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

Yokohama, Japan

1-6 December 1997

Table of Contents

	<u>Pages</u>
Report.....	1-24
Annex I List of Participants.....	25-40
Annex II Agenda	41-43
Annex III Membership of Council.....	44-46
Annex IV Text of Main Decisions adopted by the Council at its Twenty-second Session.....	47-62
Annex V Reports of the Associated Sessions of the Four Committees	63-125
Annex VI Report of the Informal Advisory Group (IAG).....	126-128

REPORT

Item 1: Opening Ceremony

1. The Chairman of the International Tropical Timber Council (ITTC), His Excellency Mr. Wisber Loeis, welcomed all delegates to the 23rd Session of the Council and acknowledged the presence of the Honourable Datuk Pandikar Amin Haji Mulia, Minister, Agriculture and Fisheries, Sabah, Malaysia; the Honourable Mr. Nayon Moses Bilijo, Deputy Minister, Lands and Forestry, Ghana; the Honourable Sr. Alvaro Riveros Tejada, Vice-Minister of Natural Resources, Ministry of Agriculture, Bolivia; and Mr. Minoru Shibuya, Deputy Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs, Japan. He noted that representatives of Brazil, Greece and Guyana were attending for the first time as full members under the new 1994 International Tropical Timber Agreement (ITTA) having recently ratified the agreement.
2. The Chairman also welcomed the Observers, including representatives of both government and non-governmental organisations (NGOs) and said that their participation and input was valued by the Council. He acknowledged the outstanding generosity of the Government of Japan and the City of Yokohama as hosts to ITTO and also expressed his appreciation to the Executive Director and the Secretariat for their hard work in preparation for the meeting.
3. With reference to the continuing debate on a possible international convention for all forests, the Chairman noted that ITTO offered a framework for consultation on the sustainable development of tropical forests for the next century. He drew attention to the achievements of the Organization in its first decade, as detailed in the 'ITTO Ten Years of Progress' report. He recalled that his first exposure to ITTO had been at the ITTC meeting in Quito, Ecuador in 1993; he had subsequently been invited to preside over the negotiations for the new Agreement.
4. The Chairman reflected that forestry was more about people than trees; the human dimension was of vital importance if sustainable management of the forests was to be successful. He said that the recent fires in Indonesia had had disastrous effects and he asked that these experiences should not be lost in ITTO's work. He said that forestry was affected by how man related to other people and nations and the rise of the NGO movement had illustrated the need for the participation of all stakeholders in forestry. He also referred to the link between poverty and deforestation, and questioned whether markets could pay for sustainable forest management.
5. The Chairman cautioned that we had to be careful to reduce actions that were environmentally unfriendly though he acknowledged that this was easier said than done. In the process of development many countries had destroyed large areas of forest land.
6. The Chairman said that man had a responsibility to future generations to ensure that they would inherit a planet which was livable. Man should be guided by the principle that there is a limit to everything. If the disparity between rich and poor continued there would be no peace. Environmental problems had no borders and would eventually catch up with everyone, both north and south.
7. He said that the ITTA 1994 was exemplary in its underlying concepts and philosophy; it contains a shared vision and commitment of members on how to save tropical forests. He encouraged Council, through the Year 2000 Objective and the Bali Partnership Fund, to proceed with its work. He questioned whether man could afford *not* to save tropical forests and he suggested that all members could contribute more.
8. The Honourable Datuk Pandikar Amin Haji Mulia, Minister, Agriculture and Fisheries, Sabah, Malaysia, expressed his appreciation at being given the opportunity to address the ITTC forum. He said that Sabah was facing acute deterioration of both the quality and quantity of the productive capacity of its permanent forest reserve. The state had lost about 2.5 million hectares of primary forests in the commercial forest reserve over the past 20 years and there were barely 300,000 hectares of primary forests left. There were also large areas which needed extensive rehabilitation. The continually increasing population (two million) created a growing demand for land. The Minister identified the major causes of this situation as: non-sustainable harvesting; logging damage; premature entry; economic needs overriding environmental limits; and ego-driven lifestyles which were non-sustainable.

9. The Minister reported on the Malaysian-German Sustainable Forest Management Project, an initiative which was providing a way forward for the state. The project centred on management planning at Dermakot Forest Reserve which comprised 55,000 hectares of logged-over forest. It had demonstrated: that sustainable forest management of tropical rainforest was both technically and economically feasible; that sustainable forest management techniques could be taught and improved; that Sabah had the basic resources of trained manpower which could be retooled to meet the demand required for sustainable forest management; and that it was not necessary to have extremely specialised personnel in order to practise sustainable forest management. Finally, he stressed that political will at the highest level was indispensable.
10. Dermakot Forest Reserve had been certified under FSC criteria and the Minister recorded his appreciation of Germany's assistance. He said that the success of the Dermakot project could be used as a catalyst to influence management of other commercial reserves. On 10 September 1997, the state government had entered into a 100-year agreement with ten companies offering licenses covering two million hectares to operationalise the concept of Dermakot.
11. The Minister acknowledged the opposition to these efforts which had been encountered from politicians, rich loggers and from some professional foresters. He said that foresters should be the first group to support sustainable forest management. He suggested that at this Council Session it should be noted that for any country to attain sustainable forest management, political will and undivided support of the civil service was vital. Drastic action had been very unpopular but he hoped that this action would bear fruit.
12. The Minister said that the best thing that had come out of ITTO was the Year 2000 Objective which had provided a focus for sustainable forest management. He acknowledged that Sabah was going to face a drastic drop in income. By 2000 and for the following 20 years, he did not expect Sabah to harvest more than between 700,000 to one million cubic metres from its commercial forest estate. It was predicted that income under sustainable forest management will be reduced to RM100 million per annum in contrast to the previous RM500 million per annum; therefore new revenue sources would have to be found. He said there were 4,000-6,000 workers available to operationalise sustainable forest management but that Sabah needed help in retraining this manpower and he appealed to ITTO for financial assistance.
13. He also asked that eco-friendly timber be assured a green premium in the market place. He believed that sustainable forest management would withstand political change.
14. The Honourable Mr. Nayon Moses Bilijo, Deputy Minister of Lands and Forests, Ghana said that his country was grappling with the problem of deforestation, the worst cause of which was slash and burn agriculture by the growing population for their domestic needs. At the root of the problem was poverty and ignorance. He said that there had been a rapid expansion in the timber industry during the early 1980s and the policies at the time, which had ignored the resource base, had caused considerable harm. However, in 1989 the government tried to bring back control and programme of initiatives was developed directed at achieving sustainable forest management. In 1994 a new forest and wildlife policy was published to replace the forest policy of 1948. The involvement of local people was being promoted so that the responsibility of production was shared by the communities. Since 1980 the government had been encouraging more downstream processing with special incentive packages. The Ministry had also supported the development of a wood village to facilitate wood processing activities.
15. The Deputy Minister said that there was a new Timber Resources Management Bill before Parliament which would improve concession allocation procedures and introduce a free market approach. The Ministry was to implement a natural resource management project to provide interface between forestry, agriculture, water and wildlife management. The Ministry was also developing a model for promoting large-scale tree plantation. Certification and eco-labelling were issues that were being discussed and the Ministry was considering setting up a Secretariat to address this. He said that the entire sector was increasingly aware of the negative effects on markets in Europe. He concluded by saying that Ghana was on the way to achieving the Year 2000 Objective.
16. The Honourable Sr. Alvaro Riveros Tejada, Vice-Minister for Natural Resources, Bolivia, said that it had been a pleasure for his country to host the last Council Session in Santa Cruz de la Sierra. He

said that Bolivia had reached a milestone in its policy in natural resources and in forestry in particular. He referred to the change of government in the country since the ITTC but he reassured delegates that the same priorities remained for the new government and that there would be continuity despite some changes in the structure of the ministries. He said that it was an enormous challenge for Bolivia to protect its 53 million hectares of forests. Bolivia wanted to focus on the sustainability of productive development to the benefit of Bolivian citizens. He reaffirmed his grateful thanks for the projects funded by ITTO in Bolivia.

17. H.E. Mr. Andre Dieudonne Berre, Minister of Water and Forests, Gabon, said that recognition of the principles agreed at the UNCED Summit in Rio was necessary for the sustainable management of forests. He said that Gabon was largely covered by forests and was the most important forest system in the Congolese Basin. Gabon has 22 million hectares of forest resources, representing 85 per cent of the total national territory. The population was only 1.1 million and therefore the forests were not under threat – the forest was actually growing annually. The volume of logging was 2–3 million cubic metres per year; much of this timber was okoumé. The timber industry was second only to oil in terms of the nation's income and involved 25 per cent of the active population. It was a renewable resource and therefore the forests were an important part of the economy. To ensure the maintenance of this wealth, the Government of Gabon had adopted two major objectives: to increase production of forest activities; and to implement management in those parts of the forest which were not easily accessible. This ambitious programme would lead to sustainable development in line with the ITTO Year 2000 Objective.
18. The Minister recognised the support of the community of donors which had assisted Gabon in undertaking management and conservation actions. He said that Gabon had developed a programme for the future sustainable management of its forests and announced that a new forest law had been approved under which every concession was required to produce a management plan. The new law stated that any licence for timber extraction had to be granted to local industry and extraction had to be done gradually.
19. The forest had the potential to produce 130 million cubic metres of okoumé alone, yet the processing of logs accounted to only seven per cent; this was something the country was trying to improve. Local processing required experts and the right stimulus was needed to convince local people how they might benefit from rational exploitation of the forest resource.
20. The Minister said that Gabon had reduced its timber exports to three million cubic metres per annum, although there was potential for over five million cubic metres. Gabon needed the support of the international community to achieve sustainable management and he appealed to consumer members to contribute to the Bali Partnership Fund. He expressed concern about the definition of measures for sustainable management. He said forests must be managed on a sustainable basis and certification would be the logical consequence of this. ITTO should play an important role in defining these practical standards. He said Gabon would offer a framework for the clear development of criteria and indicators and guidelines.
21. The Minister emphasised Gabon's commitment to the principle of sustainable forest management. However, he said that this was a costly exercise bearing in mind that 33 per cent of the country's budget went to foreign debt repayments. He reiterated the invitation of the Government of Gabon to hold the next session of the Council in Libreville in May 1998.
22. The Deputy Director, Economic Affairs Bureau, Ministry of Foreign Affairs, Japan, Mr. Minoru Shibuya, welcomed delegates on behalf of the people of Japan. He expressed sympathy to Indonesia and other countries suffering from the recent forest fires and acknowledged those that had assisted in their extinction. He stressed the importance of stabilisation of the export incomes of developing countries earned from primary products. ITTO had taken an approach of conservation to ensure the stable supply of timber. The priority of tackling environmental issues was unique to ITTO in its position as a trade organisation and he encouraged ITTO to attach greater importance to environmental considerations in its activities.
23. He said that ITTO had made significant achievements in the conservation of tropical forests and in promoting the trade, made possible by the cooperative spirit exemplified by both producers and

consumers. ITTO had pioneered guidelines for criteria and indicators for sustainable forest management and had taken the lead for other international initiatives.

24. Mr. Shibuya said that the Japanese government recognised the important role of the newly established Intergovernmental Forum on Forests (IFF) and was considering what contribution it could make under the current severe budget constraints. He was convinced that ITTO would contribute to the development and economic growth of developing countries under the new Agreement and would continue to play an international role in global forest issues. He extended his appreciation to the Executive Director and ITTO staff and expressed gratitude to the Liaison Office for their support. He said that there had been remarkable progress in the past 11 years and he anticipated further progress in the future.

Item 2: Ascertainment of the Quorum

25. The Executive Director confirmed that the Quorum had been met (Annex I of this document gives a full list of participants).

Item 3: Adoption of Agenda and Organisation of Work

26. Document ITTC(XXIII)/1 Rev.2 was agreed as the agenda for the Council Session.

Item 4: Report on the Membership of the Council

27. The Executive Director reported that since the last Council Session three countries, Brazil, Guyana and Greece, had ratified the ITTA 1994, bringing the total number of member countries of the ITTC to 49 comprising 26 producers and 23 consumers.
28. The Representative for Brazil, Ms. Barbara Briglia Tavora, expressed pleasure on behalf of Brazil to be a full member of ITTO and said that the swift process of ratification indicated the commitment of Brazil to the Organization. She said that the position of Brazil at the last meeting of the negotiations of the ITTA 1994 was still valid and that there was hope that the Agreement might yet be extended to cover the trade of timber from both temperate and boreal forests also. By signing the Agreement, it was hoped that cooperation would be improved. She said that Brazil was doing its best to achieve the Year 2000 Objective but, as mentioned in the previous Council Session, to do this it had been estimated that US\$14 billion would be required prior to 2000, and a further US\$1 billion per annum subsequently. She added that access to technologies and markets was also vital.

Item 5: Distribution of Votes

29. The Executive Director referred to pages 7 and 8 in Document ITTC(XXIII)/1 Rev.2 to indicate the distribution of votes for members.

Item 6: Admission of Observers

30. The Executive Director referred to Document ITTC(XXIII)/Info.3 in which observers were listed. The Representative for Suriname was added to this list. It was noted that all those NGOs listed, excepting those listed on page 3, had been accepted as observers at previous Sessions. Council agreed to admit all those listed, including Suriname.

Item 7: Statement by the Executive Director

31. The Executive Director welcomed all delegates. He acknowledged the facilities provided by the host Government of Japan and the City of Yokohama and noted the recent expansion of computer facilities within the Secretariat they had provided. He said that the Council was honoured by the

presence of dignitaries who had come to share their experience of sustainable forest management implementation and he thanked Mr. Minoru Shibuya for his address.

