council. In view of the forthcoming monitoring, the Committee approved the release of the final disbursement of funds immediately instead of after the monitoring.

7. Report on Completed Projects, Pre-Project and Activity

The Committee took note of the Report of Completed Projects, Pre-Project and Activity as contained in document CEM(XXII)/4 as follows:

- (i) PD 167/91 Rev.1 (M) Diagnosis and Evaluation of the Brazilian Forestry Sector

The Secretariat informed that a Panel of Experts to review the project's outputs had not been convened as planned while the audited financial statement had yet to be submitted. The Committee decided that the project be recommended for ex-post evaluation.

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

The Secretariat informed that project activities were completed in October 1997. Although the implementing agency indicated it would send the final report and the audited financial statement by June 1998, the report and statement had not been received by the Secretariat. The Committee agreed that the project be recommended for ex-post evaluation.

- (iii) PD 35/94 Rev.4 (M,I) Forest Products Marketing Organization Feasibility Study (Papua New Guinea)

The representative of PNG informed that project activities were completed in May 1998 and that a six-volume final report was submitted. He further informed that the Auditors had been instructed to prepare a complete audited financial statement to be sent to the Secretariat in due course.

- (iv) PD 46/94 (M,F,I) Forestry Law Regulation (Bolivia)

The Secretariat informed that both the final and the audited financial reports had been submitted. Copies in Spanish of the "Technical Standards and Regulations for Implementation of Major Land Capacity Classification and Forest Classification Standards" had been made available to members. The Committee declared this project closed.

- (v) PD 27/95 Rev.3 (M) **Establishment and Operation of a Forest Strategic Information Center (CIEF) Phase I (Peru)**

Project activities of Phase I of this project were completed in March 1998. The final report and the audited financial statement had been submitted and were available at the Secretariat. The Committee declared this project closed.

- (vi) 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 representative of Gabon provided an overview of the achievements of this project. The final report and the detailed financial statements were submitted in August 1998. He added that his government intended to continue this work under the project proposal PD15/98 Rev.2 (M). The Committee decided that this project be recommended for ex-post evaluation before the implementation of PD15/98 Rev.2 (M).

- (vii) PPD 13/95 Rev.1 (M) **Creation of a Structure for Research, Collection and Publication of Economic Information with the View to Establishing a Sustainable Database on the Marketing of Timber in Cameroon**

The Secretariat informed that the final report of this pre-project constituted the project proposal PD47/98 (M), which was reviewed by the Panel of Experts for Technical Appraisal of Project Proposals at its Sixteenth Session. The Panel recommended the incorporation of essential modifications to the proposal for the consideration of the Committee at its current Session. However, the revised version of this project was not submitted on time. The final report and the audited financial statement were available at the Secretariat. The Committee declared this pre-project closed.

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

The Secretariat informed the Committee of the results of the working group convened to facilitate the Joint Questionnaire. It was noted that the proposal for the Joint Questionnaire contained in document CEM(XXIII)/6 had been well received by all interested parties. The Secretariat pointed out that substantial work still needed to be undertaken to complete the Joint Questionnaire in time for distribution in 1999, and to review results. It also noted that resources would be required to upgrade ITTO's data-handling capacity. These items were spelled out in detail in document CEM(XXIII)/9. The Committee decided to recommend that the activity be extended and that funds totalling US\$49,450.00 be allocated for this purpose.

8. Consideration of Project and Pre-Project Proposals

The Committee had before it four project proposals and one pre-project proposal that had been evaluated by the Expert Panel for the Technical Appraisal of Project Proposals and subsequently revised in accordance with the Panel's recommendations. The Committee decided to consider proposals which were recommended to it by the Expert Panel at its Sixteenth or earlier sessions and those which had been submitted in revised form and considered by the Expert Panel to Organize the Work and Agendas of the Committees (EPOA). The technical appraisals of projects/pre-projects considered by the Expert Panel are contained in the Appendix A, together with the comments of the EPOA where applicable. The Report of the EPOA is contained in document ITTC(XXV)/14.

- (i) PD 40/96 Rev.5 (M) **The Establishment of National System for Surveying and Evaluating the Data for Egyptian Annually Imported Timber (Egypt)**

The Committee noted the report of the EPOA, which indicated that the proposal had incorporated the minor modifications requested by the Expert Panel for Technical Appraisal of Project Proposals at its Sixteenth Session. The Committee decided to recommend this project for immediate financing and implementation.



(ii) PD 44/97 Rev.2 (M) **Implementation of a Monitoring System for Sustainable Tropical Forest Management in Bolivia**

This proposal was forwarded directly following its consideration by the Expert Panel for Technical Appraisal of Project Proposals at its Fifteenth Session and was not considered by the EPOA. The Committee noted that the revised proposal had still not addressed all of the recommendations of the Expert Panel and recommended that a further revision be prepared and submitted at the Seventeenth Session of the Expert Panel.

(iii) 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 noted that the revised proposal incorporated the essential modifications recommended by the Expert Panel for Technical Appraisal of Project Proposals at its Fifteenth Session. It decided to recommend this project for immediate financing and implementation.

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

The representative of Gabon briefed the Committee on the relevance of the project proposal and its importance to the sustainability of related projects in Gabon. The Committee noted that the report of the EPOA showed that the recommendations of the Expert Panel for the Technical Appraisal of Pre-project and Project Proposals at its Sixteenth Session had been adequately addressed in this proposal. The Committee decided to recommend this project for immediate financing and implementation, after the ex-post evaluation of PD 29/96 Rev.1 (M) was carried out.

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

The Committee noted the report of the EPOA, which indicated that the minor revisions requested by the Expert Panel for Technical Appraisal of Project Proposals at its Sixteenth Session had been carried out. The Committee decided to recommend this pre-project for immediate financing and implementation.

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 113 applications received for fellowships, of which 27 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 1999

Following the usual consultations undertaken by the producer and consumer groups, Dr. Kwame Asumadu (Australia) was elected Chair of the Committee and Mr. Alhassan Attah (Ghana) was elected Vice-chair for 1999.

11. Dates of Future Sessions of the Committee

The Twenty-fourth Session of the Committee would be held in conjunction with the Twenty-sixth Session of the International Tropical Timber Council, scheduled for Chiang Mai, Thailand, from 28 May to 3 June 1999.

The Twenty-fifth Session of the Committee would be held in conjunction with the Twenty-seventh Session of the International Tropical Timber Council, scheduled for Yokohama, Japan, from 1 to 6 November 1999.

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

12. Other Business

(i) Work Programme

The Committee noted the proposed ITTO 1999 Work Programme as contained in document ITTC(XXV)/6 and agreed to include into the Programme the monitoring of developments surrounding the issue of timber certification and the proposed listing of internationally traded tropical timber species in the appendices of CITES. The Committee recognized the need for prioritization in the implementation of the items listed in the Work Programme. The ITTO 1999 Work Programme for Economic Information and Market Intelligence is contained in Appendix B.

(ii) Market Access

The Committee noted the Preliminary Progress Report of the Study on the Impediments to Market Access for Tropical Timber as contained in document ITTC(XXV)/13. The Committee further noted that members who had not returned the Market Access Questionnaire should be encouraged to do so. Members were also encouraged to provide written comments and observations to the co-consultants to enable them to finalize the report in a balanced and forward looking manner and in conformity with the terms of reference of the study. The Committee agreed to keep the issue of market access on the agenda of its future sessions.

(iii) Downturn in the International Tropical Timber Market

The Committee noted that the study to assess the extent and implications of the market downturn for tropical timber as approved under ITTC Decision 6(XXIV) was awaiting financing. The Committee further noted that the theme for the ITTO 1999 Market Discussion would revolve on addressing the downturn in the world tropical timber market and the positive contributions ITTO should make.

(iv) Timber Certification

The Committee noted timber certification as an evolving issue requiring continuing and close monitoring by ITTO. In this connection, the Committee was informed of the recent launching of the Pan-European Forest Certification (PEFC) framework for the establishment of comparable national certification systems and their mutual recognition. The Committee agreed to maintain the issue of timber certification on the agenda of its future sessions.

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

The Committee noted the oral report made by the Executive Director before the Council that no proposals to list internationally traded tropical timber species in the appendices of CITES were received from members since the previous session of the Council. The Committee further noted the publication of the book "The World List of Threatened Trees" compiled by the World Conservation Monitoring Centre (WCMC) in partnership with the World Conservation Union (IUCN), and its possible implications on the issue.

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

The Committee noted that this issue had been included in the ITTO 1999 Work Programme.

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

The Committee noted document ITTC(XXV)/Info.6 on ITTO Participation in the Second Session of the IFF and Other Forest-Related International Meetings. As the facilitator/lead agency for Trade and Environment, ITTO would coordinate the implementation of the IPF Proposals for Action under its Programme Element IV and facilitate the continued consideration by the IFF of its Programme Element II.b at its remaining sessions.

(viii) ITTO 1999 Market Discussion

The Committee noted that the Informal Trade Group would again organize the ITTO 1999 Market Discussion in Chiang Mai, Thailand, with the theme on addressing the downturn in the world tropical

timber market and the positive contributions ITTO should make. The statement of the trade before the Twenty-fifth Session of the ITTC is contained in Appendix C.

(ix) Measurement for Veneer

The Committee requested the Secretariat to convey its concern to the Customs Cooperation Council regarding its decision to change the measurement for veneer from cubic metres to kilogrammes.

13. Recommendations to the International Tropical Timber Council

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

PD 16/93 Rev.4 (M)	Market Information Service for Tropical Timber and Timber Products (MIS) - Phase IV (ITTO Secretariat) (US\$618,700 - US\$261,200 in 1999; US\$357,500 in 2000)
PP-A/23-63	Activity to Facilitate Development of a Joint ITT/ECE/FAO/EUROSTAT Forest Statistics Questionnaire (ITTO) (US\$49,950)
PD 40/96 Rev.5 (M)	The Establishment of National System for Surveying and Evaluating the Data for Egyptian Annually Imported Timber (Egypt) (US\$274,300)
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 15/98 Rev.2 (M)	Development and Installation of a Computer Management System for the Control of Forest Production in Gabon (US\$471,691)
PPD 8/98 Rev.1 (M)	Establishment of a National Forest and Timber Marketing Statistics System (Ecuador) (US\$40,000)

The Committee recommended that funding be made immediately available for the following projects and pre-projects approved at earlier Sessions:

PD 29/97 Rev.2 (M)	Development of a Computerized Tracking and Inspection System for Logs and Processed Wood Products in Ghana (US\$722,100)
PD 52/97 Rev.2 (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 (Ghana) (US\$241,924)
PD 19/98 Rev.1 (M)	Design and Implementation of an Information System within the Guyana Forestry Commission (US\$276,075)
PD 27/95 Rev.3 (M)	Establishment and Operation of a Forest Strategic Information Center (CIEP) - Phase II Stage 2 (Peru) (US\$462,062)

The Committee recommended that the first tranche of funds be immediately released to PD 27/95 Rev.3 - Phase II, Stage 1. (US\$285,000).

The Committee recommended that the final tranche of funds be immediately released to PPD 9/97 Rev. 1(M) (US\$10,200).

## APPENDIX A

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

- (i) **PD 40/96 Rev.5 (M)**      **The Establishment of National System for Surveying and Evaluating the Data for Egyptian Annually Imported Timber (Egypt)**

The first version of this project was considered by the Twelfth Expert Panel. The project is designed to establish a national statistical information system to collect, process, analyze and disseminate information relating to the timber sector. This will serve as a basis for informed policies and decisions for the sustainable development and utilization of the timber in Egypt. The specific objectives of the project are:

- i) To study the market's channels of imported timber including size needed, type, sort, foreign exporting countries, transportation, specifications, quality attributes, storage and distribution to the industry;
- ii) To provide Egyptian planners with statistical and analytical information for studying the market of imported timber;
- iii) To establish a national network including Egyptian importers and foreign exporters; and
- iv) To help set up an information and data collection and evaluation system for imported timber.

#### Secretariat Comments for the Twelfth Expert Panel

The title of the project should be rephrased for the sake of clarity. A suggested rephrasing may be thus: "The Establishment of a National Statistical System for the Survey of Timber Tree Resources, the Collection and Analysis of Data on Local and Imported Timber".

#### Comments of the Twelfth Expert Panel

The Panel recognized the importance of improving Egypt's statistical capabilities but expressed concern that the design and terms of the proposal, as presented, would not lead to direct improvements in the quality of data currently being collected. It noted that the project was not in the ITTO format (e.g. no logical framework matrix, lack of distinction between outputs and activities) and that the budget contained several inconsistencies or questionable items (e.g. national computer operators more than double the cost of those to be provided by ITTO, a US\$100,000 building, a large part of the ITTO budget expended on the consultant). The Panel felt that the development objective as stated in the proposal, with its focus on domestic timber resources in a consumer country, was not appropriate and that ITTO's priority in assisting Egypt in this regard should focus on improving the quality of the basic data on its substantial imports of timber as well as examining the Egyptian timber market (end-uses, trends, etc.). This calls for undertaking a market study which may assist in identifying more clearly for Egypt and ITTO areas where further work is required (e.g. training of customs agents and other personnel involved in tracking timber imports, etc.) to improve statistical capability.

#### Recommendations of the Twelfth Expert Panel

The Government of Egypt may consider submitting a proposal for a market study similar to those carried out by ITTO on other important timber markets (e.g. Japan, North America, Europe and China). Any new proposal should conform to the ITTO format and include clear and consistent objectives, outputs, activities and budget.

#### Conclusion of the Twelfth Expert Panel

The Panel concluded that there is insufficient information to assess the project proposal adequately.

#### Secretariat Comments for the Thirteenth Expert Panel

The revised proposal has taken account of several of the concerns and points raised by the Twelfth Expert Panel, specifically changing the focus of the proposal to a statistical analysis of the Egyptian market for timber rather than its domestic timber resources. The budget inconsistencies and queries raised by the Twelfth Expert Panel have been rectified. There is, however, still no logical framework matrix and the specific objectives on the title page do not match those in the proposal. The ITTO monitoring and evaluation budget allocation (US\$ 5,000.00) is too low; it should be increased to US\$8,000.00. The 5.5% administrative

support cost is miscalculated (it should have been US\$8,211.00 based on the current ITTO budget and should be accurately estimated in the light of the increased budget).

#### Comments of the Thirteenth Expert Panel

The Panel recognized that some of its concerns regarding the original proposal had been addressed in the revised version. It expressed concern, however, that two of its key recommendations made at its previous session had still not been addressed in the revision (i.e. preparing a proposal to undertake a market study and to follow the ITTO format). The logical framework matrix was still missing, and several budget items remained questionable (e.g. provision of US\$2,500 for typewriters, US\$100,000 for building). The Panel also noted that proposals for statistical development should follow ITTO's approved general guidelines for developing forestry information systems and elements for preparing and assessing project proposals on statistical information systems. Sufficient funds for monitoring and evaluation should be included in the budget, and the 5.5% ITTO administrative support costs should be correctly calculated. Finally, the Panel suggested that the Government of Egypt consider availing itself of the assistance available to member countries for project formulation under PD 73/89 (M,F,I) "Assistance with Project Identification and Formulation".

#### Recommendations of the Thirteenth Expert Panel

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

- take fully into account the concerns and recommendations of the Twelfth Expert Panel;
- refer to and incorporate ITTO's elements for preparing and assessing project proposals on statistical information systems if a statistical development project is to be submitted;
- ensure that budgetary allocations for capital expenditures are reasonable with sufficient/accurate amounts allocated for ITTO monitoring/administrative support costs;
- seek assistance under PD 73/89 (M,F,I) to develop a new or revised proposal incorporating the above recommendations.

#### 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 Fourteenth Expert Panel

The second revision addresses many of the concerns raised by the Twelfth and Thirteenth Expert Panels. The proposal now follows the ITTO format with a logical framework matrix. The budget inconsistencies noted have been rectified, with the building to be purchased to house this statistical project now covered under an in-kind contribution. The focus of the proposal has been shifted to concentrate on Egypt's timber trade sector and some aspects of ITTO's elements for preparing and assessing project proposals on statistical information systems have been addressed in the proposal.

#### Comments of the Fourteenth Expert Panel

The Panel noted that several of its comments on the first revision of this proposal had been incorporated in this revision. It felt, however, that the proposal was still somewhat confusing, with no direct reference to the market study it had earlier recommended. The Panel also noted that the reasons for selection in section 3.6.1 were really justifications and it queried which ITTO proposal was being referred to in section 3.6.2. The first paragraph of the cover page summary has been mistakenly included from another project. Activities are not listed under outputs, job descriptions for the consultants are not given and it is unclear how the activities described will improve inter-agency coordination, which was identified as a major problem. The Panel queried the role of the afforestation expert, the cost of computer equipment and the need for GIS purchase/training. The budget allocations for consultant (US\$15,000/month) and international counterpart (US\$1,500/month) are unbalanced and require further explanation. Given these concerns, many of which it had voiced earlier, the Panel expressed regret that its recommendation to seek assistance for project formulation under PD73/89 (M,F,I) had not been followed.