32. Dr. Freezailah said that 1997 had been a busy and eventful year for global forestry and for ITTO with the entry into force of its new Agreement and celebrated its tenth anniversary. Since the last meeting of Council two expert panels had met to continue the task of reviewing the Organization's activities. He reported that the Informal Advisory Group (IAG) had met for the first time.
33. The Executive Director said he was dismayed by those who designated ITTO as a commodity organisation which should concentrate only on trade; and he referred to a recent publication which, in its list of forestry initiatives since UNCED in 1992 had omitted to include the ITTA 1994 despite this being the only such international convention directly pertaining to forestry. He implored delegates to consider the proceedings of the reports of all the expert panels this year in considering the organisation of work.
34. He reported that ITTO had participated in the Special Session of the United Nations General Assembly in June and the first meeting of the IFF. He encouraged ITTO to continue to take an active role in this process and was proud that ITTO had funded two members staff official of the IPF.
35. ITTO had been active in the XXI World Forest Congress in Turkey – a satellite meeting had been convened to provide an overview of ITTO's activities during its first decade and the Executive Director thanked Ms Stephanie Caswell, the Vice-Chairperson, for chairing this meeting at which several ITTO projects had been highlighted.
36. With regard to the budget, the Executive Director said that there had been no choice but to build in an inevitable factor of inflation at a rate of 3.3 per cent to raise the budget to US\$4,024,392 for 1998.
37. He reported that Brazil, Greece and Guyana had now ratified the new Agreement. Although the Russian Federation and Trinidad and Tobago had taken no measures to adopt the new Agreement, he noted that the latter had made almost full settlement for their membership arrears accruing from the last Agreement. He welcomed the representatives of the Dominican Republic, the Solomon Islands, Suriname and Uganda who were attending the meeting as observers.
38. The Executive Director referred to the forest fires in Indonesia which had also affected other member countries. He said they had produced a major environmental disaster with many serious implications. The effects of traditional practices of slash and burn agriculture and the annual clearing by fire of large areas of Sumatra and Kalimantan for conversion to plantations had been exacerbated by the severe El Niño phenomenon in 1997 and the delayed rainy season. He noted that a letter had been received from the Secretary General of the European Parliament regarding the resolution adopted on forest fire and air pollution in South East Asia; he acknowledged the assistance provided by the governments of Australia, Canada, France, Japan, Korea, Malaysia, UK, USA and Singapore to combat the fires. The fires had caused the postponement to November of part of the ITTO Borneo Biodiversity Expedition; this had recently been completed. He said that ITTO had been involved with initiatives on forest fire prevention since its inception, including the rehabilitation of forests in Kalimantan following the fires in 1982/83, the establishment of demonstration plots and the publication of guidelines on fire management. He said that the issue requires further attention by ITTO and called for the Organization to hold a major world consultation on tropical forest fire. Another area in which ITTO could help is by contributing to programmes for community development.
39. The Executive Director referred to the ITTO *Annual Review and Assessment of the World Timber Situation*. He said that under the new Agreement the scope of this had been expanded to cover all forests and he suggested that ITTO should become a centre of excellence for tropical forest statistics. He said there were many hurdles in the production of the review and the cooperation of members was required. He asked members to send accurate and timely responses to the annual questionnaires on statistical information.
40. He said that the Year 2000 Objective had become a test for ITTO. There were a large number of projects under way but their quality still needed to be improved and there was inadequate funding to meet all needs. The solution was to intensify the Organization's capacity building and training programmes. He said that over the past three years he had appealed to donors to keep up with Japan with their funding contributions; he called again for donors to assist those projects already

approved by Council and to replenish the Special Account and the Bali Partnership Fund. He said the ambition of ITTO must rest with the real challenge of a sound financial base. He questioned what the advantage of policy dialogue through the ITTO forum was if practical implementation was left without funds.

41. Dr. Freezailah said that ITTO was at a crucial cross roads – a great deal had been achieved under the last Agreement but now action was needed on the ground. Producer and consumer members should unite their efforts to achieve sustainable forest management and commitment to the Year 2000 Objective and the Bali Partnership Fund should be pursued with equal vigour.

Item 8: Report of the Informal Advisory Group

42. The Chairman of Council reported that the first meeting of the Informal Advisory Group (IAG) had taken place following Decision 3(XXII). The Group comprised the Vice-Chair of Council, the Chairs of the four main committees, the Producer and Consumer spokespersons and the Executive Director. He said that the IAG had considered that its work should be based on directives from the Council.
43. Six items regarding the role of IAG had been identified. The Group would: provide advice to Council on strategic priorities and policy options; request the Committee on Finance and Administration to assess the staffing needs of ITTO; provide advice on the need to examine previous Council decisions; consider priorities related to public relations; advise Council on coordination and cooperation with external agencies; propose informal joint producer/consumer sessions to address policy options and strategies.
44. The issues recommended by the IAG for urgent action by Council were the Action Plan, the Criteria and Indicators, the Guidelines on Forest Industries, streamlining the work of the committees, the Basic Control Documents, market issues and the IFF. The Group considered that the Action Plan should contain a 'mission statement'. It recognised the link between the Year 2000 Objective and the Bali Partnership Fund and urged that efforts be made to complete procedures for this fund to be activated and that more resources be found.
45. The Chairman said that IAG had recommended that the Executive Director undertake a screening of all ITTC decisions so that these might be evaluated by the Group; also that he present proposals on the translation, printing and dissemination of project proposals to reduce costs.
46. Discussions on certification, public relations, intellectual property rights and documentation handling were also referred to as possible issues for urgent action by Council, though discussions on these had not been completed. The need to develop a procedure for the appointment of the Executive Director of ITTO should also be considered.
47. The IAG planned to meet again following the end of the current Session of Council.

Item 9: Report of the Expert Panel on Revision of the ITTO Action Plan

48. Mr. Patrick Hardcastle (UK), Chairman of the Expert Panel on Revision of the Action Plan, introduced the report, Document ITTC(XXIII)/7 which was based on a working document prepared by Dr. Nils Svanquist (Sweden) and Dr Mauro Reis (Brazil). He noted that the ITTA 1994 put greater emphasis than its precursor on policy and human resource development and the regular review of activities, including the Year 2000 Objective. The revised plan divided ITTO activities into two sets: actions by the Organization and actions by members. It recognised that there was a need to maintain the balance between policy and project work. Mr. Hardcastle stressed that the role of the Expert Panel was to inform, rather than to direct debate. He drew attention to the statement on page 2 of the report which defined the mandate of the Organization.
49. The report categorised ITTO activities as follows: provision of information; development of guidelines; support for research and development; dissemination of trade data; promotion of rehabilitation of forests; conservation of genetic resources; encouragement of the involvement of stakeholders; emphasis on the opportunities for both production and conservation aims; encouragement of efficient forest industries; stress on the importance of transparency and the social development of the trade

and sustainable management. Mr. Hardcastle noted two major points: the recommendation for ITTO to minimise duplication and for the Organization to be proactive in informing international debate.

50. The Panel had identified the following points of which the Action Plan should take account: ITTO was a small organisation with a small Secretariat; some of its work overlapped with that of other organisations; ITTO was unable to fund all the work necessary; the resource base is changing and there has been significant economic growth in producer countries; the impact of temperate timber on the market; and the differences between the caucuses. The Organization should set priorities, review them and maintain flexibility.
51. Referring to Section B of the report, Mr. Hardcastle said that the Panel had developed operational plans for each of the committees with identified goals. He said that the committees needed to be more proactive in terms of setting priorities and monitoring progress. He stressed that the operational plan was dynamic and would need to be adapted to meet anticipated changes.
52. The Representative for Brazil, Ms Barbara Briglia Tavora, questioned the division of the Action Plan into activities of countries and those of the Organization.
53. Mr. Hardcastle said that the Organization could only be judged on the actions over which it has control; it could provide assistance and funds to members but ultimately had no control over country activities.
54. The Representative for Australia, Dr Kwame Asumadu, said that given the importance of the Action Plan as ITTO's strategic corporate plan, it was vital that ITTO gets it right. He supported the recommendation of the IAG that the Action Plan should contain a mission statement. He said that in addition to the strategies laid down in the ITTA 1994, the Action Plan should also draw on other key international initiatives, such as the IFF and certification, which would have an impact on ITTO; the Action Plan should not be finalised in isolation from these issues. He recommended that an Expert Panel be formed to undertake changes to the Plan and draft a mission statement.
55. The Representative for Indonesia, Mr. Titus Sarjanto, expressed support for a mission statement. However, he said that the proposed Action Plan paid little attention to the policies of other related sectors which had a bearing on the security of forest resources. He recommended that the Action Plan give priority to the intervention of policy of other sectors. He proposed that in the implementation of the Action Plan, an Expert Panel be established to review the current situation in some producer countries.
56. The Representative for Japan, Mr. Toshikatsu Aoyama, stressed the importance of the objectives in relation to the Year 2000 Objective and urged that the Bali Partnership Fund, which supported this financially, be managed at an early stage. He said that the draft proposal was meaningful and in line with Decision 8(XX), however it was felt that further examination of the draft was necessary.
57. The Representative for the People's Republic of China, Mr. Li Lukang, said that the ITTO Action Plan was very important for developing countries and because of the different forests in different countries, each country should use it as the basis for their own action plans.
58. The Delegate of the United States of America, Mr. Walter Dunn, stressed the importance of the document in terms of laying out the objectives of the Organization. He said that more work was needed to develop more specific guidance on project work and priorities. Additional work was also required on the section on financial resources and improving market access and certification. He supported the idea of using an Expert Panel to develop a mission statement but he echoed the concern of Brazil on the apparent separation of work between the activities of members and those of the Organization.
59. The Representative for New Zealand, Mr. Don Wije-wardana, supported the proposal that further work on the report was required and he agreed that it should include a mission statement. He said that the Plan should take into account the changing environment; he also suggested that it should be the main document on which the Council's work is based and he requested that a report be provided annually by the Executive Director for Council to judge how far objectives have been achieved.

60. The Representative for the Netherlands, Mr. Marco Braeken, said that the report was particularly relevant and suggested the item might be taken up also in discussions on public relations and education. He supported the proposal for a mission statement as well as that for further work on priorities to be undertaken.
61. The Representative for Belgium/Luxembourg, Mr. Christian Lepage, said that the EU was generally prepared to accept the Action Plan during this Session. He said that a mission statement could be drafted later if necessary so as not to delay adoption of the Plan. He added that the Plan would need regular updating and evaluation.
62. The Chairman of Council asked the Consumer and Producer spokespersons to start consultations on this report through the establishment of an informal working group.
63. The Representative for the United Kingdom, Mr. Andrew Bennett, suggested that time be set aside by the Committees to discuss the report.
64. The Representative for the United States of America, Ms. Jan McAlpine, concurred with the Australian delegate that it would be preferable to take more time to finalise the Plan and to make sure it is right. She supported the idea that the IAG should consider the Plan in the context of the strategic priorities of the Organization and believed that formation of an expert panel would be a useful step.

Item 10: Report of the Expert Panel on Criteria and Indicators for the Measurement of Sustainable Management of Natural Tropical Forests

65. Mr. Don Wije-wardana (New Zealand), Chairman of the Expert Panel, presented the report, Document ITTC(XXIII)/9. He explained that although Decision 5(XXI) had required the panel to provide "estimates of resources" the panel had found that it did not have the ability to do this. He said the aim had been to consider the original criteria and indicators and to make them more usable. They had been established prior to UNCED and therefore the revisions should take account of the processes that have taken place since, together with ITTO's own ten years of experience. The primary purpose was to assist countries to achieve the Year 2000 Objective by approaching it in a systematic and organised way, keeping in mind that the criteria and indicators must be kept simple and practical. He noted that the focus of the criteria and indicators were for natural forests.
66. He said that the criteria and indicators covered both national and forest management unit levels. There were seven criteria and 65 indicators at the national level and 47 at the forest management unit level. Mr. Wije-wardana said that these criteria and indicators would be a major step towards the achievement of the Year 2000 Objective so it was important that countries were able to report on this objective effectively. The Panel recommended Council to implement the following actions: to adopt, publicise and widely disseminate the new criteria and indicators; to urge countries to apply these criteria and indicators; to use the criteria and indicators for reporting to ITTO; to assist countries with capacity building; the criteria and indicators should be self-explanatory but an accompanying manual of operations explaining the significance of all the indicators should also be produced; the criteria and indicators should be tested in the three main tropical regions; ITTO should follow up this work by providing criteria and indicators for tropical planted forests; there should be a continual exchange of information and collaboration with organisations involved with other criteria and indicators initiatives; the suggested five-yearly reports to be provided by countries on the Year 2000 Objective should be used to steer ITTO's strategic planning.
67. Mr. Wije-wardana concluded by noting that as forests are dynamic ecosystems, the criteria and indicators should be reviewed, perhaps every five years for further updating.
68. The Delegate of Japan, Mr. Toshikatsu Aoyama said it was necessary for member countries to adopt criteria and indicators voluntarily to achieve the Year 2000 Objective. He hoped the Secretariat would continue to work on the draft so that a final report would be approved at the next Session.
69. The Representative for Indonesia, Mr. Titus Sarjanto, said that his country was fully committed to applying the ITTO 1990 Guidelines for Sustainable Management of Natural Tropical Forests and the 1992 criteria and indicators and several ministerial decrees had been issued to achieve these. He

said that such implementation required strong commitment and financial investment. Emphasis should be given to measures to be undertaken at the forest management unit level. He said that additional resources, such as the Bali Partnership Fund, would need to be mobilised and he asked Council to explore other sectors in which the forestry sector played a significant role. He noted that implementation would vary between countries and he suggested that ITTO criteria and indicators be treated as general guidelines while countries develop their own criteria and indicators based on these – there should be a benchmark to provide an assessment of progress. He called on all members to work hand in hand to implement the criteria and indicators and said that all members were invited to share Indonesia's experiences in implementation of the guidelines and new criteria and indicators.

70. The Representative for Malaysia, Mr. Abdul Hanan Alang Endut, said that this revision of the criteria and indicators was timely and that the new version depicts clearly practical steps for their implementation. He noted the inclusion of criteria for ecosystems, biodiversity and soil and water protection reflecting the change in approach to forest management. He agreed with the recommendation for the production of criteria and indicators for planted forests and also that the revised publication be disseminated widely. He said that Malaysia would be willing to participate in the testing of the revised criteria and indicators.
71. The Representative for Switzerland, Mr. Ralph Friedländer, suggested that Criteria 7 was not a practical criterion in comparison with the others. He proposed that this criterion might be split into different criteria for social, economic and cultural aspects so that the indicators which was directly linked to these can be easily defined; he added that indicators related to cultural aspects should be further elaborated. With regard to the practicability of testing out the criteria and indicators in different countries, he said there did not appear to be a proper measurement system.
72. The Representative for the European Union, Mr. Enzo Barattini, noted that these criteria and indicators should avoid coming into conflict with other processes. He was convinced that all members would do their best to ensure that these criteria and indicators could be applied in future.
73. The Representative for the People's Republic of China, Mr. Li Lukang, said ITTO should encourage member countries to develop their own criteria and indicators as it was inappropriate for all countries to have one set of unified criteria and indicators. Members should improve on their own criteria and indicators based on those of ITTO. He encouraged the initiatives for criteria and indicators for planted forests. Financial and technical assistance would be required for preparation of criteria and indicators.
74. The Delegate of Brazil, Dr Ivan Tomaselli, said that Brazil was involved with developing a project on guidelines and criteria and indicators in Brazil, and also had experience in the Tarapoto process, amongst others. He referred to the difference between national and forest management unit levels and noted that the original criteria and indicators document considered examples which did not need to be measured for sustainability. He expressed concern at the linkages between criteria and indicators and certification.
75. The Representative for Australia, Dr Kwame Asumadu, encouraged members who were not yet developing criteria and indicators to do so. He asked Council to consider how recommendations might be implemented, especially the five-yearly reporting requirement, and how this might be relevant for all members including non-producer countries.
76. The Delegate of the United States of America, Mr. Walter Dunn, said the revision was a significant improvement from the original version with clearer and more definitive indicators for measurement. He said that some definitions needed to be more clearly stated and he stressed that criteria and indicators are assessment tools, not performance standards; he concurred with Brazil that criteria and indicators should not be linked to certification. He made the following comments: with reference to the economic framework, the availability of financial resources should refer to investment, taxation policies, and other public policy instruments that promote sustainable forest management; the reference to a "time series" in Criteria 2 was not clear; in Criteria 3, the set of indicators were more focused on inputs than on the ecosystem function; Criteria 5 focused on rare species rather than taking an holistic view of the forest; Criteria 7 was critical although difficult to measure. Mr. Dunn questioned what relationship these criteria and indicators had with other criteria and indicators already adopted by some producer members.

77. He agreed that it would be useful to provide a side-by-side comparison of the previous and revised criteria and indicators and he asked the consultants to provide this during the Session. He recommended that members be asked to submit comments to the Executive Director prior to the meeting in Gabon and that an Expert Panel be reconvened before April 1998 to address these.
78. The Representative for Canada, Mr. David Drake, said that some further revisions were still possible and suggested that the addition of more indicators to measure non-timber values would be helpful. He agreed with the recommendation for criteria and indicators with respect to planted forests and he recommended a shift towards a more quantitative approach, in line with other processes. He supported the importance of testing the criteria and indicators. Mr. Drake said that by not making revisions there was a danger that the ITTO criteria and indicators may not be synchronised with other processes. He added that Canadian criteria and indicators had already been incorporated into the legal framework in some provinces.
79. The Representative for Colombia, Mr. Edgar Otavo Rodriguez, said each country would have to tailor the criteria and indicators to their own requirements. The problem of implementation would be an economic one. All countries would need international support for this and the Bali Partnership Fund could assist. He added that next year Colombia would start to apply criteria and indicators on an experimental basis.
80. The Representative for Finland, Ms Aulikki Kauppila, said that the purpose should be to assist countries with their own processes. The criteria and indicators should be compatible with other criteria and indicators processes. She strongly supported the panel's suggestion to develop criteria and indicators for planted forests and said it might be simpler for members to have just one set of criteria and indicators. She added that there were too many indicators and too much overlap with the forest management unit level indicators. Separating the indicators into qualitative and quantitative sections would make them clearer. She said that some indicators were not practical and there were also some omissions and she supported the US recommendation for written comments to be submitted.
81. The Representative for Honduras, Mr. Angel Murillo Reina, said it was important that criteria could be applied at forest management unit level and they should be part of the operational process so that each management plan can demonstrate practicability of these criteria. The applicability of criteria would depend on the needs of each country.
82. The Representative for Ghana, Mr. Edward Nsenkyire, urged members to support training. He said that the criteria and indicators presented were similar to those created in Ghana, particularly in the areas of enabling conditions for sustainable forest management, the ecosystem and maintenance of biodiversity. He said that Ghana would readily participate in the testing of the criteria and indicators. He also supported a further revision of the criteria and indicators in respect of members' comments for presentation in Gabon and he suggested that measures be put in place immediately for the development of criteria and indicators for plantations.
83. The Representative for the Sierra Club, Mr. Bill Mankin, commended ITTO for acting so speedily to update its criteria and indicators. He referred to the Introduction and suggested that the concept missing is that criteria and indicators need to be taken as a whole in order to determine the true conditions of forests in a country. He recommended that the title of the document be changed to indicate that criteria and indicators were a measure of conditions and trends, not of sustainable forest management. He agreed that the reference to certification was not helpful and disagreed with the existing definition of sustainable forest management; he suggested that Council reconsider it in the context of the Helsinki Process definition. He concurred that some indicators had too much focus on inputs to management rather than the results. He added that Criteria 7 on community participation should include additional interest groups and stakeholders.
84. Mr. Don Wijewardana said that the comments made by Council had been very helpful. He encouraged written comments to be submitted to the Executive Director to ensure that the criteria and indicators be improved.
85. The Executive Director said he was encouraged by the degree of enthusiasm generated by this issue. He cautioned that Council should not be too ambitious and that the criteria and indicators should be implemented by phases according to resources. He said the criteria and indicators needed to be

comprehensive but also pragmatic and field-oriented. He appealed to members to try to resolve and adopt the criteria and indicators based on the resources available rather than delay. He said ITTO was already committed to the Year 2000 Objective but does not yet have the means to measure it.

86. The Chairman referred the issue to the working group for a draft decision.

Item 11: Report of the Review of the Informal Working Group on Evaluation of Reports of On-going and Completed Pre-Projects and Projects

87. The Chairman of the Joint Committees, Mr. Geoffrey Pleydell (UK), introduced the activities of the Informal Working Group (IWG) which had been established in response to Decision 4(XXII) focusing on the organisation of work and roles of the committees and the desire for there to be a balance between project work and policy.
88. The IWG Chairman, Dr. Benni Sormin (Indonesia), reported to the Joint Committees on the conclusions of the IWG, Document ITTC (XXIII)/13. Six members had met over a period of three days prior to Council with the remit to evaluate completed projects and pre-projects proposals; projects and pre-projects under implementation; and projects and pre-projects requiring revision. The report lists only those projects and pre-projects which required discussion. The proposals reviewed were those needing essential modifications.
89. The report also included suggestions as to how the work of the IWG might be improved should the Council find it a useful mechanism. The IWG recommended: that one member of the Expert Panel serve on the Group; that the Group should meet for three days and then break for one day before Council commences; and that six members for the Group was suitable.
90. Mr. Walter Dunn (USA), rapporteur for the Group, made the following points regarding the streamlining of project monitoring and evaluation. It was recommended that in future pre-projects be used to assess the potential for developing projects. The IWG noticed a difference in both format and content of project reports between the three committees. It was recommended that reports be harmonised using a standard format which includes information on donor contributions and project history. It was felt that evaluation was an important process but that the Organization is not currently utilising the evaluation tools available, e.g. only one post-evaluation project has been carried out so far. The Group identified several alternatives to improve evaluation. It was suggested that the IWG and the committees could identify projects requiring evaluation; the regional representatives could be asked to conduct evaluations and other monitoring tasks by hiring independent consultants. Project implementers need orientation on how to collect information to evaluate lessons learned in projects. Committees should take decisions on when to make ex-post evaluations.
91. With regard to policy issues, Mr. Dunn reported that the Group had tried to identify progress in issues which were common to many projects and suggested that it would be useful to discuss the lessons learned from different projects on these issues. He noted that ITTO had reached the stage where a large number of projects were reaching completion and it would be wise to consider evaluation of these.
92. He said that the objective of the IWG had been to streamline the work of the Committee in the light of the shorter Council Sessions. The Group had given priority to discussing those projects under implementation requiring decisions in the hope that this would provide more time for the Committees themselves to address completed projects and project proposals.
93. The Representative of the European Union, Mr. Enzo Barratini, questioned the possible recommendation to increase the number of projects in the individual committees and suggested that first there should be some guidelines to follow.
94. Mr. Dunn said that the first meeting of the IWG had been an experiment and only those projects requiring essential modifications had been considered. It might be possible to devise guidelines for the future but Mr. Dunn referred to the guidelines in the manual for project formulation and also to the Action Plan.

95. The Representative for New Zealand, Mr. Don Wije-wardana, suggested that where possible projects be more evenly distributed amongst the committees.
96. Mr. Sormin referred to the ITTA 1994 which indicates that it was the balance in the budget of the Committees which was more important than the balance in the number of projects. He suggested that where projects overlap between Reforestation and Forest Management and another committee they be assigned to the latter.
97. Mr. Dunn noted that as most projects fall into the Reforestation and Forest Management Committee, the perception was that there is more chance of funding for projects in this category which perpetuates the high proportion of proposals received by that committee. Encouragement might be given to submission of more proposals addressing markets and industry.
98. The Representative for the Netherlands, Mr. Marco Braeken, noted that if the intention was to alleviate the work of the committees then attempts to increase the number of projects would automatically produce more work. He proposed that more emphasis be given to increasing the quality of the projects submitted.
99. Mr. Sormin said that the IWG had felt that ideally both the quality and quantity of projects should be increased.
100. Mr. Pleydell said that the recommendations of the Group itself had been noted, particularly those regarding evaluation and overlap of projects.

Item 12: Consideration of Appropriate Actions for Active Contributions to ITTO-relevant proposals in the Report of the Inter-governmental Panel on Forests

101. The Chairman said that the Intergovernmental Forum on Forests (IFF) had formally submitted an appeal for support. The Executive Director had sent letters to the ITTO donor community appealing for funds.
102. The Representative for the United States of America, Ms. Jan McAlpine, acknowledged the very significant contribution which the IPF process had made to forests worldwide. She said that ITTO has a unique and important role in addressing trade and environment issues in relation to tropical timber. With regard to issues to be addressed by the IFF, she mentioned particularly, non-discriminatory international trade from all types of forests, tariff and non-tariff barriers, market access, wood substitutes, transparency in the market and illegal trade. She said that ITTO should take up these issues as they apply to tropical timber in the work of the Organization. She said that the US was willing to include in a decision a mechanism for providing support for the IFF.
103. The Delegate of Malaysia, Dr. Roslan Bin Ismail, said ITTO should continue its active participation in the IFF process, in particular the activities on criteria and indicators, certification and promotion of downstream processing. The work on the ITTO Action Plan might also be used as the response to the IPF proposal for action. He supported the proposal that ITTO should be represented in the Secretariat as well as continuing to provide funding for the coordinators. He also registered his thanks to ITTO for its support of his involvement with the IPF.
104. The Delegate of Japan, Mr. Toshikatsu Aoyama, said that it was important that ITTO continues to play a role in the implementation of the IPF proposals for action. These included 130 items, many of which fell under the mandate of ITTO, especially items on trade and environment and those directly related to the Year 2000 Objective. He said it was important that representations were made to the IFF so that results could be shared by many countries. The Japanese government was considering ways in which it might contribute to the IFF but it hoped that other member countries would also contribute, particularly in view of the budgetary restraints being imposed on Japan's ODA.
105. The Delegate of Indonesia, Mr. Untung Iskandar, said that great importance was attached to the work of the IPF/IFF and ITTO should continue its support of the process. The forum should be used to promote capacity building and other activities of significance to achieving the Year 2000 Objective.

106. The Representative for Canada, Mr. David Drake, said that ITTO had gained prominence through its involvement with the IPF, in addition to providing funds and personnel and he acknowledged the contribution of Dr Roslan Bin Ismail. He supported the aspects of the IFF work programme as they were relevant to ITTO.
107. The Representative for New Zealand, Mr. Don Wijewardana, endorsed the proposal for ITTO to continue to contribute fully to the IFF process, both financially and intellectually, as well as by participating in the Interagency Task Force.
108. The Representative for the European Union, Mr. Enzo Barattini, encouraged continued involvement of ITTO with IFF and also urged ITTO to work closely with all organisations dealing with forestry matters.
109. The Representative of the Sierra Club, Mr. Bill Mankin, referred to the report produced by the Interagency Task Force which considered ways in which agencies could help implement the IPF proposals for action. He expressed concern at the goal identified in the section on criteria and indicators which states that by 2010 more than 50 per cent of the forest area of the world be under sustainable management regimes and showing trends of gradual improvement. He suggested that this indicated inconsistency with ITTO's own Year 2000 Objective.
110. The Executive Director responded to say that ITTO is only one of the parties to the Interagency Task Force. He confirmed that the ITTO Action Plan and Year 2000 Objective were still part of the core objective of the Organization as enshrined in ITTA 1994 and that ultimately, its actions would be guided by the Council.