#### Recommendations of the Fourteenth Expert Panel

The Panel recommended that, in revising the proposal, the submitting government should take fully into account the concerns and recommendations of the Twelfth and Thirteenth Expert Panels, and other issues raised above.

#### Conclusion of the Fourteenth Expert Panel

The Panel concluded that it could not commend the revised proposal and submits it to the Committee for further appraisal.

#### Assessment by the Twenty-first Session of the Committee

The representative of Egypt informed the Committee that his government is officially requesting assistance to reformulate the project in accordance with the recommendations of the Expert Panel. The Committee recommended that funds be made available through PD 73/89 (M,F,I) for assistance to reformulate the proposal.

#### Secretariat Comments for the Sixteenth Expert Panel

Following consideration by the Committee, a consultant was dispatched to Egypt to assist in reformulating the proposal which has resulted in this 4<sup>th</sup> revision. The project now focuses solely on improving collection of import and end-use statistics for timber and takes into account all previous Expert Panel concerns. It follows the ITTO format in all aspects. ITTO administration should be 5.5%, however, and funds for ITTO monitoring and evaluation should total at least \$20,000.

#### Comments of the Sixteenth Expert Panel

The Panel recognized that the reformulated project is focused and has achieved the necessary clarity requested by previous Panels.

#### Recommendations of the Sixteenth Expert Panel

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

- indicate private sector involvement in the project Management Structure;
- include non-collaboration by the private sector as a possible risk affecting implementation;
- reflect possible 'external' environmental aspects arising from better information on Egypt's imports of tropical timber in the "Environmental Impacts" section;
- reflect the broad social impact this project will generate in terms of allowing better knowledge of the Egyptian forest sector in the "Social Impacts" section;
- reduce the consultant fee to US\$12,000 per month and allocate savings to enhancing the training component of the project;
- justify the study visit to China making reference to ITTO Project PD 25/96 Rev.2 (M); and
- increase ITTO administration fees to 5.5% and funds for ITTO monitoring and evaluation to \$20,000.

#### Conclusion of the Sixteenth Expert Panel

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

#### Comments of the Expert Panel to Organize the Work and Agendas of the Committees

The Expert Panel for the Technical Appraisal of Pre-Project and Project Proposals did not recommend essential modifications, and a revised document was not required.

#### Assessment by the Twenty-third Session of the Committee

The Committee decided to recommend the project for approval and immediate funding.

(ii) PD 44/97 Rev.2 (M) **Implementation of a Monitoring System for Sustainable Tropical Forest Management in Bolivia**

The aim of this project is to establish a monitoring system to control the flow of forest products during their transport from the harvesting areas to the processing and marketing centres for these products. The system will have 10 control posts strategically located along the country's major forest product transport roadways. The main role of the control posts is to verify that the timber products originate from managed forests. This activity is of vital importance to promote the adoption of management plans and the implementation of forest management activities among forest users. Furthermore, the system will provide a forest statistical data and information gathering service. The project falls within the framework of the new national forest regime aimed at promoting sustainable forest management in accordance with the recently enacted new Forest Law of Bolivia.

Secretariat Comments for the Fourteenth Expert Panel

The project follows the ITTO format, with the exception that the logical framework matrix is missing. The workplan and the budget should also be set out in greater detail, as per the ITTO format. Allowance should be made for ITTO monitoring, evaluation and programme support.

Comments of the Fourteenth Expert Panel

The Panel felt that the objectives of the proposal were clearly under ITTO's mandate. It questioned whether the system would be sustainable once project funds were depleted. The Panel felt that justification for the proposal should extend beyond revenue generation to include promoting sustainable forest management. The ITTO format has not been adhered to in the following respects:

- The outputs do not relate to the Specific Objectives
- Activities are not given per output
- The workplan and budget require more detailed presentation, including breakdowns by activity and (for the budget) unit costs
- The logical framework matrix is missing
- Risks are not evaluated (e.g. lack of cooperation of companies)
- Schedule for reporting is confused
- ITTO monitoring and evaluation needs to be included in the budget, as does program support cost
- A project steering committee needs to be constituted and budgeted for

The Panel also felt that there was inconsistency in whether secondary products would receive certificates. The percentage of logs/products to receive certificates needs to be specified, while the risk of less than 100% coverage needs to be recognized. Also, the potential of electronic (i.e. bar code) certificates should be evaluated, as should the use of existing checkpoints as opposed to establishing new ones. The Panel felt that the ITTO budget was high, and that the Government of Bolivia should assume more of the long-term costs of the system. Finally, the Panel suggested that it may be more appropriate for ITTO to support a study of log-flow control systems with potential application to Bolivia, rather than implementing the system itself. In this regard the Government of Bolivia should take note of the proposals for a log tracking system submitted by the Government of Ghana (PD 29/97 (M)).

Recommendations of the Fourteenth Expert Panel

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

- Include a map showing important wood transit points and identifying prospective control points
- Reduce the budget with Government of Bolivia assuming a larger proportion of on-going costs
- Clarify outputs and activities
- Justify ITTO support and possible steps to ensure sustainability
- Include budget lines with unit costs for all elements, including Project Steering Committee meetings
- Adhere to the ITTO format as per the above specific comments
- Consider undertaking a preliminary study of a cost-effective log-flow tracking system of relevance to Bolivia

#### Conclusion of the Fourteenth 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 Fifteenth Expert Panel

Few of the recommendations of the Fourteenth Expert Panel have been addressed in the revised document. The ITTO budget has been reduced marginally, as has the contribution of the Government of Bolivia. The question of sustainability of the activities at project completion, as raised by the Expert Panel, have been largely ignored. The Fourteenth Expert Panel recommended that "a preliminary study of a cost effective log-flow tracking system of relevance to Bolivia be undertaken", this recommendation has not been taken onboard. Computational errors in the budget require attention.

#### Comments of the Fifteenth Expert Panel

The question of the efficacy of the proposed Monitoring System and its sustainability was discussed in depth by the Panel. Based on experience from other countries, the Panel doubted that the proposed monitoring system, with control posts, would achieve what was desired by the government of Bolivia. The Panel noted that few of the concerns of the previous Fourteenth Panel had been addressed, especially those in relation to sustainability and further elaboration of budget lines and unit costs. The Panel noted that the recommendation of the Fourteenth Panel for the reformulation of the project as "a preliminary study of a cost effective log-flow tracking system of relevance to Bolivia" was not addressed.

The Panel noted the following points:

- the outputs from the project require greater elaboration;
- the budget needs revision especially in terms of the ITTO administrative costs;
- welfare and bonus payments for project personnel should not be paid from project funds;
- the unit costs for expenditure items need elaboration;
- the overall budget should be reduced and the government of Bolivia should assume a greater proportion of the costs;
- address all the issues of the Fourteenth Expert Panel; and
- provide a detailed analysis of risks in regard to private sector cooperation and provide details of activities to overcome these risks.

Because of these concerns, the Panel felt it could not commend this proposal to the Committee.

#### Conclusion of the Fifteenth Expert Panel

The Panel concluded, that it could not commend the revised proposal and submits it for assessment by the Informal Working Group prior to the beginning of the Council Session before presentation to the Committee for appraisal.

#### Assessment by the Twenty-second Session of the Committee

The Committee decided to recommend that the proposal be revised and resubmitted to the Sixteenth Expert Panel.

#### Assessment by the Twenty-third Session of the Committee

The proposal was forwarded directly to the Committee after its consideration in the Fifteenth Expert Panel and was not considered by the Expert Panel to Organize the Work and Agendas of the Committees. The Committee noted that the revised proposal had still not addressed all of the comments of the Fifteenth Expert Panel and recommended that a further revision be prepared and submitted to the Seventeenth Expert Panel.

- |                                |  |
|--------------------------------|--|
| <b>(iii) PD 6/98 Rev.1 (M)</b> | <b>Establishment of a Forest Statistics and Information Center for the Implementation of Sustainable Forest Management in the Republic of Honduras</b> |
|--------------------------------|--|

This project is aimed at the establishment of a forest statistics and information system, which will constitute a vital tool for the implementation of sustainable forest management in the Republic of Honduras with a view to



complying with the sustainable development principles stipulated in the Forestry Action Plan for Honduras (PLANFOR) and with the commitments undertaken by the Government with various international institutions and agencies. The project will have a central unit which will coordinate and operate the system in a dynamic and efficient manner, and will make the information accessible to users at different levels. In this regard, the development objective of the project is "to contribute to the socio-economic and environmental development of the country through sustainable forest activities by providing reliable, timely and easy-to-access information to government (forest and related) institutions and the private sector with a view to promoting national and foreign investment.

#### Secretariat Comments for the Fifteenth Expert Panel

Some headings need to be more clearly identified (e.g. headings four and five are merged, and headings six to eight are unnumbered). This 36-month project should hold at least three steering committee meetings. The ITTO total administrative costs are not clearly separated. The ITTO costs for administrative support cost must amount to 5.5% and the monitoring budget should be sufficient to allow participation of the ITTO Secretariat in all steering committee meetings.

#### Comments of the Fifteenth Expert Panel

The Panel noted that this is an important project from a technical standpoint and recognized how this project would considerably enhance the country's ability to rapidly produce high quality maps. This project would provide an important tool for the implementation of sustainable forest management by the Republic of Honduras. The Panel noted that project expenditure is primarily for the purchase of equipment and some technical assistance. The Panel further noted that the government of Honduras is contributing almost twice as much as the amount being requested of ITTO. The Panel questioned the three-year duration of the project given that the main activity is the purchase of equipment. It further questioned the apparent absence of any provision for training on the acquired equipment.

#### Recommendations of the Fifteenth Expert Panel

The Panel recommended that:

- a more detailed description of the outputs should be provided;
- the budget should include itemized and detailed specifications for the equipment;
- the budget for equipment must be revised as it is high;
- a training element should be included;
- project risks should be defined especially in relation to private sector input and activities to address these risks should be detailed;
- the budget should be revised to fully include ITTO administrative support costs; and
- the budget should be revised to allow ITTO participation in project steering committees.

#### Conclusion of the Fifteenth Expert Panel

The Panel concluded, that with the incorporation of the essential modifications, (which are necessary for the project to succeed), the project shall be assessed prior to the beginning of the Council Session by the Informal Working Group before presentation to the Committee for final appraisal.

#### Secretariat Note for the Twenty-fifth Council Session

The revised proposal was received by the Secretariat during the 24th Council Session, too late for consideration by the Informal Working Group which met before that Session. The proposal is therefore being forwarded for consideration of the meeting to be convened under Council Decision 5(XXIV) prior to the 25<sup>th</sup> Council Session.

#### Assessment by the Twenty-third Session of the Committee

The proposal was forwarded directly to the Committee after its consideration in the Fifteenth Expert Panel and was not considered by the Expert Panel to Organize the Work and Agendas of the Committees. The Committee decided to recommend this project for approval and immediate funding.

(iv) PD 15/98 Rev.1 (M)

**Development and Installation of a Computer Management System  
for the Control of Forest Production in Gabon**

The project aims to establish a management information system contributing to the acquisition of reliable and up-to-date information concerning forest production activities, and integrating it with the different technologies and computer systems already set up within the Ministry of Waters & Forests. As a consequence, the project will put in place management and control procedures to standardize the collection, data-entry and processing of data, and to coordinate the activities of the different involved organizations, such as government authorities, trade groups, and logging companies.

Secretariat Comments for the Fifteenth Expert Panel

The project is not well formulated, following the ITTO format (e.g. sections II.3 and II.4). The project budgets by activity and yearly by source are not provided. The timing of the activities in the workplan seems to be incomplete. Funds for ITTO monitoring and evaluation activities are low.

Comments of the Fifteenth Expert Panel

The Panel noted the relationship between this project proposal and both completed and ongoing ITTO projects on forest statistics in Gabon (PD 36/92 (M) completed, PD 29/96 Rev.1 (M) on-going). The Panel expressed the opinion that this project is premature, given the fact that project PD 29/96 Rev.1 (M) is still ongoing and is not expected to be completed until mid-1998. The Panel noted that the proposal does not follow the ITTO format. The budget for project activities by year is not provided. Additionally, the workplan is incomplete and the provisions for monitoring and evaluation are also incomplete.

The Panel also noted that:

- The budget be revised to reflect the workplan and activities;
- The timing of the activities in the workplan be revised;
- Some analysis of the advantages of the bar-code labelling over the current log mark system be provided;
- Provision should be made in a revised proposal for the testing of the feasibility of the bar code system;
- The budget allocated for consultant must be reduced;
- The budget to allow participation by ITTO in project steering committees and in monitoring and evaluation should be revised;
- Project activities in relation to the various stages of log flow need greater clarification;
- It is necessary to reassess the duration of the proposed international technical assistance; and
- Resubmit the project only when PD 29/96 Rev.1 (M) is complete and an evaluation of this project has been concluded.

It was the view of the Panel that this project should be held in abeyance until the conclusion of PD 29/96 Rev.1 (M) at which point it could be resubmitted with amendments.

Conclusion of the Fifteenth Expert Panel

The Panel concluded, that a pre-project is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal. The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.

Secretariat Comments for Sixteenth Expert Panel

The Fifteenth Expert Panel recommended that this project should be resubmitted in an amended form only when project PD 29/96 Rev.1 is complete and an evaluation of this project has been conducted. The final report of PD 29/96 Rev.1 has been submitted and the project has been successfully completed. The revised proposal follows the ITTO format and addresses most of the concerns of the 15<sup>th</sup> Panel. The allowance for ITTO monitoring should be increased to at least \$20,000. Steering committee meetings should be scheduled every 6 months with the first to occur shortly after start-up to plan project direction in the light of results from PD 29/96 Rev.1.

#### Comments of the Sixteenth Expert Panel

The Panel noted that the proposal followed the ITTO format. It was felt that the objectives and activities were unclear, with too many specific objectives. Inputs should be specifically linked to the activities they correspond to, while outputs should logically indicate which part of the specific objective they are designed to achieve. Future actions to ensure sustainability of the system following project completion should be listed. Personnel costs (national and international) are too high and should be reduced. The items "Exemption" and "Local personnel allowance" in the budget need to be adequately justified or deleted. ITTO monitoring and evaluation funds should be increased to \$20,000. The budget by activities does not correspond to the figures in the overall budget and needs to be revised and clarified.

#### Recommendations of the Sixteenth Expert Panel

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

- clarify objectives and activities;
- link inputs and outputs to activities and specific objectives;
- provide details of steps to ensure sustainability; and
- revise budget lines and budget by activities as suggested 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.

#### Comments of the Expert Panel to Organize the Work and Agendas of the Committees

The Panel concluded that all of the recommendations of the Sixteenth Expert Panel have been adequately addressed, but an ex-post evaluation of the preceding project PD 29/96 Rev.1 (M) is essential before the implementation of this project.

#### Assessment by the Twenty-third Session of the Committee

The Committee decided to recommend this project for approval and immediate funding, noting that implementation should not begin until the ex-post evaluation of PD 29/96 Rev.1 (M) is carried out.

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

The Fifteenth Expert Panel concluded that the Project on the "Establishment of a National Forest and Timber Marketing Statistics System" should be reformulated and it recommended that the Government of Ecuador should submit a Pre-project proposal for the reformulation of the original project. The Project resulting from this pre-project will aim at the establishment of a National Forest Statistical Information and Timber and Timber Product Marketing System for both the domestic and international markets. The project will also facilitate the gathering, processing, storage, dissemination and access of information related to the forest sector, natural areas and wildlife, timber production and marketing, timber products, non-timber products, and flora and fauna species, as well as the preparation and training of personnel to operate the National System.

#### Secretariat Comments for the Sixteenth Expert Panel

This Pre-project is a product of the recommended reformulation of Project PD 5/98 (M) with the same title. The Pre-project is well formulated in accordance with the ITTO format, and should result in a reformulated project that addresses the concerns raised by the 15<sup>th</sup> Expert Panel.

#### Comments of the Sixteenth Expert Panel

The Panel recognized the importance of this project for the government of Ecuador and for the strengthening of its forest statistical system. The Pre-project aims to survey the existing state of Ecuador's forestry statistics system and to formulate a Project proposal to strengthen that system. The Panel requested justification of the need for 4 professional Pre-project staff.

#### Recommendations of the Sixteenth Expert Panel

- The Panel recommended that in revising the proposal the submitting government should:
- justify the number of professional staff;
  - identify the users, the information requested by these users, and the benefits that will accrue to these users from improved statistics;
  - include a greater proportion of local costs (e.g. Supplies, Secretary) in the Government of Ecuador's contribution; and
  - include Annexes 1 and 2.

#### Conclusion of the Sixteenth Expert Panel

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

#### Comments of the Expert Panel to Organize the Work and Agendas of the Committees

The Expert Panel for the Technical Appraisal of Pre-project and Project Proposals did not recommend essential modifications, and a revised document was not required.

#### Assessment by the Twenty-third Session of the Committee

The Committee decided to recommend this project for approval and immediate funding.