Item 13: Annual Review and Assessment of the World Timber Situation

112. The Secretariat introduced the draft *Annual Review and Assessment of the World Timber Situation 1997* in the Joint Committee Session. It was explained that the review was based on the questionnaire responses provided by members. The problem of late and incomplete submission of questionnaires, as in previous years, was stressed. It was pointed out that data in this year's review had been broken down into coniferous and non-coniferous forest categories. Attention was drawn to the fact that there was increasing ambiguity in log classification amongst different members, e.g. pulpwood was included with sawn and veneer wood in some cases; there were also classification discrepancies when both temperate and tropical timber were included. The Secretariat noted that with the incorporation of the harmonised system a reduced number of species were now classified as tropical, with the result that some recognised Lesser Used Species were not included. Under the new Agreement countries had been asked to report on all timber as well as tropical timber and this too had led to problems in the questionnaires.
113. The Secretariat introduced some new features of the Review following the ITTA 1994. The second chapter gave details on forest resources, forest loss and on forest fires. There was also information on trade restraints and secondary products and an appendix with data on reconstituted products. It was noted that the latter were extremely relevant to forest development.
114. The question of ITTO's role in providing statistics was raised. Council was reminded that a technical working group had advised that additional resources would be required if significant improvements were to be made. The need to cooperate with other organisations was also stressed. The Secretariat said that a decision would be needed on a reporting format for assessing the status of forest management in member countries.
115. The Representative for Sweden, Ms Astrid Bergquist, acknowledged that the Review was a considerable undertaking and said it was important to consider how to make best use of the resources of the Organization in terms of its statistical capacity. She noted that interesting trends were becoming apparent and the markets were not as separate as they used to be. She referred to Decision 19(XXI) which advocated the enhancement of the statistical network and asked how the proposed joint questionnaire with the UN Economic Commission for Europe and FAO was proceeding. She encouraged ITTO to cooperate in this respect.

116. The Secretariat replied that ECE, FAO and EUROSTAT already had a joint questionnaire and consultations with ITTO had taken place. It was hoped that a resolution would be reached shortly.
117. The Representative for FAO, Mr. Patrick Durst, said FAO struggled with similar difficulties and welcomed the suggestion to work more closely together. He drew attention to the forthcoming 17th Session of the Asia/Pacific Forestry Commission on 23–27 February 1998 in Indonesia, at which a half-day seminar on forest statistics and problems of data collection had been scheduled. He invited ITTO to participate in the planning and conduct of this session in order to seek joint solutions.
118. The Representative for Ghaná, Mr. Edward Nsenkyire, said that there was a need to consider the background of participants invited to attend the statistical workshops as this could influence the output of statistics from member countries. The Secretariat said that it was the member countries who chose appropriate participants.

Item 14: Report by Members on Progress towards Achievement of the Year 2000 Objective

119. The Representative for the People's Republic of China, Mr. Li Lukang, said that China was both a producer and consumer of tropical timber. In 1994 China prepared the document, China Agenda 21 which applied to all sectors of the economy. To implement this, the Ministry of Forestry had produced a Forestry Action Plan and a master programme for economic reform in the forest sector. A special unit for sustainable development of forestry had been established to work out criteria and indicators for China.
120. He said that China had fulfilled its annual afforestation target of five million hectares so that by 2000 China should have increased its forest cover from 12.98 per cent in 1991 to 15 per cent. The present total area of planted forest was 33 million hectares. China had established a national monitoring system of forest resources and an annual allowable cut system. Annual forest consumption was 327 million cubic metres and annual increment was 366 million cubic metres. Timber production had been shifting from natural to planted forest.
121. The Forest Law was under revision and the new law would include the principle of financial compensation for non-market values of forests and forest services. He added that China would follow its resolution on sustainable forest management and wished to strengthen its cooperation with other countries.
122. The Representative for Canada, Mr. David Drake, drew attention to the report on the state of Canada's forests which highlighted the history of progress towards sustainable forest management. He also noted the report of the Canadian Council of Forest Ministers on criteria and indicators.
123. The Delegate of Indonesia, Mr. Untung Iskandar, referred to the prolonged drought which Indonesia had experienced during 1997 and the resulting forest fires. By October 1997, 165,352 hectares of forests had burned. The intense smoke and haze had been exacerbated by the pronounced El Niño phenomenon. Millions of people had been affected, including those in neighbouring countries. The fires had been declared a national disaster. Despite a government ban on the use of fire for clearing land, the wildfires still occurred. The government had imposed penalties in addition to an intensified public awareness programme and some land clearing permits had been revoked. There had been considerable assistance from the international community and he acknowledged those countries which had helped. He said that Indonesia supported initiatives which promoted forest fire prevention.
124. With regard to criteria and indicators, Mr. Iskandar reported that Indonesia had continued to implement its sustainable forest management scheme. In 1996 the Ministry of Forestry, the Association of Concession Holders and the Ecolabel Institute had agreed to work on criteria and indicators for sustainable forest management at the field level following a two-year trial period involving 15 concessions. Indonesia was in the process of legalising the criteria and indicators into the Indonesian national standards. Evaluation activities continued in order to raise awareness of concession holders and to provide guidance in the implementation of criteria and indicators for sustainable forest management.
125. He said that the establishment of plantation forest was to supply industrial raw materials and also to enhance soil productivity and to rehabilitate degraded land. High yields and local species had been

- prioritised. The forest plantation programme had provided job opportunities, decreasing the reliance of villagers on the natural forest. As of October 1997, the country had developed three million hectares of industrial forest plantation, including 1.3 million of privately owned forest belonging to over 1 million households. Industrial plantations included 2.2 million hectares on Java, mainly of *Swietenia*, pine and teak. About 24 per cent of land area was designated for biodiversity conservation and 30 million hectares for protected forests.
126. He said that Indonesia was committed to achieving sustainable forest management. There was now a shift from plantation forests for pulp and paper to construction wood for other industries.
127. The Delegate of Japan, Mr. Toshikatsu Aoyama, said that it was indispensable for producer countries to implement: reduced impact logging systems; training; and limited harvest to sustained yield capacity. These were urgent issues for achievement of the Year 2000 Objective. Producer countries should therefore promote projects in line with these aspects. He hoped that member countries would make contributions to the Bali Partnership Fund as soon as possible. Provided the management rules of the Bali Partnership Fund were established, and other consumer countries made sizable contributions, Japan would examine the possibility of further contributing to the Bali Partnership Fund at the next Council Session.
128. The Delegate of Australia, Mr. Matthew Kinross-Smith, said that Australia had signed two regional forest agreements, in Tasmania and Eastern Victoria, the aims of which were to improve the forest reserve system and to give long-term security to industry over their resource access. 40 per cent of Tasmania's forest was now in conservation reserves. Both agreements would last for 20 years and performance reviews would be required every five years. Management practices would be renewed as part of the process. In 1997 Australia concluded its first approximation report under the Montreal Process criteria and indicators system and had also completed its first plantation inventory. This would help to monitor the Vision 2020 programme under which Australia intends to treble its plantation estate by 2020.
129. The Representative for the Netherlands, Mr. Marco Braeken, said that information on developments in the Netherlands had been included in the certification study presented to Council, Document ITTC(XXIII)/8. In addition, the paper 'Timber Certification and Sustainable Forest Management' had been distributed.
130. The Representative for the Republic of Korea, Mr. Jin-Pyo Jeon, confirmed the commitment of Korea to support the Year 2000 Objective and hoped that progress so far would encourage a more efficient and coordinated approach to attain the mandate of ITTO.

Item 15: CITES Listing Proposals by Members

131. With reference to Decision 3(XVI), the Chairman reported that this item had been discussed by the Bureau and it was considered that no substantial follow-up was required. A report, document ITTC(XXIII)/10 on the CITES meeting in Harare, Zimbabwe, 9-20 June 1997 had been circulated.

Item 16: Possible Elements to be Incorporated into Draft Guidelines on Intellectual Property Rights

132. The Chairman referred to Decision 10 (XXII) and Document ITTC(XXIII)/4 and invited comments from the Council.
133. The Representative for the United States of America, Ms. Jan McAlpine, said there were a number of issues important to ITTO, including publications, project report results and copyright protection, covered by the document. She considered that it would not be advisable for ITTO to pursue Intellectual Property Rights (IPR) for patents for technology etc. resulting from investments in projects. The recipient countries should be the beneficiaries of any such IPR gains. However, she suggested that when Council provided grants it should also provide advice on pursuing IPR protection.

134. The Representative for the European Union, Mr. Christian Lepage, expressed concern that in cases where projects are financed by several donors it would be difficult to apply the proposed regulations. He asked the Secretariat to be pragmatic in its application of these regulations. He also had misgivings about the proposal that a person within ITTO be appointed to take responsibility for IPR; this person should come from the Management Services division.
135. The Delegate of the People's Republic of China, Mr. Li Qiang, said that IPR was an increasingly important issue and that IPR evolving from project activities should be protected so that innovative work is encouraged. This should be part of the implementation of a project. Ownership of IPR should go to ITTO and be managed by the Organization, although if jointly financed by the implementing agency, both institutes should benefit. Further consideration would be needed on the issue and ITTO might benefit from consultation with other organisations.
136. The Delegate of Japan, Mr. Toshikatsu Aoyama, stressed that the project formulation manual should clearly explain the IPR arrangement between ITTO and the implementing agency. He requested that further work be done on the guidelines and a final report be submitted at the next Council.
137. The Representative for Brazil, Ms. Barbara Briglia Tavora, said that the document should be improved based on the observations made at the Session.
138. The Secretariat said that four ITTO projects were funded by the Common Fund for Commodities (CFC) which has a strong IPR policy. In these cases ITTO shares the rights with CFC. For other projects, rights are currently shared with the implementing agencies, though the consultant had advised that this might lead to difficulties. The Secretariat noted that the breadth of rights included was extensive; it was not just copyright. The Berne Convention automatically covered the latter. Attention was drawn to the trend for countries seeking to include in their legislation governmental rights to IPR for activities carried out on their land. The Secretariat cautioned that if the issue was left to the country concerned and the implementing agency took no action, there was a risk that a third party could acquire the IPR.
139. The Representative for the Sierra Club, Mr. Bill Mankin, recommended that if the document was to be revised the expanded concept of IPR in terms of community rights over plant materials should be included as this was directly relevant to much of ITTO's work.
140. The Chairman proposed that the matter be discussed further by the caucuses.

Item 17: Revision of Basic Control Documents

141. This matter had been handled by the Finance and Administration Committee. New Rules of Procedure [Document ITTC(XXIII)/15] and new Financial Rules and Rules relating to Projects of the ITTO [Document CFA(II)/6 Rev.1] were recommended to Council for adoption.

Item 18: Update of Study on Certification of all Internationally Traded Timber and Timber Products

142. Dato' Dr. Baharuddin Haji Ghazali and Dr. Markku Simula presented their report, Document ITTC(XXIII)/8, 'Timber Certification: Progress and Issues.' Dato' Baharuddin explained that the objective had been to update the 1996 report on certification, to review evolving developments, identify key issues and to provide case studies. In addition, the report provided information relevant to certification and labelling, particularly with regard to strategies for obtaining ITTO's Year 2000 Objective and giving approaches to the Organization and its members in the promotion of sustainable forest management. Dato' Baharuddin outlined the content of the first five chapters of the report which examined the definitions of certification, a review of progress towards developing certification standards and labelling schemes, recent developments in certification schemes and initiatives and progress in implementation.
143. In his review of the case studies, Dr. Simula said that there had actually been a decline in the area of land certified because in some cases certificates had not been renewed. He estimated that the total roundwood production from certified forest in 1997 was around 9.5 million cubic metres, which came

from around 60 per cent of the certified area (total 3.1 million hectares). He said that the limited number of people who were qualified to certify acted as a constraint on capacity and progress of implementation. He expected the area to increase but the volume in global terms was still marginal and most certified products had been aimed at niche markets only. The lessons from the seven country case studies indicated that: national standards were required to reflect individual ecological and socio-economic conditions; standard-setting was a time-consuming process and should be participatory; certification standards should be compatible with national government regulations; grievance procedures were necessary to improve transparency; information on national initiatives needed to be improved; and market benefits were still uncertain. International recognition of national initiatives was a major concern; certification would be greatly boosted by more cooperation.

144. Dr. Simula highlighted a number of issues. He said there was no common agreement, as yet, on the development of standards and there was a question over credibility in terms of quality and independence of assessment. Smallholdings were a concern because of the expense of certifying them but also because the market might work against them; there was also a danger that certification could encourage substitution of forest products by other materials. He said that the role of government was vague as it varied by country; a harmonisation of trade rules might be justified as there had been a proliferation of schemes which risked confusion in the market place. Dr. Simula concluded that it was too early at this stage to seek international harmonisation through an instrument, however he noted that this would be a time-consuming process and may need to be started without delay. He said there needed to be more exchange of information focussing on the practical application of such an instrument which an existing body could be assigned to undertake. There was also a need to improve the capacity of both developing and industrialised countries and market promotion of certified products was necessary. He suggested that substantial funding would be required by ITTO countries as these activities were of direct relevance to the Year 2000 Objective.
145. The Representative of the Sierra Club, Mr. Bill Mankin, said that the report grossly misrepresented the role of ISO. He clarified that ISO 140001 pertains to management systems in companies; ISO would not be involved with roundwood production or with performance in the forest. He warned that the report would cause confusion on the relationship between ISO 140001 and the certification of forest management on the ground and that there should be a clear distinction between the various intergovernmental initiatives on criteria and indicators and forest certification. The intergovernmental initiatives were involved with the creation of sets of assessment criteria and indicators to determine at the national level the general condition of forests and the trends in those conditions. He said they were separate tools and should not be confused. Mr. Mankin asked whether the report would be reviewed.
146. Dr. Simula said that he would be ready to revise the report and was grateful for comments. He noted that if forestry organisations were certified to ISO 140001 it should be possible to say how much timber they produce. He acknowledged the concern about criteria and indicators at the national level, but noted that some of these initiatives were going down to forest management unit level and the definition of criteria and indicators in this context would be looked at.
147. The Delegate of Japan, Mr. Toshikatsu Aoyama, said that certification was highly relevant to the role of ITTO and to the criteria and indicators of forest management and market access issues. He proposed that ITTO be used as a forum for discussion for these matters from the point of view of harmonisation and information exchange.
148. The Representative for Switzerland, Mr. Ralph Friedländer, reported that Swiss wood producers who had previously resisted certification had introduced a quality label based on ISO 140001. Simultaneously, environmental groups had introduced the stricter FSC label. The Swiss government hoped to find common ground between the two and promote a single label. For tropical timber, the government was ready to promote voluntary certification by producer countries thereby making the purchase of tropical timber more acceptable in Switzerland.
149. The Representative for the Netherlands, Mr. Marco Braeken, referred to the chapter on the Netherlands and drew attention to the 'minimum requirements' for voluntary labelling; he also noted a document submitted to the Dutch government 'Timber Certification and Sustainable Forestry' which had been circulated. He said it was regrettable that there had been no time for substantive debate and he requested that more time be provided for this.

150. The Representative for Canada, Mr. David Drake, said he was surprised to see so little attention in the report to what is happening in Canada where two major certification schemes were in operation. He referred to the comment by Mr. Mankin and said the report did not give detail on the ISO. He suggested that the document be revised and that there be more time for discussion at the next Session for discussion.
151. The Delegate of Indonesia, Mr. Dani Pitoyo, referred to the criteria and indicators under which Indonesia has been working at field level for a trial two-year period. He said that concessions were being regulated and guidance being provided to the concessionaires. Certification had been adopted and discussed as part of the Association of Concession Holder's annual programme. He said that it was necessary for ITTO to produce a statement regarding certification and that certification should be developed by individual countries and be free from international intervention.
152. The Delegate of the United States of America, Mr. Walter Dunn, recognised that different countries had different approaches to this matter. In the US, criteria and indicators and certification were separate issues. He suggested that the dialogue be expanded to include other activities and questioned what the role for ITTO was in providing further information on this subject; he recommended that it be discussed further in Gabon.
153. The Representative for Brazil, Ms. Barbara Briglia Tavora, believed that certification should be voluntary and market oriented. The report should be recognised purely as a study.
154. The Representative for Sweden, Mrs. Astrid Bergquist, said she would like to have seen more reflection on the situation in Sweden where certification is voluntary but market driven. She said there was a role for governments to play in the context of sustainable forest management as governments still have responsibility for forest laws. It was not the role of ITTO to deal with harmonisation of the various certification aspects.
155. The Chairman of the Joint Committees, Mr. Geoffrey Pleydell, concluded that it was apparent that the issue of certification was of significant interest to members and suggested that Council might wish to continue the debate in Libreville.

Item 19: Promotion of Market Access Opportunities for International Trade in Tropical Timber

156. The Chairman asked the Producer and Consumer spokespersons to bring forward specific points to aid discussion of this item. A decision was framed from informal discussions and between the groups.

Item 20: Appointment of the Executive Director

157. Dato Dr. Freezailah bin Che Yeom was re-elected to a further two-year term of office by Council.

Item 21: Report of the Credentials Committee

158. In the absence of Dr. Antonio Villa Lopera, Chairman of the Credentials Committee, Mr. Edgar Otavo Rodriguez reported and referred to Document ITTC(XXIII)/14. He said that the Committee had included representatives of Germany, Australia, Canada, Honduras, Papua New Guinea, United Kingdom and Togo. He confirmed the credentials of the representatives of 41 member countries and the European Union. However, he noted that Thailand had not finalised its procedures and requested that it take appropriate action.
159. The Representative for Thailand, Dr. Jitt Kongsangchai, said that he would pursue this urgently on his return to Thailand.

Item 22: Pledges to the Special Account and the Bali Partnership Fund

160. The Representative for the Netherlands, Mr. Marco Braeken, announced that the Netherlands was pleased to pledge funds to the Special Account to the value of US\$1,331,547, subsequent to written

authority. He said that the Dutch Government attached importance to the Year 2000 Objective and would also be making a contribution to the Bali Partnership Fund but that the amount was not yet confirmed.

161. The Representative for France, Mr. Daniel Le Gargasson, announced that France would contribute 150,000 FF (approximately US\$25,000) to the Special Account.
162. The Representative for Switzerland, Mr. Ralph Friedländer, confirmed that this year Switzerland would contribute a further US\$2 million to the Special Account and said that the Swiss Government was also considering contributing to the Bali Partnership Fund pending finalisation of the financial rules for the Fund.

Item 23: Reports of the Associated Sessions of the Committees

163. The Vice-Chair of Council, Ms. Stephanie Caswell, apologised for the Chairman of Council who had to depart early. She chaired the remainder of the Session.
164. The Secretariat reported that not all reports were available in all the working languages at that stage.
165. The Chairman of the Committee on Forest Industry, Mr. Bile Allogho Joachim, presented the report of the Committee, Document CFI(XXI)/11. He recommended that the Council retain the IWG for the next Session in the light of its very useful report. The Committee had considered three reports on completed pre-projects and one on an ex-post evaluation. The Committee requested that four further ex-post evaluations be carried out. It had noted the work of six pre-projects and 21 projects in progress.
166. He referred to pre-project PD 11/92 on the guidelines for the development of forest industries. As no consensus had been established, the Committee had concluded that a consultant should be asked to prepare a final report, taking into account the Committee's previous work on this and that any comments be submitted to the Secretariat by 20 January 1998. With regard to project PD 17/93 on the ITTO information network, the Committee decided that work on this project should continue until the next Session but that problems had been identified and that performance should be improved.
167. Three project proposals were recommended for Council approval and the Fellowship Selection Panel recommended 29 out of the 137 applications receive awards. The Committee recommended that the composition of the panel be modified to six members (three producers and three consumers) including the outgoing chairs of the four committees; the Vice-Chair of Council would continue to serve as Chair.
168. Mr. Bile announced that the new Chair for the Committee on Forest Industry for 1998 would be Ms. Aulikki Kauppila (Finland) and Vice-Chair Mr. Clayton Hall (Guyana). With regard to the Action Plan, the Chairman said that the goals identified coincided with the ITTA 1994 objectives.
169. The Chairman of the Committee on Economic Information and Market Intelligence, Mr. Geoffrey Pleydell, presented the report of this Committee, Document CEM(XXI)/9. The Committee had confined discussion on projects to those identified by the IWG as needing attention. The Committee noted the report of one completed pre-project and had discussed other projects in progress. One pre-project proposal was recommended to Council for approval. Mr. Pleydell noted that only three project proposals had been put before the Committee; two had been recommended to Council but neither had received pledges for funding. The Committee welcomed the draft Action Plan and suggested some changes. The Secretariat had submitted a proposal to the Committee to further explore the potential of a joint questionnaire with ECE, FAO and EUROSTAT.
170. Mr. Pleydell announced that the 1998 Chairman of the Committee would be Dr. Roszehan Mohd Idris (Malaysia) and that Dr. Kwame Asamudu (Australia) would be Vice-Chair.
171. The Chairman for the Committee on Reforestation and Forest Management, Mr. Jürgen Blaser, presented the report of the Committee, Document CRF(XXI)/33. Completed reports of two pre-projects and eight projects were considered, although only one project could be closed. The Committee urged implementing agencies to fulfill their administrative requirements for closure of projects as soon as possible. The Committee noted remarkable outputs of some projects and

recommended their wide distribution. It was reported that a total of 73 projects and pre-projects were under implementation and 14 projects and pre-projects awaited financing. The Committee had focused discussions on those projects identified by the IWG; ad hoc working groups had been established for in-depth analysis of some of these. The Committee urged implementing agencies to deliver progress reports on time. A number of presentations on projects had been made and these were encouraged, subject to time limits.

172. The Committee recommended 13 projects and six pre-projects for final approval and financing. It also recommended the extension of two projects. The Committee elected Mr. Emile Jean-Claude Anoh (Côte d'Ivoire) as Chairman for 1998 and Mr. Walter Dunn (USA) as Vice-Chair.
173. The Committee welcomed the update of the project catalogue and project management information system but repeated its recommendation that the Secretariat use electronic mail more extensively. The Committee took note of two project ideas and encouraged project proposal development. It had concluded that with the assistance of the IWG, the shortening of the Council Session did not negatively affect its work and it recommended that the IWG be reconvened four days prior to the Session in Libreville.
174. The Committee noted that the workload for the Secretariat and translators was considerable and that delegates should accept that in some cases not all documents would be available in the three working languages. Concern was expressed that some meetings of the Committee had coincided with those of the working groups of Council.
175. The Vice-Chairman of the Committee on Finance and Administration, Mr. Toshikatsu Aoyama presented the report of the Committee, Document CFA(II)/6 Rev.1. The Committee recommended to Council an administrative budget for 1998 of US\$3,854,916, as presented in Document ITTC(XXIII)/2/Amend 1. With regard to the revision of Control Documents, it was proposed that rule 19 on criteria and indicators be extended and that the Revision of the Rules of Procedure and Financial Rules and Rules relating to Projects, Documents ITTC(XXIII)/15 and CFA(II)/6 Rev.1, be adopted.
176. The Committee recommended the appointment of Deloitte-Touche Tomatsu & Co. as auditors for the Organization for 1997. For the next Session, the Executive Director was requested to draft a strategic plan outlining the work of ITTO including detailed staff requirements in order to reflect transparency in the recruitment process. The Committee also recommended that future expert panel members be required to travel economy class and that their honorariums be cut by ten per cent. The Committee decided to review at its next meeting the issue of resources and utilisation of the Working Capital Account.
177. Mr. Toshikatsu Aoyama was elected Chairman of the Committee for 1998, and Vice-Chairman, Mr. Angel Murillo Reina (Honduras).
178. The Vice-Chair of Council took note of the reports of all four Committees and proposed they be included as Annexes in the Report of Council.

Item 24: Election of Chairperson and Vice-Chairperson for 1998

179. The Spokesperson for the Producer Group, Mr. Edward Nsenkyire, nominated Ms. Stephanie Caswell (United States of America) as Chairperson of Council for 1998.
180. The Spokesperson for the Consumer Group, Mr. David Drake, nominated Mr. Jean Williams Solo (Cameroon) as Vice-Chair of Council for 1998.
181. Both appointments were confirmed by popular acclamation.

Item 25: Dates for the Twenty-fifth and Twenty-sixth Sessions of the Council and Associated Sessions of the Committees

182. Confirmation of dates for the Twenty-fifth Session of Council was deferred in order for further consultation to take place. It was requested that the Executive Director confer with the host

government and consider the dates of 2–7 November and 30 November–5 December 1998 and that members of Council be informed as soon as possible. The Vice-Chair requested that adoption of dates be set well in advance in future, as it had been in the past.

183. The Representative for the European Union, Mr. Enzo Barattini, suggested that the issue of setting dates be discussed earlier and that at the next Session dates for future meetings be fixed at least two years in advance.
184. The Representative for Thailand, Dr. Jitt Konsangchai, speaking on behalf of the Government of Thailand, extended an invitation for Council to hold its Twenty-sixth Session in Thailand from 10–15 May 1999. The exact venue would be determined later.

Item 26: Other Business

185. Speaking on behalf of the informal international trade group, Ms. Wendy Baer, said that ITTO's contribution to IPF lay in its trade-related role. The ITTA 1994 identified a specific focus on trade policy issues and she asked ITTC to consider how the trade group could contribute to this. She noted particularly that trade restrictions on tropical timber continue, despite Decision 2(XXI). She therefore requested member countries: to report on activities to remove tariffs; to consider proactive approaches to customer education; to encourage more ITTO activity in market research; and to consider other issues raised by the IPF and IFF.
186. She recommended that ITTO initiate studies on the minimisation of waste in wood processing. She also asked Council to consider the problems of attracting investment in industrial development. ITTO might make more use of the international informal trade group when seeking private sector representation, such as including advisors on delegations. She added that the group would be inviting proposals for the market discussion to be held in Gabon; this will focus on trade-related issues and world trade with particular emphasis on the Africa situation.
187. The Representative for Suriname, Mr. Gerold John Zondervan, spoke on behalf of the observer countries, the Dominican Republic, the Solomon Islands, Suriname and Uganda. He noted that of these countries, the ones with smaller areas have higher populations and less forest remaining. He said that in recent years, these countries have undergone large-scale logging and there was an increased obligation now for them to monitor their forests. He therefore welcomed ITTO's Action Plan and the objectives of the ITTA, 1994. He said that the representatives would strongly recommend that their respective governments ratify the ITTA 1994 for membership.
188. The Representative for Switzerland, Mr. Ralph Friedländer, said that it had been possible for Switzerland to increase its contribution to ITTO due to the quality of the projects. He thanked all the delegations for the improvement in the quality of projects and expressed satisfaction that the work of the Committees had been simplified as a result of the IWG. He hoped that this trend towards streamlining of the Committees would continue in the future.