## APPENDIX B

### ITTO 1999 WORK PROGRAMME FOR ECONOMIC INFORMATION AND MARKET INTELLIGENCE

- (i) In cooperation with industry and trade associations, organize and hold the ITTO 1999 Annual Market Discussions on the world tropical timber trade [Action Plan, section 3.1, goal 2 action 1].
- (ii) Monitor and analyze statistical data and other relevant information, including any information on undocumented trade [Action Plan, section 3.1, goal 1 action 4].
- (iii) Consider (and make recommendations to Council) the undertaking of studies of the competitiveness of tropical timber and tropical timber products with timber and non-timber substitutes [Action Plan, section 3.1, goal 2 action 7].
- (iv) Prepare terms of reference and make recommendations to Council on a study on the medium and longer term outlook for the tropical timber market.
- (v) With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise Economic Information and Market Intelligence project and pre-project proposals submitted by Member countries [ITTA, Article 27 (4)].
- (vi) With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the field of Economic Information and Market Intelligence [ITTA, Article 27 (4)].
- (vii) Continue monitoring of development of forest certification and timber labelling [Action Plan, section 3.1, goal 3].
- (viii) Review the results of project and policy work in the field of Economic Information and Market Intelligence and make recommendations to Council on ITTO's work program for the year 2000 [ITTA, Article 27 (4)].
- (ix) In conjunction with the Committee on Forest Industry and the Committee on Reforestation and Forest Management, assess fellowship applications and decide on fellowships to be granted by ITTO under project PD 1/93 Rev.1 (M,F,I).
- (x) Consider project ideas and provide guidance to Member countries for the formulation of Economic Information and Market Intelligence project proposals which meet the priorities set in the Libreville Action Plan [Action Plan, section 3.1, goal 1 action 6, goal 2 action 8, and goal 3 action 4].
- (xi) In cooperation with FAO, UN/ECE and EUROSTAT and the private sector, develop a common questionnaire to obtain information for the Annual Review and Assessment of the World Timber Situation, with a view to minimizing duplication in country information requirements [Decision 8(XXI)],
- (xii) 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].
- (xiii) Propose ways to streamline the collection and dissemination of statistical data [Action Plan, section 3.1, goal 1 action 2].
- (xiv) Consider and if appropriate take action to disseminate information on projects findings and results [ITTA, Article 27 (4), Action Plan, section 2].

**APPENDIX C**

**STATEMENT OF THE TRADE  
Before the  
25th Session of the International Tropical Timber Council  
November 9, 1998**

On behalf of the Informal Trade Group, I am happy to have this opportunity to make a brief statement.

**Market Downturn**

This is a time of great hardship for the trade in tropical wood and wood products. Consumption of tropical wood products continues to fall and markets are being lost. Globally sawn timber sales over the past 10 years have fallen by around 100 million cbm. Increasingly the market is turning to alternative products. If such a trend continues, then the future of the trade in tropical wood products and, by implication tropical forests themselves, is seriously threatened.

Members of the trade urge the International Tropical Timber Organization to develop a strategy and plan, in cooperation with the trade, to promote the use of tropical timber worldwide.

**Market Discussion**

The Informal Trade Group will again organize a day of Market Discussions in Chang Mai in May, 1999. In the interests of efficiency, the ITTO Secretariat has agreed to serve and support in the organization of the discussions. Selected trade group members will work with the Secretariat to determine appropriate topics and speakers, and in other areas where needed.

The market discussions will address the general theme of the downturn in the world tropical timber market and the positive contributions that ITTO should make.

We want to emphasize that, in our view, the Market Discussions are extremely important not only to the members of the trade, but perhaps even more so to the members of the Council in the context of enhancing the relevance of the ITTO in the years ahead. We therefore look forward to seeing all of you at the market discussions.

Thank you.

Delivered by Mr. Michael James (United Kingdom) on behalf of the Informal Trade Group.

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	GEOGRAPHIC COVERAGE	RECOMMENDATION(*)
		Art.27 Para.1	Art.27 Para.4				
PD 40/96 Rev.5 (M)	a,c,e,f,h,k,m,n	a-c,f	b,g	274,300	30 months	Egypt	1
PD 44/97 Rev.2 (M)	a-h	a-c,f	b,g	1,085,088	24 months	Bolivia	2(b)
PD 6/98 Rev.1 (M)	a,c,d,f,h,n	a-c,f	b,g	400,900	36 months	Honduras	1
PD 15/98 Rev.2 (M)	c,d,h,k	a-c,f	b,g	471,691	19 months	Gabon	1
PPD 8/98 Rev.1 (M)	a,c-f	a-c,f	b,g	40,000	4 months	Ecuador	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.

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3-9 November 1998  
Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM  
THE TWENTY-THIRD SESSION OF THE COMMITTEE ON  
REFORESTATION AND FOREST MANAGEMENT  
3-9 November 1998**

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## REPORT

### 1. Opening by the Chairperson

The Twenty-third Session of the Committee was opened, on 3 November 1998, by the Chairperson of the Committee on Reforestation and Forest Management, Mr. Anoh Emile Jean Claude (Côte d'Ivoire). The list of participants is reproduced in document ITTC(XXV)/Info.2 Rev.1.

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

At the first meeting on 3 November 1998, the Committee formally adopted the Agenda of its Twenty-third Session as contained in document CRF(XXIII)/1.

### 3. Admission of Observers

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

### 4. Annual Review and Assessment of the International Timber Situation

This item was considered by the Council under Item 9 of its Agenda.

### 5. Report of the Meeting Convened under Council Decision 5(XXIV)

Prof. I.S. Ferguson (Australia) reported to Council regarding Agenda Item 17 "Further Streamlining the Work of the Committees - Decision 5(XXIV)" on item: (a) Report of the Expert Panel to Organize the Work and Agendas of the Committees, the full text of which is contained in document ITTC(XXV)/14. The Committee took note of the report and adopted it for its use during the Session.

### 6. Report on Completed Pre-projects

The Secretariat informed the Committee that document CRF(XXII)/4 contains the pre-projects which have been completed including the final report, technical documentation and, where appropriate, a project proposal which has been submitted to the Secretariat and, in most cases, the audited financial report of the pre-project's accounts.

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

- (1) PPD 6/95 Rev.1 (F) **Forest Development Plan for the Sustainable Management of Forests in the Donoso District Province of Colon, Republic of Panama (RE: from PD 32/94 (F)) (Panama)**

The Committee took note that the Final Report, a Project Proposal PD 40/98 Rev.1 (F) "Development and Implementation of a Community-based Sustainable Forest Development Plan in the Miguel River Basin, District of Donoso, Panama", as well as a series of well documented technical reports describing in detail the results of the activities of this pre-project, had been submitted by the Executing Agency. The final report is available as CRF(XXIII)/8 from the Secretariat. Furthermore, the audited financial report had been received by the Secretariat. The Committee decided to consider the pre-project as completed.

- (2) PPD 17/95 Rev.2 (F) **Development and Promotion of Afforestation in Egypt (Egypt)**

The Committee was briefed on the implementation of pre-project PPD 17/95 Rev.2 (F) "Development and Promotion of Afforestation in Egypt". It noted that the pre-project's activities have been completed and resulted in the development of project PD 4/97 Rev.3 (F) "Development and Promotion of Afforestation in

Egypt", which has been approved during the 24th Session and the first phase of which has been financed and is under implementation. The final reports, including the audited financial report have also been submitted to the Secretariat by the Executing Agency. The Committee decided to consider the pre-project as completed.

- (3) **PPD 15/96 Rev.1 (F) Technical Assistance to Develop a Mapping and Inventory Project Aimed at the Sustainable Management and Administration of Forest Resources (Panama)**

The Committee took note that the Final Report, a Project Proposal PD 54/98 Rev.1 (F) "Institutional Strengthening of the Geographic Information System (GIS) of the National Environmental Authority (ANAM) for the Monitoring and Evaluation of Panama's Forest Resources with a view to their Sustainable Management", had been submitted by the Executing Agency. The final report is available as CRF(XXIII)/9. from the Secretariat. Furthermore, the audited financial report had been received by the Secretariat. The Committee decided to consider the pre-project as completed.

## **7. Report on Completed Projects**

The Secretariat informed the Committee that the projects listed in document CRF(XXIII)/3, "Report on Completed Projects in the Field of Reforestation and Forest Management", 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 104/90 Rev.2 (F) Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View - Phase I (Malaysia)**

The Committee noted that the audited financial Statement has been submitted to ITTO Secretariat, and decided to consider the project as completed.

- (2) **PD 105/90 Rev.1 (F) Model Forest Management Area, Phase I (Malaysia)**

The Committee noted that the audited financial Statement has been submitted to ITTO Secretariat, and decided to consider the project as completed.

- (3) **PD 128/91 Rev.2 (F) Management, Conservation and Development of the Mangrove Forests in Panama (Panama)**

The Committee noted that the audited financial Statement has been submitted to ITTO Secretariat, and decided to consider the project as completed.

- (4) **PD 130/91 Rev.2 (F) Plantation Establishment Methods (Phase I) (Philippines)**

The Committee noted that the audited financial Statement has been submitted to ITTO Secretariat, and decided to consider the project as completed.

**(5) PD 186/91 Rev.2 (F) Tree Flora of Sabah and Sarawak (Phase I) (Malaysia)**

The Committee noted that the audited financial Statement has been submitted to ITTO Secretariat, and decided to consider the project as completed.

**(6) PD 20/93 Rev.1 (F) Development of National Guidelines for the Sustainable Management of Natural Tropical Forests in Cameroon (Cameroon)**

The Committee considered the final project report which was circulated during the Session as document CRF(XXIII)/11. It also noted that the audited financial report of project's accounts was received by the Secretariat. The Committee decided to consider the project as completed.

**(7) PD 16/94 Rev.1 (F) Reforestation for the Production of Valuable Timber and Non-Timber Products (Peru)**

The Committee took note that the Final Report of this project had been submitted by the Executing Agency and is available from the Secretariat as Document CRF(XXIII)/14. The audited financial report of the project had also been received and accepted by the Secretariat and the capital goods purchased by the project officially transferred to EDMAR. The Committee decided to consider the project as completed.

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

**(1) PD 77/90 (F) Establishment of a Pilot Area for Silviculture in Closed Forests in Congo (Congo)**

The Committee considered the final project report which was circulated during the Session as document CRF(XXIII)/12. 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.

**(2) PD 202/91 Rev.1 (F) Sustainable Forest Management through Collaborative Efforts (Thailand)**

All project activities have been implemented. The implementation and the outcomes of the project was highlighted under document CRF(XXIII)/3. The Final Report was distributed to the Committee as CRF(XXIII)/18. The financial statement submitted by the Executing Agency to the Secretariat only covers the period up to December 1997 whereas contingency funds were requested and disbursed in 1998. The Committee took note of this information and decided to urge the Executing Agency to send as soon as possible the final audited financial statement covering all funds disbursed to the project. The project could not be considered as completed at this Session.

**8. Review of Pre-project Work in Progress**

Eighteen pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. One project 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(XXIII)/6.

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

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

The Committee noted the long history of this pre-project dealing with demonstration forest areas to demonstrate best practices of sustainable forest management and the selection by producer countries of suitable forest areas and stressed the importance of the continuation in this field. The Committee further noted the importance to continue to follow up on the demonstration of reduced impact logging practices and the application of ITTO's Criteria and Indicators. As sufficient funds still remains in the Project the Committee recommends to Council to approve the proposal to engage one or two consultants for a period of one to three month in cooperation with the Secretariat to review the demonstration forest areas proposed with a

view to advise the Council on how best to proceed with the activities of this pre-project including the cooperation and relations with other organizations and similar initiatives.

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

The Committee took note of the declaration made by the Secretariat indicating that a project review mission to Congo, as instructed by the Committee, has not yet been carried out by the Secretariat, because of uncertainty on the prevailing conditions in the country. Therefore, the requirements for the lifting of the suspension imposed on projects and pre-projects under implementation in Congo are not yet met, as no assessment of the prevailing conditions in Congo has been made. However, communications between the Government of Congo and the Secretariat has greatly improved. In particular, the Secretariat recently received updated reports on projects and pre-projects under implementation in Congo, including the final report of project PD 77/90 (F) which is being circulated at this Session as document CRF(XXIII)/12.

The Committee also took note of the declaration made by the Congolese delegation re-affirming that prevailing conditions in Congo are returning back to normal, and that the review mission should be carried out as soon as possible.

With regard to projects PD 2/93 Rev.1 (F) "Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan" and PD 12/96 Rev.2 (F) "Development of a Sustainable Management Plan for the Souanke-Sembe-Kelle Area (Phase II)", the Congolese delegation indicated that the resumption of project's activities is hampered by the fact that the bank hosting the projects accounts is not yet in position to make international money transfers needed to pay arrears due to international consultants. This situation is expected to improve soon. However, the new date of completion (December 1998) approved by the 22nd Session of the Committee for these projects cannot be complied with, since project's activities have not yet resumed.

With regard to pre-project PPD 4/96 Rev.1 (F), contacts have been established with the international consultant and pre-project activities could resume immediately, since the bank hosting the pre-project account is fully operational.

With regard to project PD 77/90 (F), the final report of which was circulated during the meeting, the Congolese delegation indicated that the audit of project's accounts is hampered by the lack of funds to pay the auditor. An amount of about US\$ 5,000 is needed for this purpose. The Secretariat indicated that the audit could be financed with remaining project's contingency funds, provided that a reliable banking institution is identified.

In concluding its deliberations on this subject, the Committee took the following decisions:

- (1) to request the Secretariat to closely monitor developments regarding the situation in Congo;
- (2) to reconduct its decision requesting the Secretariat to undertake a mission to Congo as soon as possible and to lift the suspension imposed on Congolese projects as soon as a positive assessment of the prevailing conditions in Congo is made;
- (3) to re-assess at its next Session the duration of extensions needed in order to complete activities of pre-project PPD 4/96 Rev.1 (F), project PD 2/93 Rev.1 (F), and PD 12/96 Rev.2 (F).

**9. Review of Project Work in Progress**

The Committee took note of a status report (document CRF(XXIII)/5) by the Secretariat on the ninety-three 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 (70), B) awaiting the signing of an Agreement (1), C) pending finance (21), or D) falling under the sunset provision since the last Session (1).

The Committee noted the reports on the progress of these projects in document CRF(XXIII)/5 and further discussed the issues associated with a number of projects. Details of these discussions are as follows:

**(A) Projects under implementation**

- (1) PD 52/89 Rev.4 (F) Forestry Treatment by Thinning-out in the Context of a Pilot Forest Development Scheme in the Reserve Forest of Sud-Bakundo (Cameroon)**

The Committee took note of the declaration made by the delegation of Cameroon clarifying that, although project activities are being implemented steadily, much is still needed in order to achieve project objectives. In particular, the forest management plan has not been finalized and its implementation not initiated. The Committee decided to grant the project an extension until December 1999, at no extra cost.

- (2) 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 bidding process has been successfully completed and a harvesting company selected. The process of negotiating and signing the contract with the selected company is expected shortly. It is the intention to begin preliminary field activities in December, 1998 before the onset of the rainy season.

- (3) PD 74/90 Rev.1 (F) Better Utilization of Tropical Timber Resources in order to Improve Sustainability and Reduce Negative Ecological Impacts (Global)**

The Committee took note of the information from the Secretariat that the English version of the final report is being printed, while the translation of the report into French and Spanish is still underway.

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

The Committee took note of the information that the International Seminar had been successfully completed and that the Project is nearing its final stages of implementation. The Committee agreed to grant an extension of the Project until May, 1999 without additional funds in order to complete the proceedings of the International Seminar and to finalize all other activities and reporting of the Project including the financial audit.

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

The Secretariat informed the Committee on the completion of the ITTO Borneo Biodiversity Expedition, 1997 (IBBE 1997). The Final Report (scientific version) has been published, while the Committee noted that outcomes of the Expedition have been reported to the Committee during its previous Sessions. In view of the important achievement made under the Expedition, the Joint Steering Committee of the project PD 106/90 Rev.1 (F) and PD 26/93 Rev.1 (F) recommended that the popular version of the Final Report should also be published by the Secretariat. In this regard the Secretariat submitted to the Committee proposal for additional funding as appeared in CRF(XXIII)/22 which requested additional amount of US\$ 37,100 for publication and dissemination costs. Following the support expressed by the delegations from Indonesia and Malaysia, the Committee approved the proposal as contained in CRF(XXIII)/22 and recommended the Council to allocate US\$ 37,100 for publication and dissemination of the Final Report IBBE 1997.

Dr. Herwasono Soedjito, the national team leader (Indonesia) of the ITTO Borneo Biodiversity Expedition, 1997 made a presentation before the Committee on the final outcomes of the Expedition. The Committee noted and expressed their appreciation on the presentation given.