Item 27: Decisions and Report of the Session

189. The Vice-Chair referred to Documents ITTC(XXIII)/16–24 comprising the nine decisions for adoption by Council at its Twenty-third Session. The Council approved all the decisions (these are reproduced in this report as Annex IV). 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 all members.
190. The Representative for Belgium/Luxembourg, Mr. Christian Lepage, referred to Article 16 (1 & 2) of ITTA 1994 with regard to Decisions 7 & 9. He said it was very important for the credibility of the Organization that this work be carried out under transparent rules. He also noted that many commodity organisations have been reformed in recent years according the requirements of their members.

Item 28: Closing Session

191. The Representative for France, Mr. Daniel Le Gargasson, drew attention to the mediocre quality of the French translations of documents, and in particular to Document ITTC(XXIII)/6 which contained an inaccurate statement regarding the auditors; he said that such incorrect translation could cause legal problems as well as misunderstandings.
192. The Representative for Ecuador, H.E. Mr. Juan Salazar-Sancisi, questioned the procedure by which ITTO adopted decisions at the close of the Session before all members had had the opportunity to consider and discuss them fully. He acknowledged support for the Spokespersons but said that they should inform the groups they represent; he suggested that the system be amended in the future. He said that his delegation reserved the right to raise each of the items which had not been discussed in the groups at the next Session.
193. The Vice-Chair noted these comments and agreed that Council procedure should be as transparent as possible.
194. The Representative for Japan, Mr. Shotaro Oshima, paid tribute to all contributors to this Session of ITTC. He said it was important to integrate the work of ITTO in the international dialogue on forests in future. The role of ITTO in public relations should be strengthened enabling it to disseminate the important outcome of its projects in connection with sustainable forest management. He said that the interdependent partnership between producer and consumer members constituted the fundamental framework for ensuring sustainable forest management. He confirmed Japan's continued support for ITTO activities.
195. The Representative for the European Union, Mr. Enzo Barattini, expressed the satisfaction of the EU members for the positive developments of this Session. He thanked H.E. Mr. Wisber Loeis for his chairmanship during 1997 and congratulated the Executive Director on the extension of his tenure of office. He thanked the Secretariat and the Government of Japan and the interpreters.
196. The Representative for the People's Republic of China, Mr. Li Lukang, said that the Session marked a milestone and he congratulated members on the success of the meeting.
197. The Representative for Cameroon, Mr. Batoum Themotio, congratulated Ms. Stephanie Caswell on her appointment to the Chair for 1998 and all those who had contributed to the meeting. He confirmed that Cameroon would be working towards sustainable forest management in the years to come.
198. The Spokesperson for the Producer Group, Mr. Edward Nsenkyire, referred to important issues which had been raised at this Session. He said that the Council had for the first time been carried out in six days, the IAG had been established, the IWG had reported on evaluations on projects, and discussions on the Action Plan and criteria and indicators had been held. He mentioned the recommendations of the IAG for the need for a mission statement, for the formulation of guidelines and selection criteria for the appointment of an Executive Director and for consideration of public relations and education issues. He noted that no action had been taken on the screening of all ITTC decisions adopted to date and on proposals for the translation, printing and dissemination of project documents to reduce costs. The work of the IWG had made a tremendous impact on reducing the workload of the three committees and its role would be reassessed at the next Session. He said there were reservations within the Producers' Group about some of the recommendations of the expert panel on the revision of the Action Plan. This Plan should be addressed to the Organization as a whole, not to individual member countries. Some of the proposed requirements were not realistic.
199. He said that the work on the revision of the criteria and indicators constituted a yardstick by which members could be judged on progress towards Year 2000 Objective. However, he said that while donors were ready to use criteria and indicators for assessment they were not ready to use them for accessing funds. He said the producers remained committed to the achievement of the Year 2000 Objective, and he appealed to consumers to make pledges to assist them in reaching this goal.
200. Mr. Nsenkyire expressed his thanks to the Government of Japan and the City of Yokohama, to the Chairman, and the Government of Côte d'Ivoire for their hospitality. He referred to the proposal by

- the Secretariat for a consultation on forest fires and said that this would be further discussed at the next Session.
201. He announced that he would no longer be continuing as Spokesperson of the Producer Group and said that Ms. Barbara Briglia Tavora (Brazil) would be replacing him. He paid tribute to the Consumer Spokesman and thanked all members for their cooperation.
 202. The Vice-Chair thanked Mr. Nsenkyire for his service to the Organization.
 203. The Consumer Spokesman, Mr. David Drake, said that during the Session progress had been made in operationalising the new agreement through revision of the Action Plan, the adoption of the rules of the procedure to activate the Bali Partnership Fund, the streamlining of committees through the work of the IWG, the shortening of the Council Session and the first meeting of the IAG. The Consumer Group appreciated the progress on all these areas but viewed it as an ongoing process which should be continued in the future.
 204. Mr. Drake noted the decision on the study of improving market access and he acknowledged the work of the consultants on the draft report on certification and looked forward to further discussion on this issue. He also referred to the work of the IPF and the relevance of this, particularly in issues of trade and environment, to ITTO and he encouraged support for the successor IFF. He looked forward to a further revision of the criteria and indicators and of the report on IPR, both of which would require decisions in Gabon.
 205. With regard to projects, he said that there was a need to strengthen the effectiveness of the planning, implementation and evaluation of projects. They needed to be further directed towards the Year 2000 Objective. More policy focus in committees and a better balance of projects between the committees was also required. He stressed the importance of the quality rather than quantity of projects. Mr. Drake said that the bi-partisan system of generating decisions had significantly changed procedures for the better; special thanks were given to Mr. Clayton Hall (Guyana) and Mr. Don Wijewardana (New Zealand).
 206. The Consumer Group believed that Council should move away from the divisions of the consumer/producer divide by working together. There was also concern about the lack of participation by NGOs and Council was urged to make ITTO a more attractive place for observers. The re-appointment of the Executive Director was welcomed.
 207. Mr. Drake thanked the Government of Japan, the City of Yokohama, the translators and interpreters and the Secretariat. He paid particular tribute to Mr. Nsenkyire and said that he had been responsible for many of the successes of recent Council Sessions.
 208. The Vice-Chair said she was heartened by the apparent convergence of views from the producers and consumers. She noted that the report of the IAG would be included in the Council Report as an Annex.
 209. The Executive Director, Dr. B C Y Freezailah, said that progress had been made on issues such as the criteria and indicators and market access, but that the translation of plans into action would be the key to whether sustainable management takes place. He drew attention to the comments of the Minister of Water and Forests, Gabon, indicating that over 30 per cent of Gabon's revenue goes towards debt servicing and he appealed to consumers for further consideration of contributions to the Bali Partnership Fund. He said that members should persevere with efforts toward sustainable forest management and the continual review and revitalisation of policy should reflect members' readiness to provide the requisite resources for meaningful action. He assured Council of the readiness of the Secretariat to serve its Council.
 210. He expressed gratitude to the leadership provided by the Chairman, as well as his role in the negotiations of the ITTA 1994. He also thanked Mr. Edward Nsenkyire and the chairmen of the four committees and congratulated Ms. Stephanie Caswell and Mr. Solo on their appointments. He expressed appreciation for the extension of his tenure as Executive Director.
 211. He reiterated thanks to the Government of Japan, the City of Yokohama and all who had contributed to the success of the meeting.

212. In his absence, the Vice-Chair, read the closing statement of the Chairman of Council, H.E. Mr. Wisber Loeis. He said that since his first involvement with ITTO he had many things to be grateful for. He expressed thanks to the Government of Japan and the City of Yokohama for their support; and to the chairs and vice-chairs of the Committees and the two spokespersons. He congratulated the new Chair, Ms. Stephanie Caswell and thanked the Executive Director and his staff of the Secretariat.
213. He said that forestry was a development issue and could fuel socio-economic development if properly managed in a more caring international environment. ITTO should ensure that such an environment could be promoted. Unlike other commodity organisations, ITTO was involved with the conservation and management of the resource base, apart from its trade interests. He said he hoped the IAG could become truly functional and get to grips with issues such as strategic priorities and policy options. He said that a balance must be achieved in what Council wants to do and what can actually be done in the time available. The issue of streamlining must therefore be pursued.
214. Mr. Loeis said that this Session had brought a deeper sense of interdependence amongst producers and consumers and this provided a new source of hope. Through its activities, ITTO had expanded the meaning of sustainable forest development to include issues of biodiversity conservation and fire guidelines. The ITTO should continue to pursue its philosophy in the proposed mission statement and Action Plan.
215. He said he was heartened that the new IWG and IAG had both met at this Session. This had facilitated the forging of better cooperation among all members. It was imperative that rhetoric be translated into action and that the true potential for sustainable forest management be realised. Through these groups the Council could develop effectively its policy options and strategies for the 21st Century. Discussions on both criteria and indicators and the Action Plan, as well as certification, market access and IPR had resulted in fruitful outcomes. He said that even with the financial support required for ITTO activities, the provision of adequate operational expertise was a formidable constraint that must be approached and, in the process, the role of the developing producer countries in decision-making must be strengthened.
216. He referred to the Bali Partnership Fund and he thanked those donor countries which had pledged funds and he hoped that others would follow. There was increasing urgency to inspire developing countries to sustain their commitment to the Year 2000 Objective.
217. He acknowledged the presence of M. André Dieudonne Berre, Minister of Water and Forests, Gabon, at this Session and his invitation for the Twenty-fourth Session.
218. The Chairman recorded the honour and pleasure he felt at being able to provide hospitality to Delegates during the Sessions. He had enjoyed working with ITTO, and now looked forward to a happy retirement with his family. He called on Council to dedicate itself to revitalising the Organization.
219. The Vice-Chair officially closed the Session.

ANNEX I

LIST OF PARTICIPANTS

{Document: ITTC(XXIII)/Info.2 Rev.2}

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TWENTY-THIRD SESSION
1-6 December 1997
Yokohama, Japan

PROVISIONAL LIST OF PARTICIPANTS

**TWENTY-THIRD SESSION OF
THE INTERNATIONAL TROPICAL TIMBER COUNCIL
AND ASSOCIATED COMMITTEES**

Yokohama, Japan, 1-6 December 1997

The data of the entries in this list are as provided to the Secretariat.

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Notes: 1 These countries were Members under the ITTA, 1983 and have signed the ITTA, 1994; However they have not yet completed full accession procedures for the ITTA, 1994.

(n.r.) Not registered during the Sessions.

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** Alternate representatives/Représentant suppléants/Representantes suplentes

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* * *

ANNEX II

AGENDA

{Document: ITTC(XXIII)/1 Rev.1}

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TWENTY-THIRD SESSION
1-6 December 1997
Yokohama

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. Report of the Expert Panel on Revision of the ITTO Action Plan - Decision 6(XXI)
10. Report of the Expert Panel on Criteria and Indicators for the Measurement of Sustainable Management of Natural Tropical Forests - Decision 5(XXI)
11. Report and Review of the Informal Working Group on Evaluation of Reports of On-going and Completed Pre-Projects and Projects - Decision 4(XXII)
12. Consideration of Appropriate Actions for Active Contributions to ITTO-relevant proposals in the Report of the Inter-Governmental Panel on Forests - Decision 6(XXII)
13. Annual Review and Assessment of the World Tropical Timber Situation
14. Report by Members on Progress towards Achievement of the Year 2000 Objective - Decision 3(X)
15. CITES Listing Proposals by Members - Decision 3(XVI)
16. Possible Elements to be Incorporated into Draft Guidelines on Intellectual Property Rights - Decision 10(XXII)
17. Revision of Basic Control Documents - Decision 9(XXI)
18. Update of Study on Certification of all Internationally Traded Timber and Timber Products - Decision 4(XX)

/...

19. Promotion of Market Access Opportunities for International Trade in Tropical Timber - Decision 2(XXI)
20. Appointment of the Executive Director
21. Report of the Credentials Committee
22. Pledges to the Special Account and the Bali Partnership Fund
23. Reports of the Associated Sessions of the Committees
24. Election of Chairperson and Vice-Chairperson for 1998
25. Dates of the Twenty-fifth and Twenty-sixth Sessions of the Council and Associated Sessions of the Committees
26. Other Business
27. Decisions and Report of the Session
28. Closing Session

ANNEX III

**MEMBERSHIP OF COUNCIL AND DISTRIBUTION OF VOTES
FOR MEMBER STATES FOR 1997**

DISTRIBUTION OF VOTES

	<u>No. of Votes</u>	
	1996	1997
<u>PRODUCERS</u>		
Africa		
Cameroon	27	25
Central African Republic.....	--	25
Côte d'Ivoire	27	25
Democratic Republic of Congo	27	25
Gabon.....	27	25
Ghana	27	25
Liberia	27	25
Republic of Congo	27	25
Togo	27	25
Asia & Pacific		
Cambodia.....	--	21
Fiji.....	17	15
India.....	26	24
Indonesia	164	157
Malaysia	131	130
Myanmar.....	36	31
Papua New Guinea	35	37
Philippines	19	17
Thailand	19	17
Latin America		
Bolivia	27	30
Brazil.....	143	148
Colombia.....	29	32
Ecuador	18	21
Guyana	19	23
Honduras.....	14	17
Panama	14	18
Peru	34	37
Trinidad and Tobago	13	--
Venezuela	26	--
Total:	<u>1,000</u>	<u>1,000</u>

	<u>No. of Votes</u>	
	1996	1997
<u>CONSUMERS</u>		
Australia.....	16	17
Canada	13	13
China	112	146
Egypt.....	15	16
European Union		
Austria.....	10	11
Belgium/Luxembourg	21	20
Denmark	12	12
Finland	10	10
France.....	40	42
Germany	30	31
Greece	13	13
Ireland.....	12	--
Italy	32	--
Netherlands.....	32	31
Portugal.....	17	--
Spain.....	24	25
Sweden	11	11
United Kingdom.....	44	45
Japan	337	358
Nepal	10	10
New Zealand	10	10
Norway.....	10	11
Republic of Korea.....	101	108
Russian Federation.	11	--
Switzerland	11	11
United States of America.....	46	49
 Total:	 1,000	 1,000