- (6) PD 115/90 Rev.1 (F) Rehabilitation of Natural Forests (Malaysia)**

The Committee took note of the information that the Project is nearing its final stages of implementation with the field work completed. However, the amount of data collected was very substantial and additional time would be needed for editing, analysis and reporting. The Committee agreed to grant an extension of the Project until June, 1999 without additional funds in order to complete the data editing and analysis and to finalize all other activities and reporting of the Project including the financial audit.

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

The Committee took note of the information from the Cameroonian delegation that both the social component and the forest management component of the project are now fully operational. However some more time is needed in order to consolidate and monitor these activities before meaningful experience could be reported. Furthermore, a subcontractor has been selected in order to complete the demarcation of the reserve boundaries. This activity and the development of final project reports will also need some more time before they could be completed. The Committee decided to grant the project an extension until June 1999, at no extra cost, in order to complete the remaining project activities and to develop final project reports.

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

The Committee took note of the information that an International Seminar on Permanent Sample Plots and Growth and Yield Analysis would take place immediately following the council session with ITTO participation. The international consultant has just begun his final period of work at the Project to assist with the Seminar and finalize the computer programming and the associated manuals and reports on the analysis and projection modelling. The Committee agreed to grant an extension of the Project until June, 1999 without additional funds in order to complete the proceedings of the International Seminar and to finalize all other activities and reporting of the Project including the financial audit.

**(9) 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 (Pending Finance) (Colombia)**

The Committee urged the Council to provide full financing for the second Stage of the second Phase of the project in the amount of US\$ 641,101 in order to complete the work of the Project without delay.

**(10) PD 172/91 Rev.2 (F) The Recovery of Natural Systems of the Hillside of Caqueta, Phase I (Completed), Phase II (Operational) (Colombia)**

The Committee acknowledged that substantial progress had been achieved and that the project completion can be expected shortly.

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

The Secretariat informed the Committee on the background of the project and reported that ex-post evaluation for the Phase I of the project has been conducted and workplan for the Phase II has been developed. The Committee noted this information as contained in the documents CRF(XXIII)/15 and CRF(XXIII)/16. The Secretariat further informed the Committee that the budget required to finance the Phase II is US\$ 542,343 for duration of three years. The Japanese delegation requested more detailed explanation on the project activities to be implemented under the Phase II of the project. Further to the explanation provided by the Secretariat and by the Malaysian delegation, the Committee endorsed the workplan for the Phase II and recommended the Council to allocate US\$ 542,343 for implementation of the Phase II of the project.

**(12) 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 report from the Secretariat that a mid-term evaluation had been successfully carried out and recognized that the Executing Agency is implementing the evaluation's recommendations.

- (13) PD 14/92 Rev.2 (F)      A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China – Phase I (Completed), Phase II (Completed) & Phase III (Operational) (China)**

The Chinese delegation stated the importance of forestry sector for China and emphasized that the project has tremendously contributed to the development of forestry in particular in Hainan Island. He reported that the Phase II has been successfully implemented while the Phase III is at the stage of its initiation.

During the transitional period between the two Phases, the project implementing agencies relied on their own resources to keep the project running and carried out such project activities as seedling production, tree planting in the demonstrative and experimental plots, data collection in the observation stations and information and literature search. The Committee noted the statement made by the Chinese delegation.

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

The Secretariat informed the Committee that a review mission involving the ITTO and the Common Fund for Commodities (CFC) took place in June 1998 and concluded that the technical implementation of the project is very successful. However the project is confronted with serious financial problems. These include (i) the slow process of financial documents to allow the release of CFC's contribution; (ii) the CFC's rules which provide that funds will be transferred to the Executing Agency (E.A.) only as reimbursements of expenses already made, implying that the E.A. or another institution has to pre-finance project expenses; (iii) the reimbursement to the Tropenbos Foundation by the E.A. of pre-financed expenses made by the Tropenbos Foundation; (iv) lack of financial transparency.

Reacting to this information by the Secretariat, the Cameroon delegation informed the Committee that right from the beginning it has been difficult to comply with the CFC's regulations, which, moreover, were changed. The pre-financing provided by the Tropenbos Foundation have been very important and useful to start the project and keep it going, in spite of delays in receiving CFC's funds. At the moment, both institutions, the Executing Agency and the Tropenbos Foundation, are pre-financing project activities. However, the remaining amounts disbursed by the Tropenbos Foundation to pre-finance project activities will be reimbursed as soon as ITTO release the last installment of funds and the CFC reimburse the expenses already made. To that end, the yearly audited financial report for the period from July 1997 to June 1998 has been commissioned and will be forwarded to ITTO as soon as it is completed, along with a request for reimbursement to be submitted to the CFC. However, the problem will not be completely solved, as CFC's regulations still imply that one institution or another will have to pre-finance project activities before the expenses can be claimed to the CFC for reimbursement.

Reacting similarly to the information provided by the Secretariat and the statement of the Cameroon delegation, the Director of the Tropenbos Foundation confirmed that his institution has been pre-financing project activities since the beginning, but is not in a position to continue doing so, although they are still dedicated to the successful completion of the project. Therefore the change of CFC's rules, which implies now that one or another institution has to pre-finance before expenses could be reimbursed by the CFC, is a serious issue that should be tackled. With regard to the problem of dissemination of project's results raised in the Secretariat report (document CRF(XXIII/5), the Tropenbos Foundation informed that they are developing a policy for the dissemination of project results. One component of such a policy is the recent launching of the Tropenbos Cameroon Series, where project results will be published.

Concluding its deliberation on this subject, the Committee requested that all interested parties should discuss the continued financial support to the project during the next Steering Committee meeting to be convened as soon as possible. The ITTO finance officer should participate in this meeting and give input in the search of a solution to the problem.

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

The Committee acknowledged that substantial progress had been achieved and that the project completion can be expected shortly.

- (16) PD 12/93 Rev.3 (F) Integrated Forest Fire Management in Indonesia - Phase I: National Guidelines on the Protection of Tropical Forests Against Fire (Indonesia)**

The Committee was briefed by the Secretariat in the findings of the joint review Mission conducted by the CFC and ITTO on the implementation of the project. The Secretariat informed the Committee that the Final Workshop scheduled for November 1998 has to be postponed to March 1999 due to the forthcoming ITTO-JICA International Forum on Forest Fire Management to be held in Jakarta on 7 and 8 December 1998. The Committee noted this information.

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

The Committee took note of the update made by the Cameroon delegation with regard to the implementation of the project. The Committee decided to grant the project an extension until June 1999, at no extra cost, to allow the completion of project activities and the development of final reports.

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

Dr. Herwasono Soedjito, the national team leader (Indonesia) of the ITTO Borneo Biodiversity Expedition, 1997 made a presentation before the Committee on the final outcomes of the Expedition. The Committee noted and expressed their appreciation on the presentation given.

- (19) 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 substantial progress had been achieved in the first phase of project implementation and that completion of the first phase can be expected shortly. The Committee also acknowledged the participatory approach taken in formulating a project proposal, focusing exclusively on the sustainable management of forests in Indigenous Territories, developed as a follow-up project in lieu of the second phase of PD 33/93 Rev.1 (F). The Committee further decided to call for an external audit of the project finances at the earliest opportunity.

- (20) PD 35/93 Rev.4 (F) Forestry Management, Community Development and Sustained Use of Forests on the Punta Patiño Nature Reserve, Darien Region, Republic of Panama - Phase I (Completed), Phase II (Operational) (Panama)**

The Committee acknowledged that substantial progress had been achieved and that the project completion can be expected shortly.

- (21) PD 4/94 Rev.3 (F) East New Britain Balsa Industry Strengthening Project (PNG)**

The Committee took note of the information provided from the implementing agency that the Project is progressing well and that the local communities has shown increased interest in balsa tree growing including considering to convert coconut palm plantations to Balsa. The Committee further noted that the project has received an extension in time until June, 1999 at the previous Session, and that a project proposal for a continuation under Phase II is being prepared for presentation to the next Expert Panel for the Technical Assessment of Project Proposals.

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

The Committee took note of the update by the Secretariat with regard to the implementation of the project, which highlighted that the project document did not include quantified outputs for the project. It was rather focussed on raising environmental awareness of children through such activities as organization of workshops, seminars and conferences, implementation of demonstration reforestation programs, and training in conservation and environmental protection, etc. The Committee decided to grant the project an extension until June 1999, at no extra cost, to allow the development of final reports.



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

The Committee took note of the progress achieved in project implementation to date but further observed that efforts to achieve the publication's financial self-sufficiency were encountering certain difficulties due to the delay in their search for an editor and promoter. It therefore recommended the Executing Agency to redouble its efforts in this regard.

- (24) PD 49/94 Rev.1 (F) Establishment of an Ongoing Forest Monitoring Network (Permanent Growth Plots) in the Forest Reserves and Woodlots of the Guiana Region (Venezuela)**

The Committee took note of the progress achieved in project implementation to date. Furthermore, it supports the Executing Agency's request to provide a US\$ 400 per month bonus to a SERFORVEN staff member to act as a liaison officer with the project personnel rather than hire an independent consultant, as originally proposed in the project document.

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

The Secretariat informed the Committee that the project is now focussed in "Path Logging", an improved harvesting practice in view of reducing damages to soil and to the remaining tree stands. Helicopter logging will be directed towards harvesting the species which has high market value such as decorative species. The Committee noted this information.

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

Mr. Kueh Hong Siong, the consultant from Sarawak, Malaysia, made a presentation on "A Pilot Project for the Cultivation of Indigenous Crops in Four Iban Villages in the Lanjak-Entimau Wildlife Sanctuary (LEWS) Buffer Zone". The Committee noted and expressed their appreciation on the presentation given.

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

The Secretariat informed the Committee that the project continuously compiled all cost data incurred in the forest operation and management of the forest concession. The cost elements needed for pre-felling activities according to ITTO Criteria and Indicators are also being compiled. The Committee noted this information.

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

The Committee noted the submission of a modified workplan and a budget reallocation for the implementation of this project as outlined in document CRF(XXIII)/19. The Committee agreed with the changes entailing the restructuring of the project's activities and budget, approved the aforementioned document as an addendum to the project document PD 13/96 Rev.1 (F), and recommended its immediate implementation.

- (29) PD 35/96 Rev.2 (F) Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production (Philippines)**

The Secretariat informed the Committee that the project has produced several interesting interim reports, among others, the Manual of Biodiversity Survey Design and Field Procedures. An update of the project implementation is presented in ITTO's Tropical Forest Update. The Committee noted this information.

- (30) PD 4/97 Rev.3 (F) Development and Promotion of Afforestation Activities in Egypt - Phase I (Operational), Phase II (Pending Finance) (Egypt)**

The Committee took note of the update made by the Egyptian delegation with regard to the implementation of the project and its appeal for the financing of the second phase of the project.

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

The Committee took note of the information from the delegate from Fiji that the restructuring of the Forestry Department is completed and that they aim to begin implementation of the project in early 1999.

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

The Committee was briefed by the Secretariat on the initiation to involve Tropical Forest Foundation in training component, as a complementary programme under the Bulungan Model Forest implemented by CIFOR. An Addendum to the Project Document is being prepared and it will be submitted to the forthcoming Committee's Session. The committee noted this information.

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

The Secretariat informed the Committee on the workshop conducted by ISME in Okinawa in September 1998 which involved 36 mangrove experts from various countries. The workshop resulted in an harmonized structure and format for the database to be presented in the web site. The participation of member countries to liase with the GLOMIS is therefore encouraged. The committee noted this information.

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

The Committee was informed that the project implementation is pending the remittance of committed funds from the Dutch Government. The Dutch delegation confirmed that the funds will be transferred to ITTO by beginning of 1999. The committee noted this information.

- (35) PD 38/97 Rev.1 (F) Books and Databank on the Medicinal and Poisonous Plants of South-East Asia: Volume 12(1), Volume 12(2), and Volume 12(3) within the PROSEA Programme (Partly Operational, Pending Full Finance) (Indonesia)**

The Committee was informed that although the project was approved during XXIII Session of the ITTC, the total funds has not been fully secured. The Dutch Government pledged a contribution amounting to US\$ 727,950. Unfortunately the remaining funds has not been met by other donors. The Indonesian delegation explained the unfortunate situation where the Dutch Government subsequently decided to withdraw its pledge amounting to US\$ 727,950. The Indonesian delegation then requested the project to be withdrawn from the list of ITTO approved projects. The Committee accepted the request and decided the project was thereby withdrawn.

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

The Committee took note of the update made by the delegation of Gabon with regard to the implementation of the project and its appeal for the financing of the second phase of the project.

- (37) PD 32/98 Rev.1 (F) Forest Fire Management in Ghana (Ghana)**

The Secretariat informed the Committee that the fully processing of the project Agreement and the initiation of project activities is pending the released of funds pledged by the Government of the U.S.A. (\$ 75,000) during the 24th ITTC Session in Libreville to finance the project. The U.S. delegation expressed surprise for this information and assured the Committee that necessary steps will urgently be taken to

transfer the necessary funds into the Special Account. The Committee welcome this statement by the U.S. delegation.

**(C) Projects awaiting financing**

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

The Committee noted the Ecuadorian Delegation's explanation as regard the current irrelevance of a previously presented Addendum submitted by the Executing Agency to divide the project into two phases. It therefore accepted the Ecuadorian request to withdraw said Addendum documented as CRF(XXIII)/21, and further reiterated the validity of project document PD 17/93 Rev.3 (F) on its own.

- (2) PD 24/97 Rev.1 (F) Sustainable Forest Management Project for Pando (Bolivia)**

The Committee took note and further approved of the Executing Agency's request to reduce the project's ITTO budget to US\$ 899,177. It also urged the Council to provide full financing. The detailed work plan, to be presented to the Secretariat as a prerequisite for the disbursement of the first installment of funds, will reflect the change in budget without affecting the overall or specific objectives of the project.

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

The Committee noted that the Government of Malaysia revised the proposal as PD 27/97 Rev.2 (F) which contained a revised budget totalling US\$ 543,144. The Committee approved the proposal and recommended the Council to allocate US\$ 543,144 for its immediate implementation.

**10. 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 16 project proposals were considered by the Committee; similarly three pre-project proposals were considered.

**• PROJECTS ASSESSED BY THE COMMITTEE**

Project No.	Title
PD 27/97 Rev.2 (F)	Tree Flora of Sabah and Sarawak - Phase II (Malaysia)
PD 30/97 Rev.3 (F)	Rehabilitation of Degraded Forests in Ghana (Ghana)
PD 63/97 Rev.3 (F)	Specialization Program for Forest Technicians on Sustainable Tropical Forest Management in Bolivia (Bolivia)
PD 2/98 Rev.2 (F,I)	Management and Utilization of Paca ( <i>Guadua sarcocarpa</i> ) (Peru)
PD 10/98 Rev.1 (F)	Participatory Forest Management by the Indigenous Communities of the Chimanes Region, Beni, Bolivia (Bolivia)
PD13/98 Rev.2 (F)	Establishment of a National Network of Permanent Plots of Forest Species (NPPNFS) (Colombia)
PD 24/98 Rev.2 (F)	Intensification of Teak Forestry (Côte d'Ivoire)
PD 30/98 Rev.2 (F)	Study of Silvicultural Techniques for the Sexual and Asexual Reproduction of Chanul ( <i>Humiriastrum procerum</i> ) (Ecuador)
PD 36/98 Rev.1 (F)	Establishment of Forestry Sector Draft Development Plan for Sustainable Forest Management in Cambodia (Cambodia)

PD 38/98 Rev.2 (F)	Technology Development and Demonstration on Reforestation Using Tropical Hardwood Species in Yunnan Province of China (Phases I & II) (China)
PD 40/98 Rev.1 (F)	Development and Implementation of a Community-based Sustainable Forest Development Plan in the Miguel River Basin, District of Donoso, Panama - Phase I & II (Panama)
PD 48/98 Rev.1 (F)	Reforestation of the Abutia Plains by Indigenous Communities in the Volta Basin (Ghana)
PD 49/98 Rev.1 (F)	Participatory Tropical Forest Development by Women In Indigenous Communities (Ghana)
PD 51/98 Rev.1 (F)	Forest Fire Management in Côte d'Ivoire on an Experimental Basis (Côte d'Ivoire)
PD 54/98 Rev.1 (F)	Institutional Strengthening of the Geographic Information System (GIS) of the National Environmental Authority (ANAM) for the Monitoring and Evaluation of Panama's Forest Resources with a View to their Sustainable Management (Panama)
PD 56/98 (F)	Criteria and Indicators for Sustainable Forest Management in the Venezuelan Forests (Venezuela)

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 15 (A) below.

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

Pre-project No.	Title
PPD 10/96 Rev.2 (F)	Preliminary Study for a Project on the Production of Timber by the Agroforestry Method in the Wawa Region (Plateaux Region of Togo) (Togo)
PPD 10/98 Rev.1 (F)	Establishment of Forest Research Base for Sustainable Forest Management in Cambodia (Cambodia)
PPD 16/98 Rev.1 (F)	Management of Aboulaye Permanent Forest (Togo)

Details of the technical evaluation of these proposals are presented in Appendix 1 of this report. The Committee's recommendations regarding approval of these proposals are presented in Item 15 (B) below.

**11. 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.

**12. Election of Chairperson and Vice-Chairperson for 1999**

The delegate from the United States of America informed the Committee that the Vice-Chairperson of this year, Mr. Walter Dunn of the United States of America, unfortunately, was unable to continue.

The delegate then proposed Dr. James K. Gasana (Switzerland) as Chairperson for 1999, and he was elected with acclamation. A delegate from Malaysia proposed Mr. Pisan Wasuwanith of Thailand as Vice-Chairperson, and he was subsequently elected for 1999 with acclamation.

**13. Dates and Venue of the Twenty-sixth Session of the Committee**

The Committee decided that the dates and venue of its Twenty-fourth, Twenty-fifth, and Twenty-sixth Sessions of the Committee will be determined in relation to the Council's decision on the dates and venue of its Sessions.

#### **14. Other Business**

##### **(a) Discussion on the ITTO Draft Work Programme for the Year 1999**

A lengthy discussion on the Draft Work Programme for the Year 1999 (document ITTC(XXV)/6) for the Committee took place and the Committee took note of the explanation of the reasons for the selection of the activities from the ITTO Libreville Action Plan was in line with several ongoing field Projects. The Committee agreed that the work programme for this Committee was reasonable considering the heavy routine workload of the Secretariat. The Committee agreed that further deliberations on the format of the work programme as well as financial implications should be discussed as a Council matter.

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

The Committee noted with concern the number of approved projects and pre-projects that remained unfunded. The Committee therefore urged member countries to contribute funds for these unfunded approved projects including contributions to the Bali Partnership Fund. The list of such projects is included in Section C) of Agenda Items 8 and 9, in the Committee Agenda document CRF(XXIII)/1.

##### **(c) Presentations of Project Results**

Special Presentations on the following projects were held as follows during the Council Session:

- ITTO BORNEO BIODIVERSITY EXPEDITION, 1997  
A Joint Scientific Expedition of ITTO Projects:
  - PD 106/90 Rev.1 (F) Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area, Phase I (Malaysia); and
  - PD 26/93 Rev.1 (F) Development of Bentuang Karimun Nature Reserve as National Park (Phase I) (Indonesia)
- PD 15/95 Rev.3 (F) Development of the Lanjak Entimau Wildlife Sanctuary (LEWS) as a Totally Protected Area (TPA) Phase II (Malaysia)
- PD 13/97 Rev.1 (F) Dissemination of New Remote Sensing Methodology through a Semi-Expert System (Regional, Asia and Pacific)

#### **15. 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 185/91 Rev.2 (F) Phase II and allocate US\$ 542,343 for its implementation.
2. The Committee recommended that the Council approve PD 27/97 Rev.2 (F) and allocate US\$ 543,144 for its implementation.
3. The Committee recommended that the Council approve PD 63/97 Rev.3 (F) and allocate US\$ 564,556 for its implementation.
4. The Committee recommended that the Council approve PD 2/98 Rev.2 (F,I) and allocate US\$ 601,900 for its implementation.
5. The Committee recommended that the Council approve PD 10/98 Rev.1 (F) and allocate US\$ 989,393 for its implementation.
6. The Committee recommended that the Council approve PD 13/98 Rev.2 (F) and allocate US\$ 718,044 for its implementation.
7. The Committee recommended that the Council approve PD 24/98 Rev.2 (F) and allocate US\$ 177,610 for its implementation.

8. The Committee recommended that the Council approve PD 30/98 Rev.2 (F) and allocate US\$ 419,748 for its implementation.
9. The Committee recommended that the Council approve PD 36/98 Rev.1 (F) and allocate US\$ 99,004 for its implementation.
10. The Committee recommended that the Council approve PD 38/98 Rev.2 (F) Phases I & II and allocate US\$ 672,662 for implementation of Phase I.
11. The Committee recommended that the Council approve PD 40/98 Rev.1 (F) Phase I and allocate US\$ 632,106 for its implementation.
12. The Committee recommended that the Council approve PD 48/98 Rev.1 (F) and allocate US\$ 576,188 for its implementation.
13. The Committee recommended that the Council approve PD 49/98 Rev.1 (F) and allocate US\$ 589,534 for its implementation.
14. The Committee recommended that the Council approve PD 51/98 Rev.1 (F) and allocate US\$ 490,966 for its implementation.
15. The Committee recommended that the Council approve PD 54/98 Rev.1 (F) and allocate US\$ 776,956 for its implementation.

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

1. The Committee recommended that the Council approve PPD 10/96 Rev.2 (F) and allocate US\$ 38,240 for its implementation.
2. The Committee recommended that the Council approve PPD 10/98 Rev.1 (F) and allocate US\$ 66,971 for its implementation.
3. The Committee recommended that the Council approve PPD 16/98 Rev.1 (F) and allocate US\$ 59,519 for its implementation.

**(C) The Committee made the following recommendations regarding additional project funding:**

1. The committee recommended that the Council approve the extension of PD 106/90 Rev.1 (F) and PD 26/93 Rev.1 (F) (ITTO Borneo Biodiversity Expedition, 1997) and allocate additional funds amounting to US\$ 37,100.

**16. Report of the Session**

The Committee accepted this Report for submission to the Council.

Appendix I

**TECHNICAL ASSESSMENT OF PROJECT PROPOSALS**

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

Conclusion of the Twenty-third Committee

The Committee noted that the Government of Malaysia revised the proposal as PD 27/97 Rev.2 (F) which contained revised budget totalling US\$ 543,144. The Committee approved the proposal and recommended the Council to allocate US\$ 543,144 for its immediate implementation.

**2) PD 30/97 Rev.3 (F) Rehabilitation of Degraded Forests in Ghana (Ghana)**

Conclusion of the Twenty-third Committee

The Secretariat clarified that, although the proposal was complete and well formulated, in technical terms, the Sixteenth Panel of Expert strongly questioned its objectives focussed on testing well documented plantation systems, such as block planting and taungya systems. Furthermore, it cast doubt on the strategy proposed, where a forest research institution such as the Forest Research Institute of Ghana (FORIG) will be engaged in the establishment of large scale plantations. On these grounds, and as indicated in its report (document CEM,CRF,CFI(XXIII)/1), the Sixteenth Panel indicated that it could not commend the proposal, but submits it to the Committee for appraisal.

Reacting to this clarification by the Secretariat, the Ghanaian delegation decided to withdraw the proposal in view of its reformulation. The Committee took note of this decision of the Ghanaian delegation and decided that the reformulated proposal should be submitted to the Expert Panel for prior appraisal.

**3) PD 63/97 Rev.3 (F) Specialization Program for Forest Technicians on Sustainable Tropical Forest Management in Bolivia (Bolivia)**

Conclusion of the Twenty-third 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 63/97 Rev.3 (F) and recommended the Council to allocate US\$ 564,556 for its immediate implementation.

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

Conclusion of the Twenty-third 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 2/98 Rev.2 (F,I) and recommended the Council to allocate US\$ 601,900 for its immediate implementation.

**5) PD10/98 Rev.1 (F) Participatory Forest Management by the Indigenous Communities of the Chimanés Region, Beni, Bolivia (Bolivia)**

Conclusion of the Twenty-third Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. It further noted that the previous Committee's request for a study on informal logging was no longer relevant as further detailed in the Addendum to PD 10/98 Rev.1 (F)

/...

(CRF(XXIII)/23). Therefore, the Committee approved the project PD 10/98 Rev.1 (F) with the addendum CRF(XXIII)/23 and recommended the Council to allocate US\$ 989,393 for its immediate implementation.

- 6) PD13/98 Rev.2 (F)      **Establishment of a National Network of Permanent Plots of Forest Species (NPPNFS) (Colombia)**

Conclusion of the Twenty-third 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 13/98 Rev.2 (F) and recommended the Council to allocate US\$ 718,044 for its immediate implementation.

- 7) PD 24/98 Rev.2 (F)      **Intensification of Teak Forestry (Côte d'Ivoire)**

Conclusion of the Twenty-third Committee

The Committee noted that, with the additional clarification provided by the Côte d'Ivoire delegation in connection with the dissemination of project's results and the design and number of experimental plots, the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 24/98 Rev.2 (F) and recommended the Council to allocate US\$ 177,610 its immediate implementation.

- 8) PD 30/98 Rev.2 (F)      **Study of Silvicultural Techniques for the Sexual and Asexual Reproduction of Chanul (*Humiriastrum procerum*) (Ecuador)**

Conclusion of the Twenty-third 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 30/98 Rev.2 (F) and recommended the Council to allocate US\$ 419,748 for its immediate implementation.

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

Conclusion of the Twenty-third 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 36/98 Rev.1 (F) and recommended the Council to allocate US\$ 99,004 for its immediate implementation.

- 10) PD 38/98 Rev.2 (F)      **Technology Development and Demonstration on Reforestation Using Tropical Hardwood Species in Yunnan Province of China (Phases I & II) (China)**

Conclusion of the Twenty-third Committee

The Japanese delegation requested clarification on the changes made under the revised proposal. Further to the explanation given by the Secretariat and the Chinese delegation, the Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 38/98 Rev.2 (F) Phases I and II and recommended the Council to allocate US\$ 672,662 for the immediate implementation of Phase I.



- 11) PD 40/98 Rev.1 (F)      **Development and Implementation of a Community-based Sustainable Forest Development Plan in the Miguel River Basin, District of Donoso, Panama - Phase I & II (Panama)**

Conclusion of the Twenty-third Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Moreover, it also noted that the activities and budget of the project's second phase depended on the outcome of the first phase and, as such, decided that the second phase be formulated as a new project proposal upon completion of the first phase. Therefore, the Committee approved the project PD 40/98 Rev.1 (F) – Phase I and recommended the Council to allocate US\$ 632,106 for its immediate implementation.

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

Conclusion of the Twenty-third 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 48/98 Rev.1 (F) and recommended the Council to allocate US\$ 576,188 for its immediate implementation.

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

Conclusion of the Twenty-third 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 49/98 Rev.1 (F) and recommended the Council to allocate US\$ 589,534 for its immediate implementation.

- 14) PD 51/98 Rev.1 (F)      **Forest Fire Management in Côte d'Ivoire on an Experimental Basis (Côte d'Ivoire)**

Conclusion of the Twenty-third Committee

The Committee noted that, with the additional clarification provided by the Côte d'Ivoire delegation on the consistence of project's elements with the ITTO Guidelines on Fire Management in Tropical Forests, and on the involvement of local communities in strategies and systems to be developed under the project, the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 51/98 Rev.1 (F) and recommended the Council to allocate US\$ 490,966 for its immediate implementation.

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

Conclusion of the Twenty-third Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations and that furthermore the Executing Agency requested a reduction in the ITTO portion of the project budget. Therefore, the Committee approved the project PD 54/98 Rev.1 (F) with its reduced budget and recommended the Council to allocate US\$ 776,956 for its immediate implementation. The detailed work plan, to be presented to the Secretariat as a prerequisite for the disbursement of the first installment of funds, will reflect the change in budget without affecting the overall or specific objectives of the project.

- 16) PD 56/98 (F) Criteria and Indicators for Sustainable Forest Management in the Venezuelan Forests (Venezuela)

Conclusion of the Twenty-third Committee

The Committee noted that a revised project proposal has not yet been submitted to ITTO.

**TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS**

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

Conclusion of the Twenty-third Committee

The Committee noted that the Submitting Government decided to, in accordance with Decision 2(X) Annex 2 Point 2 "Sunset Provision", revise and resubmit the pre-project as PPD 10/96 Rev.2 (F) to the Council for decision. The Committee approved the revised pre-project PPD 10/96 Rev.2 (F) and recommended the Council to allocate US\$ 38,240 for its immediate implementation.

- 2) PPD 10/98 Rev.1 (F) Establishment of Forest Research Base for Sustainable Forest Management in Cambodia (Cambodia)

Conclusion of the Twenty-third 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 10/98 Rev.1 (F) and recommended the Council to allocate US\$ 66,971 for its immediate implementation.

- 3) PPD 16/98 Rev.1 (F) Management of Aboulaye Permanent Forest (Togo)

Conclusion of the Twenty-third Committee

The Committee noted that, with the clarification provided by the Togolese delegation indicating that a forest management plan will be one of the pre-project's outputs, the revised pre-project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the pre-project PPD 16/98 Rev.1 (F) and recommended the Council to allocate US\$ 59,519 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-THIRD SESSION OF THE COMMITTEE**

PROJECT DOCUMENT	ITTA, 1994		BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION	RECOMMENDATION*		
	OBJECTIVES	OPERATIONAL ACTIVITIES				16th EP	EP Dec.5(XXIV)	23rd CRF
	Art. 1	Art. 27, Para. 2						
PD 27/97 Rev.2 (F)	c,d,f,l	a(iii),b,e	543,144	Malaysia	3 years	-	-	1
PD 30/97 Rev.3 (F)	a,j,m	a,b,c,e,f	600,295	Ghana	5 years	2b	a	2b
PD 63/97 Rev.3 (F)	c,d,f,j,l	a(iii),b,c,e	564,556	Bolivia	42 months	2a	c	1
PD 2/98 Rev.2 (F,l)	c,d,f,j,l	a(i)(ii)(iii),c	601,900	Peru	3 years	-	-	1
PD 10/98 Rev.1 (F)	c,d,f,j,l	a,b	989,393	Bolivia	2 years	-	-	1
PD 13/98 Rev.2 (F)	c,d,f,j,l	a(i)(ii)(iii),c	718,044	Colombia	3 years	-	-	1
PD 24/98 Rev.2 (F)	c,d,j,l,m	a(i),b,e	177,610	Côte d'Ivoire	3 years	1	c	1
PD 30/98 Rev.2 (F)	c,d,f	b	419,748	Ecuador	38 months	2a	b	1
PD 36/98 Rev.1 (F)	c,d,f,l,m	a(iii),c,d,e	99,004	Cambodia	7 months	2a	b	1
PD 38/98 Rev.2 (F) I & II	c,f,h,l	a(i)(ii),b,c,e	672,662 (Phase I)	P.R. China	36 months (Phase I)	1	a	1
PD 40/98 Rev.1 (F) I	c,d,f,j,l	a,b	632,106	Panama	10 months	2a	b	1
PD 48/98 Rev.1 (F)	c,j	a(i)(ii),c,d,e	576,188	Ghana	4 years	1	a	1
PD 49/98 Rev.1 (F)	c,j	a(i)(ii),c,d,e	589,534	Ghana	3 years	2a	b	1
PD 51/98 Rev.1 (F)	c,f,j,l	a(iii),c,d	490,966	Côte d'Ivoire	3 years	2a	c	1
PD 54/98 Rev.1 (F)	c,d,f,j,l	a,b	776,956	Panama	18 months	2a	b	1
PD 56/98 (F)	c,d,f,j,l	a,b	197,953	Venezuela	24 months	2a	e	4
PPD 10/96 Rev.2 (F)	c,f,h	a(i)(ii)(iii),c	38,240	Togo	6 months	-	-	1
PPD 10/98 Rev.1 (F)	d,f,g,m	a(i)(ii),b,c,e	66,971	Cambodia	5 months	1	a	1
PPD 16/98 Rev.1 (F)	c,f,j,l	a(i)(ii)(iii),c	59,519	Togo	5 months	1	c	1

\* For Categories of Recommendation see Table B.

TABLE B

Categories of Decision for 16th Expert Panel	Categories of Decision for Expert Panel [Decision 5(XXIV)]	Categories of Recommendation from 23rd 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.</p> <p>2(a). The Panel concluded that, with the incorporation of the essential modifications (which are necessary for the project to succeed), the (pre-) project could be commended to the Committee for final appraisal.</p> <p>2(b). The Panel concluded that it could not commend the revised proposal and submits it to the Committee for further 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><b>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.</b></p> <p>a: (Such a pre-project could be commended to the Committee for final appraisal.)</p> <p>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 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>6. The Panel concluded that there is insufficient information to assess the project adequately.</p> <p>(Text in parentheses is optional.)</p>	<p>a. The Expert Panel for the Technical Appraisal of Pre-project and Project Proposals did not recommend essential modifications, and a revised document is not required.</p> <p>b. All of the recommendations of the Expert Panel for the Technical Appraisal of Pre-project and Project Proposals have been adequately addressed.</p> <p>c. Many of the recommendations of the Expert Panel for the Technical Evaluation of Project Proposals have been addressed, however, some recommendations have not been addressed.</p> <p>d. The revised project proposal does not adequately address the recommendations of the Expert Panel for the Technical Evaluation of Project Proposals.</p> <p>e. A revised project proposal has not been submitted to ITTO.</p>	<p>1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.</p> <p>2. Recommend to the ITTC that the proposal be revised and resubmitted:</p> <p>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>

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## REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

### TWENTY-THIRD SESSION OF THE COMMITTEE ON FOREST INDUSTRY

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Appendix I	Technical Evaluation of Project Proposals
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## REPORT

### 1. Introduction

The Twenty-third Session was opened on 3 November 1998 by Ms. Aulikki Kauppila (Finland) the Chairperson of the Committee. The List of Participants is reproduced in Document ITTC(XXV)/Info.2.