ANNEX IV

TEXT OF THE MAIN DECISIONS

ADOPTED BY THE COUNCIL AT ITS TWENTY-THIRD SESSION

{Documents: **DECISION 1(XXIII) ITTC(XXIII)/16 Rev.1**
DECISION 2(XXIII) ITTC(XXIII)/17 Rev.1
DECISION 3(XXIII) ITTC(XXIII)/18
DECISION 4(XXIII) ITTC(XXIII)/19
DECISION 5(XXIII) ITTC(XXIII)/20
DECISION 6(XXIII) ITTC(XXIII)/21
DECISION 7(XXIII) ITTC(XXIII)/22 Rev.1
DECISION 8(XXIII) ITTC(XXIII)/23
DECISION 9(XXIII) ITTC(XXIII)/24

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TWENTY-THIRD SESSION
1 - 6 December 1997
Yokohama

DECISION 1(XXIII)

PROJECTS AND PRE-PROJECTS

The International Tropical Timber Council,

Having considered at its Twenty-third Session the recommendations of the three Committees on Projects and Pre-Projects, as contained in documents CEM(XXI)/9 Rev.1, CRF(XXI)/33 Rev.1 and CFI(XXI)/11;

1. Decides:

(i) To approve the following Projects:

- | | |
|--------------------|--|
| PD 16/96 Rev.4 (F) | <i>Ex Situ</i> Conservation of <i>Shorea Leprosula</i> and <i>Lohopetalum Multinervium</i> and their Use in Future Breeding and Biotechnology
(\$ 710,401.00) |
| PD 26/96 Rev.4 (F) | Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View □ Phase II
(\$ 632,149.00) |
| PD 15/97 Rev.2 (I) | Strategic Plan for the Upgrading the Industrial Forestry Infrastructure of Panama
(\$ 58,975.00) |
| PD 16/97 Rev.2 (F) | Integrated Buffer Zone Development for Sustainable Management of Tropical Forest Resources in Thailand
(\$ 601,333.00) |
| PD 21/97 Rev.2 (F) | Developing Tropical Forest Resources through Community-based Forest Management, Nueva Vizcaya, Philippines
(\$ 913,285.00) |
| PD 24/97 Rev.1 (F) | Project for Sustainable Forest Management in Pando
(\$ 946,652.00) |
| PD 27/97 Rev.1 (F) | Tree Flora of Sabah and Sarawak, Phase II
(\$ 850,225.00) |
| PD 28/97 Rev.1 (F) | Sustainable Management of Industrial Timber Plantations with the Participation of Local Communities in Togo: Strategy and Action Plan
(\$ 708,046.00) |
| PD 29/97 Rev.1 (M) | Development of a Computerized Tracking and Inspection System for Logs and Processed Wood Products in Ghana
(\$ 1,452,700.00) |

PD 31/97 Rev.1 (F)	Management of the Bokoue Forest, Phase II (\$ 842,417.00)
PD 33/97 Rev.2 (I)	Identification and Nomenclature of Commercial Tropical Timber Species in the Andean Community - Phase II (\$ 733,225.00)
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 (Stage I - \$ 727,950.00) (Stage II - \$ 727,950.00)
PD 42/97 Rev.1 (F)	Study of Natural Regeneration and Establishment of Mara (<i>Swietenia macrophylla</i> King) Plantations (\$ 489,520.00)
PD 45/97 Rev.1 (F)	On-site Training for Tropical Foresters and Forestry Trainers (\$ 875,281.00)
PD 52/97 Rev.1 (M)	Development and Implementation of an Educational Program to Inform the Add. 1 & Add. 2 Wood Products Distribution Chain of the Value of Using Tropical Timbers from ITTO Member Countries (\$ 241,924.00)
PD 57/97 Rev.1 (F)	Establishment of Satellite Remote Sensing Monitoring Natural Forests in Hainan Province (\$ 304,712.00)
PD 58/97 Rev.1 (I)	The Establishment of the Database of Tropical Industrial Lesser Used Wood Species (\$ 502,032.00)
PD 60/97 Rev.1 (F)	Technology Development for the Production of Lesser Known Tree Species (LKTS) as Alternative Raw Materials for Forest-Based Industries (\$ 1,369,892.00)

(ii) To authorize financing for immediate implementation of the following Projects:

PD 26/96 Rev.4 (F)	(\$ 632,149.00)
PD 15/97 Rev.2 (I)	(\$ 58,975.00)
PD 16/97 Rev.2 (F)	(\$ 601,333.00)
PD 21/97 Rev.2 (F)	(\$ 913,285.00)
PD 38/97 Rev.1 (F)	(Stage I - \$ 727,950.00)
PD 45/97 Rev.1 (F)	(\$ 875,281.00)
PD 57/97 Rev.1 (F)	(\$ 304,712.00)
PD 58/97 Rev.1 (I)	(\$ 502,032.00)

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

PD 16/93 Rev.4 (M)	(\$ 322,200.00)
PD 12/93 Rev.3 (F)	(\$ 125,862.00)
PD 33/93 Rev.1 (F) Ph.I	(\$ 142,425.00)
PD 73/89 (M,F,I)	(\$ 180,000.00)
PD 1/93 Rev.1 (M,F,I)	(\$ 50,000.00)

(iv) 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 16/96 Rev.4 (F)	(\$ 710,401.00)
--------------------	-----------------

PD 24/97 Rev.1 (F)	(\$ 946,652.00)
PD 27/97 Rev.1 (F)	(\$ 850,225.00)
PD 28/97 Rev.1 (F)	(\$ 708,046.00)
PD 29/97 Rev.1 (M)	(\$ 1,452,700.00)
PD 31/97 Rev.1 (F)	(\$ 842,417.00)
PD 33/97 Rev.2 (I)	(\$ 733,225.00)
PD 38/97 Rev.1 (F)	(Stage II - \$ 727,950.00)
PD 42/97 Rev.1 (F)	(\$ 489,520.00)
PD 52/97 Rev.1 (M)	(\$ 241,924.00)
Add.1 & Add. 2	
PD 60/97 Rev.1 (F)	(\$ 1,369,892.00)

2. Decides:

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

PPD 9/95 Rev.2 (F)	Conservation Forestry: Design of a Community-based Participatory Training Program for Natural Forest Management (\$ 177,072.00)
PPD 19/96 Rev.1 (F)	Development of an Integrated Strategy for Reduction of Shoot Borer Impact on West African Mahogany Plantations (\$ 163,098.00)
PPD 4/97 Rev.1 (F)	Rehabilitation of Damaged Areas of the "Cerrado" (\$ 51,168.00)
PPD 6/97 Rev.1 (F)	Dissemination of the Concepts of ITTO Guidelines and Criteria for Sustainable Forest Management in Production Forests (\$ 50,000.00)
PPD 7/97 Rev.1 (F)	Forestry Inventory for the Sustainable Production of Mahogany Timber (\$ 147,700.00)
PPD 9/97 Rev.1 (M)	Development and Implementation of the Forestry Statistics Information System (\$ 63,200.00)
PPD 11/97 (F)	Assessment of the Forestry Sector (\$ 56,970.00)

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

PPD 4/97 Rev.1 (F)	(\$ 51,168.00)
PPD 7/97 Rev.1 (F)	(\$ 147,700.00)
PPD 9/97 Rev.1 (M)	(\$ 63,200.00)

(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 9/95 Rev.2 (F)	(\$ 177,072.00)
PPD 19/96 Rev.1 (F)	(\$ 163,098.00)
PPD 6/97 Rev.1 (F)	(\$ 50,000.00)
PPD 11/97 (F)	(\$ 56,970.00)

3. Decides to approve the following activities and to authorize financing for immediate implementation:

- Consultants to Revise ITTO Project-related Manuals and Procedures and Preparation of New Manual and Guidelines [Decision 8 (XXII)]
(\$ 170,910.00)

- Expert Panel for Technical Appraisal of Project Proposals - Fifteenth Meeting
(23 - 27 February 1998)
(\$ 95,000.00)
- Informal Working Group to Evaluate Reports on On-going and Completed Pre-Projects and
Projects
(\$ 43,681.00)
- Activity to Facilitate Development of a Joint ITTO/ECE-FAO/EUROSTAT Forest Statistics
Questionnaire
(\$ 49,725.00)

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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1 - 6 December 1997
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DECISION 2(XXIII)

MARKET ACCESS

The International Tropical Timber Council,

Recalling Decision 2(XXI) regarding the promotion of market access opportunities for international trade in tropical timber;

Noting Article 36 of the International Tropical Timber Agreement, 1994;

Acknowledging the positive relationship that can exist between international trade in tropical timber and sustainable forest management;

Noting the progress towards the Year 2000 Objective;

Also noting the proposals for action agreed by the Intergovernmental Panel on Forests (IPF) and endorsed by the U.N. General Assembly Special Session in June 1997 concerning trade and environment in relation to forest goods and services;

Aware that the Intergovernmental Forum on Forests (IFF) will consider trade and environment matters left pending by the Intergovernmental Panel on Forests;

Noting ongoing discussions in the World Trade Organization (WTO), which has primary competence to address trade liberalization issues, and the work done by its Committee on Trade and Environment;

Reaffirming the importance of market access opportunities in assisting countries to generate financial resources to help implement national policies that promote sustainable forest management;

Recognizing the importance of improving public understanding of the positive role that international trade in timber can have in giving value to forests and in generating financial resources for the sustainable management of forests;

Decides to:

1. Authorize the Executive Director to engage two consultants (one from a producer member country and the other from a consumer member country) to undertake a study of impediments to market access of tropical timber in all member countries and where necessary, to propose actions to improve market access of tropical timber as per the attached Terms of Reference. A preliminary report of the Study will be presented at the Twenty-fourth Session and the final report at the Twenty-fifth Session;
2. Authorize the Executive Director to arrange for financing two consultants from the Special Account, and urge member countries to contribute to the Special Account for this purpose.

ANNEX

TERMS OF REFERENCE FOR MARKET ACCESS STUDY

1. To undertake a survey to determine impediments to market access of tropical timber in exporting and importing member countries.
2. Analyze tropical timber market access vis-à-vis other timber and relevant competing materials and products.
3. Assess how market access for tropical timber and tropical timber products is influenced or regulated by governments, professional associations, industrial and retail sectors, international organizations and other relevant non-governmental groups.
4. In developing the Study, the consultants shall also take into consideration the work of the Intergovernmental Panel on Forests (IPF) and other relevant international organizations as far as the discussions of trade and environment are concerned.
5. Where necessary, the consultants shall propose actions to improve market access of tropical timber.
6. Prepare a preliminary report for the Twenty-fourth Session and a final report for the Twenty-fifth Session.

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1 - 6 December 1997
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DECISION 3(XXIII)

**CRITERIA AND INDICATORS FOR THE MEASUREMENT OF SUSTAINABLE MANAGEMENT OF
NATURAL TROPICAL FORESTS**

The International Tropical Timber Council,

Recalling Decision 5(XXI) regarding the need to elaborate additional examples of the application of the indicators included in the document "Criteria for the Measurement of Sustainable Tropical Forest Management" to make them more usable and facilitate the assessment and monitoring of progress towards the achievement of the Year 2000 Objective;

Welcoming the interim report of the Expert Panel on Criteria and Indicators for the Measurement of Sustainable Management of Natural Tropical Forests [Document ITTC(XXIII)/9];

Recognizing that Members will require some time for review and consideration in capitals of the Expert Panel's interim report;

Noting that the Council is scheduled to consider the Expert Panel's final report at its Twenty-fourth Session;

Decides to:

3. Request the Executive Director to prepare a comparison of the existing and proposed ITTO criteria and indicators and distribute to Members by 15 January 1998 in order to facilitate members' review of and comment on the interim report;
4. Request Members to submit their comments on the interim report on criteria and indicators to the Executive Director by 15 February 1998;
5. Request the Executive Director to prepare a reference report incorporating the comments from members as a basis for the work of the Expert Panel.
6. Request the Executive Director to convene an Expert Panel comprising three from Consumer countries and three from Producer countries by 15 March 1998 in order to revise the interim report based on comments received;
7. Request the Executive Director to distribute the final report to Members by 15 April 1998 to allow sufficient time for review in capitals prior to the Twenty-fourth Session;
8. Authorize the Executive Director to arrange for financing the Expert Panel from the Special Account and invite Members to contribute to the Special Account for this purpose;
7. Welcome comments on the interim report on Criteria and Indicators from ITTO Observers.

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6 December 1997

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TWENTY-THIRD SESSION
1 - 6 December 1997
Yokohama

DECISION 4(XXIII)

STREAMLINING THE WORK OF COMMITTEES

The International Tropical Timber Council,

Recalling Decision 4(XXII), 1997 which called for the convening of an informal working group, to evaluate reports on ongoing and completed pre-projects and projects to assist the committees on Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry;

Welcoming the report of the Informal Working Group contained in Document ITTC(XXIII)/13;

Decides to:

1. Reconvene the informal working group, terms of reference for which are attached in the Annex, for its Twenty-fourth Session, to evaluate reports on on-going and completed pre-projects and projects to assist the Committees on Economic Information and Market Intelligence, Reforestation and Forest Management and Forest Industry, beginning four days prior to the Session;
2. Review the experience with the informal working group at the Twenty-fourth Session and consider measures for further strengthening and streamlining of the work of the Committees;
3. Request the Executive Director to allocate the financial resources from the Special Account to implement this Decision.