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

At its first meeting on 3 November 1998, the Committee adopted the agenda of its Twenty-third Session as contained in Document CFI(XXIII)/1 Rev.1.

### 3. Admission of Observers

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

### 4. The Annual Review and Assessment of International Timber Situation (Joint Sessions of Permanent Committees)

This item was discussed and dealt with under Council agenda item 9. Please refer to the report of the Twenty-fifth Session of the Council.

### 5. Report of the Meeting Convened under Council Decision 5(XXIV)

The Chairman drew the Committee's attention to Document ITTC(XXV)/14. Report of the Meeting of the Expert Panel to Organize the Work and Agendas of the Committees. The Committee agreed that the report prepared by the meeting facilitated its work, and thanked the meeting participants for their efforts.

### 6. Report on Completed Pre-Project

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

PPD 2/96 Rev.2 (I) DEVELOPMENT OF THE INDIAN RUBBERWOOD INDUSTRY (India)

The final report on this pre-project is reproduced in document PPR 51/98 (I). Summary information on the work carried out under this pre-project is provided in document CFI(XXIII)/3.

The Committee took note of the information that the implementing agency is finalizing a project proposal for the implementation of follow-up activities addressing actions recommended in the pre-project report.

The Committee requested the Secretariat to distribute the pre-project report to interested parties.

### 7. Report on Completed Projects

The Committee took note of the work accomplished by projects completed since its last Session:

PD 12/87 (I)	RESEARCH ON UTILIZATION OF TROPICAL TIMBER IN CONSTRUCTION (Malaysia)
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PD 47/88 Rev.3 (I)	UTILIZATION OF LESSER-USED SPECIES AS ALTERNATIVE RAW MATERIALS FOR FOREST-BASED INDUSTRIES (Philippines)
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PD 143/91 Rev.2 (I)	NON-WOOD TROPICAL FOREST PRODUCTS: PROCESSING, TRADE AND COLLECTION (Brazil)
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PD 17/92 Rev.4 (I)	TECHNOLOGY TRANSFER/COMMERCIALIZATION OF SELECTED COCOWOOD UTILIZATION TECHNOLOGIES (Philippines)
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The Committee expressed its satisfaction with the successful completion of these projects. A summary of the work completed under these projects is presented in document CFI(XXIII)/4. The Committee expressed

particular satisfaction with the publications, videos and CD data bank produced under these projects and requested the Secretariat to take the necessary action for their wide distribution and dissemination. These outputs include:

- i. Field Guide to the Identification of Important Lesser-Used Species of Philippine Timbers
- ii. Manual on the Properties and Uses of Lesser-Used Species of Philippine Timbers
- iii. Amazonia Non-wood Forest Products Databank (CD)
- iv. An Alternative Technology for Rubber (video)
- v. Medicinal Plants in the State of Para (video)
- vi. The Brazilian Nut in the West of Para State (video)
- vii. Non-Wood Tropical Forest Products: Processing, Collection and Trade
- viii. Construction Manual of Prefabricated Timber Houses
- ix. Strength of Nailed Joints in Mengkuland, FRIM Tech. Info. No.60
- x. Strength of Bolted Joints, FRIM Tech. Info. No.61
- xi. Strength of Metal Plate (punched-plate) Joints in Mengkulang, FRIM Tech. Info. No.62
- xii. Strength of Trussed Rafters in Mengkuland, FRIM Tech. Info. No. 63
- xiii. Proceedings of ITTO-3 International Conference on Cocowood Utilization Technologies
- xiv. Abstracts on Cocowood Utilization Technologies
- xv. Investment Profiles on Cocowood Utilization Technologies

The Committee considered the results of the ex-post evaluations it had requested on completed projects PD 152/91 Rev.1 (I) HARMONIZATION OF TECHNICAL TROPICAL TIMBER STANDARDS IN THE ANDEAN SUB-REGION (Peru) and PD 37/87 Rev.3 (I) INDUSTRIAL USE OF NEW FOREST SPECIES IN PERU - PHASES I AND II (Peru). The reports with the results of the ex-post evaluations of these projects, were prepared by independent consultants Dr. Mauro Reis [PD 152/91 Rev.1 (I)] and Mr. Olav Bakken Jensen [PD 37/87 Rev.3 (I)], respectively. These reports are reproduced in documents CFI(XXII)/6 and CFI(XXII)/5 respectively.

The results of the ex-post evaluations confirmed the earlier Committee assessments made upon completion of these projects, which led to the conclusions that these projects had been successfully implemented and had achieved their stated specific objectives.

To disseminate lessons learned in the ex-post evaluation work on projects PD 37/87 Rev.3 (I) and PD 152/91 Rev.1 (I), the Committee requested the Secretariat to distribute the ex-post evaluation reports to interested parties, including the implementing agencies, members of the project steering committees, and members of the Expert Panel for Technical Appraisal of Project Proposals.

The Committee reiterated its view of the importance of carrying out ex-post evaluations of completed projects to establish how well they have served their anticipated purposes. However, the Committee agreed that such evaluations are more useful if carried out some time after project completion, when project results and their long term socio-economic and environmental impacts can be assessed, thus allowing for a better evaluation of the projects' effectiveness.

The Committee instructed the Secretariat to take this time frame into account in its consultations with the Common Fund for Commodities on the ex-post evaluation of project PD 17/92 Rev.4 (I), which will be carried out by the Common Fund for Commodities with ITTO assistance.

The Committee decided to consider completed Forest Industry projects at its November 1999 Session, with a view to selecting additional projects which merit ex-post evaluations.

#### 8. Report on Pre-Project Work in Progress

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

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)
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- |                      |  |
|----------------------|--|
| PPD 12/96 Rev.1 (I)  | DEVELOPMENT AND IMPLEMENTATION OF STRESS GRADING RULES FOR TROPICAL TIMBERS (Philippines)                                    |
| PPD 4/98 Rev.1 (I)   | PROMOTION OF TROPICAL NON-WOOD FOREST PRODUCTS 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) |

In its review of pre-project PPD 50/91 (I), the Committee was informed that, following its instructions, the Secretariat wrote to the Government of the Democratic Republic of Congo (formerly Zaire) seeking information and the country's views on the appropriateness and validity of this pre-project, given that a number of years has passed since its approval. The Committee was informed that, to date, there has been no reply to the letters sent by the Secretariat. The Committee requested the Secretariat to continue to make efforts to consult with the Government of the Democratic Republic of Congo on the issue, while deciding that the pre-project shall be closed if a response from the Government of the Democratic Republic of Congo is not received by 31 May 1999.

#### 9. Review of Project Work in Progress

The Committee reviewed the work underway in 26 approved and financed projects in the field of Forest Industry. The full report on project work in progress is reproduced in document CFI(XXIII)/8.

Further information on implementation progress was given by member countries, implementing agencies and the ITTO Secretariat on the following projects singled out by the Expert Panel [Decision 5(XXIV)] as meriting more detailed consideration:

- |    |                        |   |
|----|------------------------|---|
| 1) | 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)  |
| 2) | PD 107/90 (I)          | STRATEGIES FOR SUSTAINABLE WOOD INDUSTRIES IN SARAWAK (Malaysia)  |
| 3) | PD 209/91 Rev.2 (I)    | STUDY OF ZAIRIAN TIMBER WITH A VIEW TO PROMOTING CERTAIN SPECIES (Democratic Republic of Congo)   |
| 4) | PD 17/93 Rev.3 (M,F,I) | ITTO NETWORK FOR INFORMATION SHARING AND PROJECT SUPPORT (Global)   |
| 5) | PD 3/96 Rev.2 (I)      | DEVELOPMENT AND EXTENSION OF RUBBERWOOD PROCESSING AND UTILIZATION TECHNOLOGY (China)   |
| 6) | PD 7/97 Rev.2 (I)      | III PLYWOOD AND TROPICAL TIMBER INTERNATIONAL CONGRESS (Brazil)   |
| 7) | 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) |

When reviewing progress in the implementation of project PD 17/93 Rev.3 (M,F,I), the Committee recalled that at its last Session it had recommended to Council a one-year extension, with a new implementation approach reducing the required funding to US\$ 684,591. The Committee was satisfied with the Council approval of its recommendations, but noted that donors had pledged only US\$300,000 to finance continuation of the project. The Committee stressed the importance of continuing to pursue the project



objectives of publishing the ITTO newsletter (TFU) and of strengthening ITTO's monitoring and evaluation work, and decided to recommend to Council to give highest priority to the provision of the additional funds it approved for this project.

The Committee also learned from the Secretariat that, pursuant to the Committee decision it had prepared a new project proposal to publish the newsletter and strengthen ITTO monitoring and evaluation for the period July 1999 - June 2001. The Committee will consider the proposal in its next Session after the appraisal by the Expert Panel for Technical Appraisal of Project Proposals.

The Committee resumed discussions initiated at its last Session on whether to start field implementation of project PD 209/91 (I) in the Democratic Republic of Congo (formerly Zaire). The Secretariat informed the Committee that it had been unable to get a response from the country Government on the questions raised by the Committee on the local working conditions and on the reported plans to relocate the project implementing agency. The Committee requested the Secretariat to continue to make efforts to consult the implementing agency and the Government of the Democratic Republic of Congo on these matters.

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

Five revised project and pre-project proposals were submitted by member governments in time for Committee consideration and appraisal:

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 46/97 Rev.2 (I)	COMMUNITY FOREST PRODUCT PROCESSING IN THE PUERTO DIAS EXTRACTIVE RESERVE	GOVERNMENT OF BRAZIL
PD 41/98 Rev.1 (I)	NATIONAL SEMINAR WORKSHOP ON THE PROMOTION OF PLANTATION TIMBER UTILIZATION	GOVERNMENT OF PHILIPPINES
PD 44/98 Rev.1 (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	GOVERNMENT OF GHANA
PPD 13/98 Rev.1 (I)	ASSESSMENT OF FOREST INDUSTRY TRAINING NEEDS	GOVERNMENT OF FIJI
PPD 15//98 Rev.1 (I)	JOINT ATO/ITTO CONFERENCE ON FURTHER PROCESSING OF AFRICAN TROPICAL TIMBER	GOVERNMENT OF GABON

The Committee considered in detail the results of the evaluation of earlier versions of these projects effected by the Expert Panel for Technical Appraisal of Project Proposals, as contained in document CEM,CRF/CFI(XXIII)/CFI(IV)/1. The final versions were thoroughly evaluated by the Committee, taking into account the Expert Panel's [Decision 5(XXIV)] evaluation of revised project proposals to determine if they had adequately addressed the recommendations of the Expert Panel for Technical Appraisal of Project Proposals [Document ITTC(XXV)/14]. The detailed results of the Committee's evaluation and appraisal of these five project and pre-project proposals are presented in Appendix I.

Taking into account the recommendation of the Expert Panel, the Committee decided not to appraise at this Session the pre-project PPD 14/98 (I) "Preparation of a Master Plan for Development of the Timber Industry in the Congo", as a revised pre-project proposal had not yet been submitted to the Organization. The submitting country (Republic of Congo) informed the Committee that the revised pre-project proposal would be forwarded to ITTO in time for consideration at the next Committee Session.

#### 11. Non-Wood Forest Products

The Committee held comprehensive discussions on non-wood forest products (NWFP) recalling the work of six major ITTO-financed projects and pre-project in this field:

- |      |                      |  |
|------|----------------------|--|
| i.   | 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) |
| ii.  | PD 143/91 Rev.2 (I)  | NON-WOOD TROPICAL FOREST PRODUCTS: PROCESSING, TRADE AND COLLECTION (Brazil)   |
| iii. | PD 20/95 Rev.2 (I)   | CHEMICAL MODIFICATION OF BAMBOO CULMS AND THEIR RESISTANCE TO WEATHERING (China)   |
| iv.  | PD 21/95 Rev.2 (I)   | COMPREHENSIVE STUDIES ON THE STRUCTURE AND PROPERTIES OF RATTANS FOR EFFECTIVE UTILIZATION (China)   |
| v.   | PD 15/96 Rev.2 (M,I) | UTILIZATION, COLLECTION AND TRADE OF TROPICAL NON-WOOD FOREST PRODUCTS IN THE PHILIPPINES (Philippines)  |
| vi.  | PPD 4/98 Rev.1 (I)   | PROMOTION OF TROPICAL NON-WOOD FOREST PRODUCTS IN THAILAND (Thailand)  |

The Committee expressed the view that work on NWFP is particularly relevant to ITTO when related to and in the context of promoting and developing multiple-use sustainable forest management, as the production and trade of NWFP increases the forest value and thus enhances prospects of achieving sustainability.

The Committee also agreed on the importance of NWFP for the socio-economic well-being of forest dwellers, who usually contribute to the protection of forests. The Committee also noted that in some regions NWFP are particularly important for women for whom the gathering and use of NWFP is often part of their cultural tradition and socio-economic practices.

The representative of FAO informed the Committee of its program for the promotion and development of NWFP, which includes three main areas of activity:

- Gathering, analysis and dissemination of key technical information on NWFP;
- Full appraisal of the socio-economic contribution of NWFP; and
- Improved networking among individuals and organizations concerned with NWFP.

The Committee welcomed the information provided by FAO and noted that information and results of ITTO-funded NWFP projects were available and could be used to expand the global NWFP data bank being developed by FAO.

The Committee stressed the importance of information sharing in the field of NWFP, noting that several major international organizations such as CIFOR, ECE Timber Committee, FAO and IFF, have carried out considerable work in this field. The Committee recommended that a future issue of the ITTO Tropical Forest Update should focus on NWFP, providing an opportunity for wide dissemination of information on NWFP work by ITTO and by other organizations which are active in this field.

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

The Fellowship Selection Panel met twice during the Twenty-third 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. Jean William Sollo	(Cameroon)
Producers:	Mr. José Carlos Carvalho	(Brazil)
	Mr. Offi Koffi	(Côte d'Ivoire)
	Mr. Pralong Dumrongthai	(Thailand)
Consumers:	Dr. Gary Dolman	(Australia)
	Mr. Michael James	(U.K.)
	Ms. Jan C. McAlpine	(U.S.A.)

The Selection Panel considered a total of 113 applications in which 88 applications were from producer countries and 25 applications were from consumer countries. Seventy-six 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 far 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 27 fellowship grants, subject to the availability of funds at a total cost of approximately US\$120,000. The approved applications are listed in Appendix II.

Noting that the Fellowship Programme contributes to human resources development, as indicated in the ITTO Libreville Action Plan, the Panel recommended that the Programme should be advertised widely to attract more applications from the member countries, particularly Africa and Latin America. The Panel also noted that, at present, there was an imbalance between the three subject areas and proposed that more emphasis should be given to the field of Economic Information and Market Intelligence. The Panel therefore encouraged members to enhance their efforts to promote more applications in this field. The Panel also urged members to submit a list of contact addresses for forest products industry/trade organizations to the ITTO Secretariat so that this Programme can be promoted by these organizations.

The Panel felt that there was a need to review the application form, selection criteria, selection procedures and promotion of the Programme. It therefore recommended that these issues should be reviewed at the next Fellowship Panel meeting and requested the Secretariat to prepare a working paper to be discussed, concerning priority areas of the Programme based on the ITTO Libreville Action Plan. A decision could then be drafted for consideration by ITTC at the 26<sup>th</sup> Session in Chiang Mai, Thailand. In order to provide experience and continuity, it suggested that the same Panel Members serve at the next Fellowship Section meeting.

### 13. Election of Chairperson and Vice-Chairperson for 1999

The Committee elected Ms. Maria Angela Andrade Perez (Colombia) as the Chairperson for 1999 and Ms. Kayoko Fukushima (Japan) as the Vice-Chairperson 1999.

### 14. Dates and Venues of the Twenty-sixth and Twenty-seventh Sessions

The Committee decided that the dates and venues of the Twenty-six and Twenty-seventh Committee Sessions will be agreed upon by ITTC in the Twenty-fifth Council Session.

### 15. Other Business

The Committee held comprehensive discussions on its work program for the year 1999, taking into account the tasks and activities described in the ITTA, 1994 and in the ITTO Libreville Action Plan.

The Committee formulated a work program proposal for its work in 1999 and decided to submit it to the ITTC for consideration and approval. The work program for 1999 proposed by the Committee is reproduced in Appendix III.

### 16. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. To approve for implementation the following project proposals:

- |                     |   |
|---------------------|---|
| 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)  |
| PD 46/97 Rev.3 (I)  | Community Forest Product Processing in the Puerto Dias Extractive Reserve (Brazil)  |
| PD 41/98 Rev.2 (I)  | National Seminar Workshop on the Promotion of Plantation Timber Utilization (Philippines)   |
| 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) |
2. To allocate additional funds amounting to US\$384,591 to complete the financing of the one-year extension of project PD 17/93 Rev.3 (M,F,I) "ITTO Network for Information Sharing and Project Support", approved by the Council at its Twenty-fourth Session.
  3. To urge member countries to contribute funds to finance forest industry pre-projects and projects approved by the Committee and Council in previous Sessions and still pending funding. These are:
 

PD 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 33/97 Rev.2 (I)	Identification and Nomenclature of Commercial Tropical Timber Species in the Andean Community – Phase II (Peru) [US\$733,255]
PD 73/89 (M,F,I)	Assistance for Project Identification and Formulation (Global) [Additional funds US\$170,000]
PD 17/93 Rev.3 (M,F,I)	ITTO Network for Information Sharing and Project Support [Additional funds US\$384,591]
PD 15/96 Rev.2 (M,I)	Utilization, Collection and Trade of Tropical Non-Wood Forest Products in the Philippines (Philippines) [Additional funds US\$38,297]
PD 33/98 Rev.2 (I)	Sustainable Production of Construction Materials from Philippine Bamboos (Philippines) [US\$544,696]
PPD 1/98 Rev.2 (I)	Rubberwood Utilization and Marketing in Thailand (Thailand) [US\$82,290]
PPD 9/98 Rev.1 (I)	Assessment of Forest Industry Training Needs (Guyana) [US\$52,434]

17. Report of the Session

The Committee adopted this report for submission to the Council.

## APPENDIX I

### TECHNICAL EVALUATION OF PROJECT PROPOSALS

**PD 46/97 Rev.2 (I)      COMMUNITY FOREST PRODUCT PROCESSING IN THE PUERTO DIAS  
EXTRACTIVE RESERVE  
(Government of Brazil)**

The Committee recalled the technical evaluation of this project made by the Committee, at its Twenty-second Session in May 1998. The Committee agreed that the contents of document CFI(XXII)/8 has been adequately incorporated in the revised proposal. Noting that the project will assist the forest community of the Puerto Dias extractive reserve (Acre, Brazil), the Committee decided to recommend to Council the approval of the proposal, which was further revised [PD 46/97 Rev.3 (I)] to include minor budget amendments to appropriately reflect ITTO administrative support costs.

**PD 41/98 Rev.1 (I)      NATIONAL SEMINAR WORKSHOP ON THE PROMOTION OF PLANTATION  
TIMBER UTILIZATION  
(Government of Philippines)**

The Committee noted with satisfaction that the revised proposal had incorporated all of the recommendations from the Expert Panel for Technical Appraisal of Project Proposals. The Committee noted the comments from the Japanese delegation that further reductions of the budget were possible in the DSA and travel costs as a number of seminar participants will be from Mindanao. The Committee considered a further revised proposal [PD 41/98 Rev.2 (I)] that reflected this reduction in travel costs and included corrections in the ITTO administrative support costs. The Committee decided to recommend to Council for approval and implementation of a further revised proposal [PD 41/98 Rev.2 (I)], which included these budget amendments.

**PD 44/98 Rev.1 (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  
(Government of Ghana)**

The Committee appreciated the Ghana delegate's background information on the importance of new species to the timber trade in Ghana. The Committee discussed the recommendations from both the Expert Panel for Technical Appraisal of Project Proposals and the report of the Expert Panel to Organize the Work and Agenda of the Committees and noted that the four recommendations to improve the proposal had been incorporated in the revised document. The revision had clarified issues raised on: (i) the contribution by the Swiss Federal Institute of Technology, (ii) the inclusion of previous work carried out by other agencies, (iii) the expansion of the project to include dendrological aspects, and (iv) provision of the necessary monitoring and evaluation funds. In response to the question of work which had already been conducted by other organizations in this area, the Committee was satisfied that an attempt had been made to search current literature and databases for all relevant work on African species. The Committee noted the comments made by the delegation of the Philippines that, given their country's experience in the area of utilization of lesser-used species, this proposal by Ghana was of great importance to the world timber markets. The Committee decided to recommend to Council for approval and implementation of a further revised proposal [PD 44/98 Rev.2 (I)] which included minor budget amendments to appropriately reflect ITTO's administrative support costs.

**PPD 13/98 Rev.1 (I)      ASSESSMENT OF FOREST INDUSTRY TRAINING NEEDS  
(Government of Fiji)**

The Committee agreed that the formulation of a training strategy to support human resources development in Fiji proposed in this pre-project is highly relevant and consistent with the ITTO Libreville Action

Plan. The Committee also agreed that this revised proposal adequately addressed the Expert Panel's recommendations. The Committee decided to recommend to Council the approval of a further revised proposal [PPD 13/98 Rev.2 (I)] which includes minor amendments to appropriately reflect ITTO's administrative support costs.

**PPD 15/98 Rev.1 (I)      JOINT ATO/ITTO CONFERENCE ON FURTHER PROCESSING OF AFRICAN  
TROPICAL TIMBER  
(Government of Gabon)**

The Committee agreed that the proposed conference on further processing was of importance both to the overall work of the Committee and to the African member states of ITTO. The conference will provide an opportunity to assess progress on further processing, an area of work prioritized in the Libreville Action Plan. The Delegate of the United States felt that the revised proposal could be further improved by a reduction in the honoraria quoted and by incorporating references to previous work of the Committee. The pre-project was viewed as adequately building on the work of the Committee in this area, particularly in relation to the final report of PPD 11/92 (I) "Policies and Measures Toward the Development of Domestic Further Processing of Tropical Timber". The Committee considered and acted on the recommendation by the Swiss delegation to include details of the contribution in-kind by the ATO in the project document. This revised document [PPD 15/98 Rev.2 (I)] also included minor amendments to the budget to reflect ITTO's administrative support costs. The Committee decided to recommend to Council approval and implementation of the pre-project

# TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS IN THE AREA OF FOREST INDUSTRY

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	FIELD OF ACTIVITY	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		Art. 25 Para. 1				
PD 46/97 Rev.3 (I)	c,e,g,h	Wood processing	462,090	12 months	Brazil	1
PD 41/98 Rev.2 (I)	a,b,c,d	Wood processing	53,784	6 months	Philippines	1
PD 44/98 Rev.2 (I)	e,f,i	Research and Development	197,549	2 years	Ghana	1
PRE-PROJECT						
PPD 13/98 Rev.2 (I)	b,c,e,g	Assessment of training needs	50,013	3 months	Fiji	1
PPD 15/98 Rev.2 (I)	a,b,c,d	Wood processing	222,078	3 months	African region	1

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

## APPENDIX II

### LIST OF APPROVED FELLOWSHIPS (Report of the Fellowship Selection Panel)

#### COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

App. No.	Name	Nationality	Subject
016/98A	Ortiz, Rafael	Colombia	International Conference on "the Application of Scientific Knowledge to Decision making in Managing Forest Ecosystems", Ashville, North Carolina, U.S.A.
042/98A	Zang Zang née, Ursule Elénor	Cameroon	Research entitled "Round Timber Domestic Market in Cameroon: A Model Organization for Sustainable Forest Management"

#### COMMITTEE ON FOREST INDUSTRY

041/98A	Decte,	Cameroon	Research entitled "Forest Road Construction in Cameroon: Study of some propositions for its normalization"
064/98A	Okai, Reynolds	Ghana	Research entitled "Studies on Sawing Characteristics and Mechanical Strength Properties of Branchwood of Some Ghanaian Timber Species from Sustainably Managed Forests"
011/98A	Sewornu, Bubune Kwame	Ghana	MSc Programme in Wood Technology and Management at the University of Science and Technology, Kumasi, Ghana
036/98A	Tan, Yu-Eng	Malaysia	Pacific Timber Engineering Conference, Rotorua, New Zealand

#### COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

099/98A	Acakpo-Addra, Yaovi Viwanou	Togo	Short Training Course of Remote Sensing at Centre Regional Agrymet, Niger
058/98A	Castillo, Rose Mery	Honduras	Tropical Dendrology Course at Tropical Science Center, San Jose, Costa Rica
050/98A	Cruz Garcia, Elmer Mauricio	Honduras	Research entitled "Eco-Tourism Planning in Forested-Protected Areas: Determination of Lancetilla's Sustainable-Ecotourism Carrying Capacity"
018/98A	de Las Salas, Gonzalo	Colombia	The First Latin American IUFRO Conference- Sustainable Management of Forest Resources in Valdivia, Chile
006/98A	El Hadj Ouro-Ojeri, Essowê	Togo	Milicia Excelsa in Togo: Study on the range of distribution and its diseases



App. No.	Name	Nationality	Subject
029/98A	Foli, Ernest G.	Ghana	Research on Evaluation of the Performance of Planted Native Species in Different Ecological Zones in Ghana
093/98A	Guerreiro, Nria Merched de Oliveira	Brazil	MSc Programme in Natural Resources Management at INCAE, Costa Rica
045/98A	Hashim, Nor Rasidah	Malaysia	MSc Research entitled "Constructing Land-Use History and Floristic Composition in a Changing Landscape of Sabal Forest Reserve, Sarawak, Malaysia"
080/98A	Ipari, Charles	Congo	Annual Course on Remote Sensing at CRTO, Ouagadougou, Burkina Faso
033/98A	Li, Zhongkui	China	Study tour to RECOFTC, Thailand
019/98A	Oanes, Gloria A.	Philippines	Research on herbarium specimens and related literature at the Rijksherbarium, Leiden, the Netherlands, Kew Gardens and Royal Botanic Gardens in U.K.
004/98A	Ochoa, Oscar	Honduras	Sixth International Workshop on Seed Biology at Merida, Yucatan, Mexico
053/98A	Rondolo, Marilyn Torio	Philippines	Workshop - Philippine Council for Agriculture, Forestry and Natural Resources Research and Development in the Philippines and Study Tour to Smithsonian Institute in the U.S.A.
062/98A	Sale, John B.	U.K.	Development of a scientific basis and research capability in the Institute of Forestry and Yangon University in relation to the sustainable management of living natural resources in the tropical forests of Myanmar
021/98A	Schulze, Mark D.	U.S.A.	Research on Species-based Management of Amazonian Tropical Forests: Reconciling Timber Harvesting with Forest Conservation in collaboration between Instituto do Homem e Meio Ambiente da Amazonia and Pennsylvania State University
037/98A	Shrestha, Gopal Kumar	Nepal	Field work in Dolakha District of Nepal for preparing a thesis for Master in Forestry Programme at the Australian National University, Australia
085/98A	Soares del Menezzi, Cludio H.	Brazil	The First Latin American IUFRO Conference - Sustainable Management of Forest Resources in Valdivia, Chile
075/98A	Suhendang, Nina Mindawati	Indonesia	The 4th International Conference on the Development of Wood Science, Wood Technology and Forestry in U.K.
013/98A	Vargas Claros, Marcelo	Bolivia	Tropical Dendrology Course at Tropical Science Center, San Jose, Costa Rica

010/98A	Vargas Lombardo, Carlos	Panama	The First Latin American IUFRO Conference - Sustainable Management of Forest Resources in Valdivia, Chile
087/98A	Yong, Teng Koon	Malaysia	IUFRO International Symposium: Long-Term Observations and Research in Forestry, Turrialba, Costa Rica

**APPENDIX III**  
**Forest Industry Work Program for 1999**

<b><u>ACTIVITY</u></b>	<b>IMPLEMENTATION APPROACH</b>
Monitor and review the need for work on tropical timber standardization and harmonization, including the area of tropical timber nomenclature [Action Plan, section 3.3, goal 2 action 1].	The Committee will carry out the review in its May 1999 Session. To assist the review, the Secretariat will compile information on previous ITTO work on standardization and nomenclature, including the type and number of projects financed by ITTO in this field.
Prepare terms of reference and make recommendations to Council on work to develop in cooperation with industry 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].	The Committee will briefly discuss the issue in its May 1999 Session. The Secretariat will compile information on previous work in this field (both by ITTO and other organizations) and prepare draft terms of reference. The Committee will finalize the terms of reference and recommendations to Council in its November 1999 Session.
Consider and hold discussions on the need for and desirability of work on a voluntary code of conduct for the forest industry [Decision by the Forest Industry Committee in its Twenty-second Session].	A background paper will be prepared by the Secretariat and distributed in May 1999. The Committee will hold its discussions on the issue in its November 1999 Session.
Prepare terms of reference for and recommend to Council the implementation of a study to review the status of further processing of tropical timber in producing countries.	The Committee will implement the activity in its November 1999 Session. In its May 1999 Session the Committee will consider the procedures to obtain information on the situation of further processing in each producing country.
With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise Forest Industry project and pre-project proposals submitted by Member countries [ITTA, Article 27 (4)].	
With assistance of the ITTO Secretariat and independent consultants (as necessary), ensure effective monitoring and evaluation of approved projects in the field of Forest Industry [ITTA, Article 27 (4)].	
Review the results of project and policy work in the field of Forest Industry and make recommendations to Council on ITTO's work program for the year 2000 [ITTA, Article 27 (4)].	
In conjunction with the Committees of Economic Information and Market Intelligence and Reforestation and Forest Management, assess fellowship applications and decide on fellowships to be granted by ITTO under project PD 1/93 Rev.1 (M,F,I).	
Consider project ideas and provide guidance to Member countries for the formulation of Forest Industry project proposals which meet the priorities set in the Libreville Action Plan [Action Plan, section 3.3, goal 1 action 6, goal 2 action 3, and goal 3 action 5].	
Consider and, if appropriate, take action to disseminate information on project findings and results [ITTA, Article 27 (4), Action Plan, section 2].	

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3 - 9 November 1998  
Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**  
**BY THE FOURTH SESSION OF THE**  
**COMMITTEE ON FINANCE AND ADMINISTRATION**  
**(3-9 November 1998, Yokohama, Japan)**

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL  
BY THE FOURTH SESSION OF THE  
COMMITTEE ON FINANCE AND ADMINISTRATION**

**Item 1: Opening by the Chairperson**

1. The Session was opened by the Chairperson, Mr. Toshikatsu Aoyama (Japan) who welcomed all delegates to the Fourth Session.

**Item 2: Adoption of Agenda and Organization of Work**

2. The Committee adopted its agenda as presented in document CFA(IV)/1. The Chairperson decided to start discussions on Agenda Item 7 (Management of the Bali Partnership Fund) in view of the possible lengthy discussions on that item. He suggested that an open-ended working group be formed to discuss matters related to this item. In view of the timing of the other two working groups formed by the Chairperson of the Council, it was suggested that the meeting of this working group be scheduled so as not to conflict with other meetings of Council, Committees and groups.

**Item 3: Review of Contributions to the Administrative Budgets**

3. The Secretariat explained the delay in preparing documents for the review of the Administrative Budgets as contributions of some Members were received at the last moment and had to be verified with the banks. The Executive Director introduced document CFA(IV)/3 which detailed the history of Members' contributions to the Administrative Budgets 1986-1998, including assessments, receipts, interest, and arrears in contribution.

4. The Committee noted with concern the large arrears in contributions to the Administrative Budgets from many Members. The Executive Director informed the Committee that there has been progress and payments were being made by Members although late during the year and such payments increased the resources of the Working Capital Account. In response to the query by Germany on measures provided for under Article 19 of the ITTA, 1994, the Executive Director advised further that he has been taking actions as required under para. 19 of this Article, and regular reminders were sent to Members. Colombia informed that funds have been reserved for the payments of its contributions to the Organization.

**Item 4: Current Status of the Administrative Account**

5. The Executive Director introduced document CFA(IV)/4 which presented the current status of the Administrative Budget for 1998 (as at 5 November 1998). He advised the Committee that due to economic problems in their countries some Members are encountering difficulties in making payments of their contributions for this year. However, due to the favourable exchange rates of the U.S. dollar against the Japanese Yen in the early months of 1998 and other saving measures, the total expenditures are estimated at \$3,272,696.00 against the approved budget of \$3,854,916.00. As some payments are anticipated, it was estimated that a small surplus of \$30,797.00 could be achieved in the current year's budget.

6. The Executive Director also informed the Committee that Members have been paying their arrears in contributions and in the first ten months of this year the Organization received a total amount of \$621,743.93 in arrears payments. Members also made payment of the interest charges on their late contributions as stipulated under the ITTA, 1983, in the amount of \$8,508.87, and together with bank interest earned on fund investments and deposits, as of 5 November 1998, the resources of the Working Capital Account (WCA) have increased to \$2,578,751.09.

7. Brazil advised the Committee that the delay in late payment of its assessed contribution for 1998 is due to bureaucratic changes in the country and payment may be expected soon. Cameroon also advised that it has paid some arrears in contributions earlier this year and intended to clear all arrears as soon as possible.

**Item 5: Draft Administrative Budget for the Financial Year 1999**

8. The Executive Director introduced document CFA(IV)/2 which had been distributed to Members in August 1998. In view of the instructions by the Committee at its Second Session that future 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", the Secretariat revised the budget as presented in document CFA(IV)/2 Rev.1 by using the exchange rate of 116 Yen to US\$1.00 against the rate of 142 Yen to US\$1.00 which was used (in July 1998) in preparing the draft budget proposal. The Executive Director explained that the revised proposed budget for 1999 amounted to US\$4,120,331.00 against the original proposal of US\$3,497,011.00 and that the increase was due totally to the weakened strength of the U.S. dollar against the Japanese Yen. He stressed further that the proposed Administrative Budget of the Organization for the financial year 1999 as presented in these documents is a zero-growth budget with all items of expenditures remain at the same level as in 1998, except for a small inevitable increase of about 1% to take account of staff salary increment.

9. The U.S.A. took note of the comments made by the Executive Director and, together with China, accepted the proposed budget as revised. Sweden and Switzerland requested for clarifications on the salary systems used to which the Secretariat advised that the United Nations common system of salary and remunerations as well as scales and rates were applied in accordance with the stipulation of the relevant rules and regulations of the Organization. Switzerland requested that in future budget proposals, some explanations should be added to clarify the salary systems. Germany requested that the Special Reserve item should be shown in the budget. The U.S.A. also requested that future budget proposals should include different columns to show the percentages or amounts which are expended in Japanese Yen or in U.S. dollar. The Secretariat took note of these requests for preparation of future budget proposals.

10. The Secretariat explained the provisions of para. 7 of Article 19 of the ITTA, 1994, in response to a query by Togo, that discount will be granted to a member which "has paid its full contribution to the administrative budget within four months after such contribution becomes due" which will be credited to its assessed contribution in the following year. The current percentage of discount which has been set by the Council is 5.5%.

11. The Committee decided to recommend to the Council to approve the Administrative Budget for the Financial Year 1999 in the amount of US\$4,120,331.00. This amount will be increased by US\$58,262.00 to take account of the discount to be granted to Members for early payment of their contribution in 1998, but at the same time, will be reduced by US\$56,593.00 by utilizing the bank interest earned in 1998. The net amount to be assessed from Members towards the Administrative Budget for the Financial Year 1999 is therefore US\$4,122,000.00 as presented in the document CFA(IV)/2 Rev.1 which also indicate the assessed contributions from Members to the budget for 1999.

#### **Item 6: Resources of the Special Account and the Bali Partnership Fund**

12. The Secretariat apologized for the delay in presenting the document on this agenda item [document CFA(IV)/5], due to similar reasons with documents on the administrative budgets in awaiting verifications from the banks on payments of voluntary contributions from certain members.

13. The Secretariat presented document CFA(IV)/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. This document also serves as an information and reference document which contains a listing of all projects, pre-projects and activities implemented from resources of the Special Account.

14. Members took note of the document.

#### **Item 7: Management of the Bali Partnership Fund**

15. The Executive Director introduced document CFA(IV)/6 which was prepared to facilitate consideration by Members on the operation the Bali Partnership Fund (BPF) based on the discussions of Members on this item at its Third Session.

16. Delegates recognized that the Bali Partnership Fund was created to enhance the capacity of members to implement a strategy for achieving exports of tropical timber products from sustainably managed sources by the year 2000. The Executive Director also pointed out that the resources of the BPF include both earmarked and unearmarked funds. The EU agreed in general terms with the details as presented in the Secretariat document, but expressed concern on the priorities listed in paragraph 10 therein, i.e. activities of an emergency or urgent nature, and of global benefit.

17. In accordance with the four sources of funds as laid out in Rule 19 of the Financial Rules and Rules relating to Projects of the Organization, earmarked funds may include (1) voluntary contributions in accordance with Article 21, para. 2(a) of the ITTA, 1994, and voluntary contributions, including scientific and technical equipment. Switzerland pointed out that the BPF should be a separate window for financing projects which are of general interest according to the priorities of the Libreville Action Plan and should not duplicate those already channeled through the existing Special Account of the Organization. The Chairperson, after hearing discussions by delegates at the Session, advised that interested parties should participate in the working group set up to discuss matters related to the Bali Partnership Fund. The working group met at two meetings under the chairmanship of the United Kingdom and developed a draft decision for consideration of Council.

#### **Item 8: Resources of the Programme Support**

18. The Secretariat recalled the discussions of the Committee at its Third Session on the resources of the Programme Support and the intention of the Committee to continue discussion at this Session based on the same document [CFA(III)/6] which was presented at the last Session. The Secretariat drew the attention of the Committee to the recommendations made by the Third Session to the Council on the inadequacy of resources allocated for document translation costs in the Programme Support: (1) to authorize the transfer of an amount of \$210,713.79 from the "General Programme Support" component to the component of "Translation Costs" in the Programme Support fund to eliminate the deficit incurred in that account as at the end of financial year 1997; and (2) to authorize an increase in the charges to be deducted in all budgets of projects, pre-projects and activities, to defray the costs of translating project and pre-project proposals from the current percentage of 0.5% to 1% beginning with proposed projects, pre-projects and activities submitted for appraisal by the Twenty-fifth Session of the Council.

19. Although the report of the Third Session had been approved by the Council, the Secretariat was advised by the Auditor that the changes in percentage charges to projects, pre-projects and activities needed a formal Council decision. A draft decision was discussed by the Committee.

20. The Committee was informed that as a result of discussions by Members on the draft decision, it was recommended to approve only the transfer of the amount of \$210,713.79 from the "General Programme Support" to the component of "Translation Costs" in the Programme Support fund to eliminate the deficit incurred in that account as at the end of financial year 1997 but an increase in the charges to projects, pre-projects and activities need to be further reviewed.

21. The Committee decided to continue the review of the resources of the Programme Support fund at its Fifth Session and requested the Secretariat to make available the details of the expenditures and income under the component of "Translation Costs" to facilitate further discussion.

#### **Item 9: Appointment of Auditor for the 1998 Accounts**

22. The Secretariat introduced document CFA(IV)/7 and advised the Committee that three audit firms had been invited to submit quotations to audit the accounts of the Organization for the financial year 1998, namely: (a) Arthur Andersen & Co., Tokyo; (b) Deloitte Touche – Tomatsu & Co., Tokyo; and (c) Price Waterhouse, Yokohama. All three firms have had experience auditing the Organization's accounts. The Committee decided to recommend to the Council to select Price Waterhouse which had submitted the lowest estimates of fees to audit the accounts of the Organization for the financial year 1998.

#### **Item 10: Other Business**

23. Switzerland asked if the Work Programme of the Committee on Finance and Administration had been discussed at this Session and the Chairperson advised that document ITTC(XXV)/6 which contained the tasks of the CFA which are of routine nature and had been presented in broad terms by the Executive Director to Council.

24. Following the usual consultations undertaken by the producer and consumer groups, Mr. Luciano HelmoId Macieira (Brazil) was elected Chairperson of the Committee and Ms. Ellen M. Conway (U.S.A.) was elected Vice-Chairperson of the Committee for 1999.

**Item 11: Dates and Venues of the Seventh and Eighth Sessions**

25. The Committee agreed that the Seventh and Eighth Sessions would be held on the same dates and at the same venues as the Twenty-eighth and Twenty-ninth Sessions of the Council.

**Item 12: Recommendations to the International Tropical Timber Council**

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

- (1) To accept the revised Administrative Budget for the Financial Year 1999 of the amount of US\$4,120,331.00 as presented in document CFA(IV)/2 Rev.1. The assessed contributions from Members will be US\$4,122,000.00 to take account of the discount to be given to Members for timely payment of their contributions in 1998 and also to utilize part of the bank interest earned in the same year;
- (2) To appoint the firm Price Waterhouse, Yokohama, to audit the accounts of the Organization for the financial year 1998.

**Item 13: Report of the Session**

27. The Committee adopted this report as amended.

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**ANNEX VI**

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)**

**DOCUMENT: IAG(III)/1**

Distr.  
GENERAL

ITTC(XXV)/15  
3 November 1998

Original: ENGLISH

TWENTY-FIFTH SESSION  
3 - 9 November 1998  
Yokohama, Japan

THIRD MEETING OF THE  
INFORMAL ADVISORY GROUP (IAG)  
3 November 1998  
Yokohama, Japan

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

**2 November 1998  
Yokohama, Japan**

**Third Meeting of the Informal Advisory Group (IAG)**  
Yokohama, Japan, 3 November 1998

**Report of the Chairperson**

1. The IAG met for the third time on Monday, 2 November. Participants included the Chair of the Council, the four committee chairs, among them a host government representative, and the Executive Director. Since the producer and consumer caucuses are both without spokespersons, there were no caucus representatives. The Vice-Chair of the Council was also unable to attend.
2. The IAG considered the items outlined on the draft agenda annexed to this report, as well as other items raised by members in the course of the meeting. Based on its discussions, the IAG provides the following advice for consideration and appropriate action by the Council at its 25<sup>th</sup> Session.
3. As a matter of priority, the IAG recommends that the two caucuses be called on to select on an urgent basis their new spokespersons so that caucus views can be taken into account beginning with today's bureau meeting. Until spokespersons are identified, the IAG also recommends that the Chair and Vice-Chair of the Council chair the opening of the first session of the consumer and producer caucuses, respectively. In this context, the IAG draws the Council's attention to the crucial, if informal, role of the caucus spokespersons in successfully advancing the work of the Organization and the agenda of the Council. The absence of designated spokespersons intersessionally and immediately preceding this Council Session, including in the Working Committee on Article 16 and in the IAG, seriously hampered preparations for the Council. Recognizing that the departure of spokespersons cannot always be anticipated as we have seen, the IAG further recommends that Council consider calling on the caucuses to also name an alternate spokesperson so that in the unexpected resignation or absence of a spokesperson, caucus views can be solicited, coordinated and conveyed as needed.
4. In view of the two reports provided by the Executive Director on the Review and Classification of Council Decision [ITTC(XXV)/5] and on Exploring Possible Ways to Reduce Costs of Preparation, Printing and Distribution of ITTO [ITTC(XXV)/11], the IAG recommends Council consider at this session:
  - a. requesting the Executive Director to make copies of the 160 decisions taken by Council to date available to interested delegations on request;
  - b. sunsetting those Council decisions classified in ITTC(XXV)/5 as "implemented," "superseded" and "others of no further relevance to the organization" and requesting the Executive Director to archive these decisions as a matter of record and to make copies;
  - c. requesting the Executive Director to review those Council decisions classified in ITTC(XXV)/5 as "under implementation" or "still relevant" and prepare a report for consideration by the Council at its 26<sup>th</sup> Session which includes copies of the Decisions and further classifies them by subject. Possible decision groupings include the following: (a) administration (e.g. rules of procedure), (b) ITTA, 1994, (c) project cycle, (d) cooperation with other organizations (e.g. CITES, IPF), (e) publications (e.g. Libreville Action Plan, ITTO guidelines series), and (f) other (e.g. Year 2000 Objective, markets, fire). And,
  - d. financing the establishment of a Document Network System as proposed in ITTC(XXV)/11 to enable electronic distribution of ITTO documents to interested Members.
5. The IAG recommends that Council take additional action at this Session with a view to developing consensus decisions on the following pending items:
  - a. further means of reducing costs of document preparation, translation, and distribution;
  - b. further streamlining the work of the committees;
  - c. matters related to Article 16 of the ITTA 1994;
  - d. operationalizing the Bali Partnership Fund;
  - e. ITTO cooperation with African Timber Organization (ATO);

- f. ITTO contribution to the work of the Intergovernmental Forum on Forests (IFF) and to implementation of the IPF proposals for action within its mandate;
  - g. the ITTO Work Programme for 1999.
6. Regarding further streamlining the work of the committees, the IAG recommends that Council give consideration to including the committee vice-chairs in any future session of the Expert Panel to Organize the Work and Agendas of the Committee so that they may gain experience and serve as needed in place of the chairpersons.
7. Regarding the Bali Partnership Fund, the IAG recommends that Council consider identifying the following two eligibility criteria for the a location of unearmarked funds: (a) projects that deal with emergency issues such as fire, pest infestation, disease outbreaks and other natural disasters, and (b) projects that deal with issues relevant to all ITTO members, such as trends in tropical timber competitiveness, monitoring and analyzing undocumented/illegal trade, consumer education, tropical timber standardization and harmonizing nomenclature. The IAG also recommends that Council give consideration to the cost limitation for eligible projects since project costs will have a bearing on how many projects can be funded from available unearmarked funds at any time.
8. In light of ITTO's anticipated cooperation with ATO, the IAG recommends that Council consider extending its ITTO cooperation to relevant organizations in Latin America and Asia. In this context, the IAG draws Council's attention to the annual regional workshops already sponsored by the Common Fund for Commodities in Africa and Latin America and to the one at the end of this month in Asia, and recommends that the Executive Director be requested to contact the organizers of the Asia workshop to ensure that tropical timber issues are given due time on the agenda.
9. Regarding ITTO cooperation with IPF/IFF, the IAG reaffirms its previous recommendation that Council further consider ITTO's contribution to implementing relevant IPF proposals for action within its mandate. In this context, the IAG suggests that Council request the Executive Director to catalogue existing ITTO projects that are supportive of the various IPF proposals for review by Council at its 26<sup>th</sup> Session. The IAG also recommends that Council consider strengthening the contribution of ITTO to the work of the IFF, including the Seminar on Practical Trade-Related Aspects of the Sustainable Management of All Types of Forests being sponsored by Brazil in cooperation with UNCTAD in February 1999. Given ITTO's lead role on trade and environment matters within the Interagency Task Force of Forest supporting the IFF, the Council may wish to consider requesting the Executive Director to sponsor a consultation with relevant international organizations (e.g. FAO, UNEP, ECE, WTO) to discuss ways to enhance contributions to the IFF process in this area.
10. Regarding the Work Programme for 1999, the IAG stresses the importance of finalizing the program which will bring forward elements of the newly adopted Libreville Action Plan (1998-2001) that are to be the priorities of the Organization for the coming year. In this context, the IAG recommends that the agendas of the committees at this session be amended to include a review of items in the proposed work program within their area. Such a review will provide useful advice to the Council and is an important part of the policy work of the committees.
11. The IAG reaffirms its previous recommendation that Council consider the niche role of ITTO in the area of fire prevention and management. In this context, the IAG draws Council's attention to the Report of the Mission on Forest Fire Prevention and Management to Indonesia and Malaysia (Sarawak), which was undertaken pursuant to Decision 8(XXIV) and will provide important input to the fire conference being sponsored by JICA and Indonesia in Jakarta in December. The results of the conference will be taken up by the Council at its 26<sup>th</sup> Session and should provide recommendations on the niche role for ITTO on fire, as well as on what additional expert missions might be sent on a request basis to member countries suffering from fire.
12. Concerning ITTO's longer-term policy and strategic priorities, the IAG again draws the Council's attention to the importance of the Libreville Action Plan: 1998-2001, which "outlines a strategy for the putting the objectives of the ITTA, 1994 into practice" and "provides a focus for both the policy and project work of the Organization." The IAG recommends that the Council look to the Libreville Action Plan as the basis for setting future policy and strategic priorities.
13. In order to enable Council to consider the above recommendations and take any appropriate action, the IAG urges the foregoing recommendations be taken up by the two caucuses at the earliest opportunity

and to that end requests the Executive Director to have copies of the IAG report provide to all delegations in time for the first meeting of the caucuses later today.

14. The IAG draws Council's attention to the fact, as set out in Decision 3(XXII), the Council will reassess the role and continued existence of the IAG at the 26<sup>th</sup> Session. The IAG wishes to inform the Council that its members were unanimous in advising continuation of the IAG, which has proved a useful forum for key members of the Council to focus on and flag issues for early consideration by caucuses, for providing a very helpful first impression of the range of views likely to be encountered on matters before Council, and for receiving valuable input and perspective from the Secretariat.

15. The IAG expresses its appreciation to the Executive Director and the secretariat for their excellent support and requests the Executive Director to include the IAG report as an annex to the Report of the Council at its 25<sup>th</sup> Session.

**Informal Advisory Group (IAG) – Third Session**

Monday, 2 November 1998, Yokohama

Draft Agenda

1. Brief background on IAG
  - Decision 3 (XXII)
  - Report of Chairman on Second IAG Session , 30 May 1998
2. Absence of Spokesperson
3. Pending issues for current Council action/decision, e.g.:
  - review/classification of Council decisions – Decision 2 (XXIV)
    - reducing documents costs
  - streamlining work of committees; organizing work and agendas (Expert Panel)
  - appointment of the Executive Director, Article 16 (Working Committee)
  - revision of project guidelines and manuals
  - ITTO Participation in the Intergovernmental Forum on Forests (IFF) Process
  - Cooperation with ATO
  - operationalizing Bali Partnership Fund
4. Other issues for possible Council discussion/action, e.g.
  - market access issues/opportunities
  - ITTO's role in fire prevention/management
  - process/timing of CFA review of staffing needs (public relations and education)
5. Future ITTO priorities/emerging issues: Implementation of Libreville Action Plan (Proposed 1999 Work Programme)  
  
e.g. trends in timber competitiveness, undocumented/illegal trade, consumer education, harmonizing nomenclature, improved efficiency/waste reduction in product processing, etc.
6. Above items that might benefit from informal joint producer/consumer sessions (e.g. Article 16)
7. IAG Chairman's Report to Council
8. Next IAG Meeting

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