ANNEX

STREAMLINING PROCEDURE FOR THE FUNCTIONS OF COMMITTEES

Pre-Projects and Project Proposals

1. Pre-projects and project proposals shall be assessed by the Expert Panel for Technical Appraisal of Pre-Project and Project Proposals;
2. In cases where, in the opinion of an Expert Panel, pre-projects and project proposals do not fall within the scope of the ITTO or do not contain all of the sections required by the ITTO Manual for Project Formulation, these projects shall be returned to proponents with a note explaining why the project was denied;
3. For pre-projects and project proposals assessed by Panels to require essential modification, revised projects received by the Secretariat shall be assessed at the beginning of Council Sessions by the informal working group, which shall then report back to Committees;
4. Pre-projects and project proposals assessed by the Expert Panel or the informal working group to have met all the requirements (including those requiring only minor amendments) shall be presented to Committees by proponents, to expose them to members, including potential donors, and the Committee may recommend these project proposals to Council for approval.

Policy Identification

Committees may meet during Council sessions to identify common policy issues, and ensure integrated perspectives in policy proposals for Council consideration.

Informal Working Group to Assist the Committees on Economic Information and Market Intelligence, Reforestation and Forest Management and Forest Industry - Terms of Reference

In order to improve the substance and quality of Committee discussions, and accommodate shorter Committee sessions, the informal working group shall reduce the burden to Committees by:

1. Evaluating if completed pre-project and projects have met the objectives stated in the project documents approved and funded by the Council;
2. Identifying projects and pre-projects under implementation and/or awaiting agreement that require discussion by the Committees and Council. Projects requiring further attention by the Committees include those facing technical, administrative, institutional, or external difficulties that prevent or delay implementation of project activities;
3. Highlighting projects which have produced results that may provide valuable lessons for other member countries and bringing them to the attention of the Committees for further discussion and dissemination;
4. Identifying opportunities to streamline the project monitoring and evaluation process and suggesting that these be discussed by the Committees;
5. Producing a report to the Committee on the items mentioned above including potential issues for policy work;
6. Evaluating revised project proposals to determine if they have adequately addressed the recommendations of the Expert Panel for the Technical Appraisal of Project Proposals;

7. Assigning each revised project proposal one of the following categories of decision:
- (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;
 - (b) All of the recommendations of the Expert Panel for the Technical Appraisal of Pre-Project and Project Proposals have been adequately addressed;
 - (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;
 - (d) The revised project proposal does not adequately address the recommendations of the Expert Panel for the Technical Evaluation of Project Proposals;
 - (e) A revised project proposal has not been submitted to ITTO.
8. The informal working group shall submit a report on the analysis to Committees to assist with their discussions and decisions on projects.

The informal working group shall be made up of six experts: three nominated by producer countries and three nominated by consumer countries. The members of the informal working group shall have expertise in project monitoring and evaluation and technical experience, at least, in one of the areas of the Committees of the Council (Economic Information and Market Intelligence, Reforestation and Forest Management and Forest Industry).

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DECISION 5(XXIII)
REVISION OF THE ITTO ACTION PLAN

The International Tropical Timber Council,

Recalling Decision 6(XXI) on the revision of the ITTO Action Plan in the light of the entry into force of the ITTA, 1994;

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

Noting the comments by members on the draft revised Action Plan during the Twenty-third Session;

Recognizing the importance and urgency of finalizing and publishing the revised Action Plan to guide the work of the ITTO;

Also recognizing the value of a clear and concise Mission Statement for the Organization that could be included in the Action Plan;

Decides to:

1. Request the Chairman of the Expert Panel on Revision of the ITTO Action Plan to prepare a revised draft incorporating members' comments and circulate it to members by 15 January 1998;
2. Request the Executive Director to prepare a concise draft *Mission Statement* and to circulate it to members by 15 February 1998. Members who wish to provide suggestions to the Executive Director for this draft *Mission Statement* are invited to do so by 15 January 1998;
3. Request members to submit written comments on the revised *Draft Action Plan* and the draft *Mission Statement* by 15 March 1998;
4. Further request the Executive Director to collate comments on the revised *Draft Action Plan* and the draft *Mission Statement* and circulate them to members by 15 April 1998;
5. Establish a Working Group at the Twenty-fourth Session to finalize the Mission Statement and revision of the Action Plan.

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DECISION 6(XXIII)

**REVISION OF RULES OF PROCEDURE AND FINANCIAL RULES
AND RULES RELATING TO PROJECTS OF THE ITTO**

The International Tropical Timber Council,

Recalling the entry into force of the International Tropical Timber Agreement, 1994, on 1 January 1997;

Noting in particular the need to establish financial rules for the Administrative Account, Special Account, and Bali Partnership Fund as provided for by Articles 7(2) and 21(6);

Further noting the responsibilities of the Committee on Finance and Administration for the Rules of Procedure and the Financial Rules under Article 26(6)(e) of the Agreement, and the recommendations in the Committee's report [Document CFA(II)/6 Rev.1];

Decides:

1. To amend the Rules of Procedure [Document ITTC(I)/14] as follows:
 "...articles 14, 20, 26 and 27" in Rule 4(1) shall read "articles 14, 20 and 29".
 All references to "Article 24" in Rules 30 and 31 shall read "Article 26".
 The words "...shall be read out at the end of the session and....." shall be deleted from Rule 33(1). The word "five" shall read "seven" in the same Rule.
2. To designate the revised document as ITTC(XXIII)/15;
3. To rescind its approval of the old set of Financial Rules [Document ITTC(III)/17] and to approve the new set [Document CFA(II)/5 Rev.2] as from the date of this Decision.

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1 - 6 December 1997
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DECISION 7(XXIII)

APPOINTMENT OF THE EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Recalling its Decision 4(I) by which it appointed Dato' Dr. Freezailah bin Che Yeom as the Executive Director of the International Tropical Timber Organization from 1 November 1986 to 31 March 1990;

Referring to its Decision 2(VII) which extended the appointment of Dato' Dr. Freezailah bin Che Yeom for a further term of two years with effect from 1 April 1990 to 31 March 1992;

Referring to its Decision 8(XI) which extended the appointment of Dato' Dr. Freezailah bin Che Yeom for a further term of two years with effect from 1 April 1992 to 31 March 1994;

Referring to its Decision 5(XV) which extended the appointment of Dato' Dr. Freezailah bin Che Yeom for a further term of two years with effect from 1 April 1994 to 31 March 1996;

Further referring to its Decision 5(XIX) which extended the appointment of Dato' Dr. Freezailah bin Che Yeom for a further term of two years with effect from 1 April 1996 to 31 March 1998;

Noting, with appreciation the extraordinary efforts and dedication of Dato' Dr. Freezailah bin Che Yeom in guiding the ITTO from its birth to its current status during his tenure of office since 1 November 1986;

Decides, in accordance with the International Tropical Timber Agreement, 1994, to extend the appointment of Dato' Dr. Freezailah bin Che Yeom for another term of 24 months.

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1 - 6 December 1997
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DECISION 8(XXIII)

**APPOINTMENT OF AUDITOR FOR
THE 1997 FINANCIAL YEAR ACCOUNTS**

The International Tropical Timber Council,

Noting the requirements of Rules 7 and 16 of the Financial Rules and Rules relating to Projects;

Decides to appoint the firm "Deloitte Touche- Tomatsu & Co., Tokyo" to audit the Accounts of the Organization for the Financial Year 1997.

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1 - 6 December 1997
Yokohama

DECISION 9(XXIII)

MATTERS RELATED TO ARTICLE 16 OF THE ITTA, 1994

The International Tropical Timber Council,

Recalling Article 16 of the ITTA, 1994, regarding the Executive Director and staff;

Decides to consider matters related to Article 16(1) and (2) concerning the appointment of the Executive Director at its Twenty-fourth Session.

* * *

Annex V

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

{Documents: CEM(XXI)/9 Rev.1

CRF(XXI)/33 Rev.1

CFI(XXI)/11

CFA(II)/ 6 Rev. 1

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Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
TWENTY-FIRST SESSION OF THE COMMITTEE ON
ECONOMIC INFORMATION AND MARKET INTELLIGENCE**

Table of Contents

Report

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

Summary Table

REPORT

1. Opening of the Session

The Twenty-first Session of the Committee was opened on 1 December 1997 at a Joint Session of all three Committees under the Chairmanship of Mr. Geoffrey Pleydell. The list of participants is reproduced in document ITTC(XXIII)/Info.2 Rev.2.

2. Adoption of Agenda and Organization of Work

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

3. Admission of Observers

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

4. Annual Review and Assessment of the World Timber Situation

This item was taken up at a Joint Session of all Committees under the Chairmanship of Mr. Geoffrey Pleydell, Chairman of the Committee on Economic Information and Market Intelligence. The discussion began with a summary presentation by the ITTO Statistician of the Secretariat document: Elements for the Annual Review and Assessment of the World Timber Situation, 1997 (ITTC(XXIII)/3). Members were urged to intensify their efforts in providing timely, reliable and comprehensive statistics to the Organization. Efforts were being made by the Secretariat to source the necessary data and encourage responses by producing members partly through the gradual establishment of a network of national correspondents and through the organization of Statistical Training Workshops. The goal of making ITTO a centre of excellence for tropical forestry statistics was endorsed, and a mechanism for achieving this (including expanded cooperation with related organizations) will be developed. As a step in this direction, the representative of FAO extended an invitation to ITTO to participate in a seminar on forestry statistics to be held in conjunction with the Asia-Pacific Forestry Commission in February 1998. Members were invited to submit data corrections and/or additions to the Secretariat by 31 December 1997 for incorporation in the final version of the Review.

5. Report of the Informal Working Group on Evaluation of Reports of On-Going and Completed Pre-Projects and Projects – Council Decision 4(XXII)

The Chairman drew the Committee's attention to document ITTC(XXIII)/13, "Report of the Informal Working Group on Evaluation of Reports of On-Going and Completed Pre-Projects and Projects (Council Decision 4(XXII)). The Committee agreed to consider in more detail those pre-projects and projects that were flagged for its attention by the Informal Working Group.

6. Report on Completed Pre-Project

The Committee took note of the report by the Secretariat [document CEM(XXI)/3] containing details of the following completed pre-project:

PPD 4/95 Rev.1 (M) Management and Utilization of the "Paca" (*Guadua sarcocarpa*) (Peru)

The Secretariat informed the Committee that the project resulting from this pre-project would be considered by the next Expert Panel for Technical Appraisal of Project and Pre-Project Proposals. The final report of the pre-project (PPR 44/97 (M)) is available from the Secretariat.

7. Report of Pre-Project Work in Progress

The Committee considered a report [document CEM(XXI)/4] prepared by the Secretariat on the progress or status of pre-projects approved for financing and implementation by the Council. The Committee took note of the progress report on the following pre-project:

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 representative of Cameroon gave an update on progress under the pre-project, which has suffered delays due to difficulties in recruiting an international consultant. The consultants contacted have indicated that with available budget the terms of reference of the pre-project were too broad. The Secretariat will undertake consultations with the implementing agency in order to retain an appropriate consultant within the agreed pre-project budget. The pre-project should complete by the next session of the Committee.

8. Report of Project Work in Progress

The Committee considered a report [document CEM(XXI)/5] prepared by the Secretariat on the progress or status of projects approved for financing and implementation by the Council. The Committee took note of progress reports on the following 13 projects:

(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 project progress in the past six months. The Committee recommended to Council that additional funds of US\$322,200 be made available at this session to allow the project to continue in 1998.

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

The Committee took note of the progress report in document (CEM(XXI)/5).

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

The Committee took note of the progress report in document (CEM(XXI)/5).

(iv) PD 35/94 Rev.4 (M,I) Forest Products Marketing Organization Feasibility Study (PNG)

The Committee took note of the progress report in document (CEM(XXI)/5).

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

The Committee took note of the progress report in document (CEM(XXI)/5).

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

The representative of Peru provided details of project progress in the past six months. The first phase is almost complete and a final steering committee meeting is scheduled before proceeding to Phase II. The Committee recommended that funding be made available for Phase II at this session, to ensure no break in continuity of this project. Funds for Phase II will not be released until the results of Phase I have been assessed and approved by the final steering committee meeting. The implementing agency and the representative of Peru requested that ITTO attend the steering committee meeting in December 1997.

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

The representative of Bolivia provided details of project progress in the past six months. He addressed the concerns of the Informal Working Group to the satisfaction of the Committee, confirming that there would be no change to the activities under the project which would be implemented by the Vice-ministry of Natural Resources under the new Ministry of Agriculture, Livestock and Rural Development. Monitoring of this project had not occurred due to manpower

constraints within the Secretariat. The Committee recommended that the scheduled monitoring mission be undertaken as soon as possible and that the second tranche of funds be released.

- (viii) **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 Committee took note of the progress report in document (CEM(XXI)/5).

- (ix) **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 details of project progress in the past six months. He noted that the project would be complete in time for the next session of the Committee, and that a steering committee meeting should be held early in 1998 (preferably February). He requested that the ITTO Secretariat attend this final steering committee meeting.

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

The representative of Panama provided details of project progress in the past six months. He noted that the delays in project implementation had occurred due to administrative problems which have now been resolved. The duration of the project will remain as specified in the original project document. A full progress report will be delivered to the Secretariat within the next week. The representative of Panama requested that the Secretariat attend the first project steering committee meeting in February 1998.

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

The Secretariat informed the Committee that this project would be implemented by the Vice-ministry of Natural Resources under the new Ministry of Agriculture, Livestock and Rural Development. The Secretariat also noted that the project agreement would be signed at this session and the first tranche of funds sent shortly.

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

The Committee took note of the progress report in document (CEM(XXI)/5).

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

The Committee took note of the progress report in document (CEM(XXI)/5). The Committee recommended that Council make funds available to implement this project at this session.

9. Consideration of Project and Pre-Project Proposals

The Committee had before it three project and one pre-project proposals evaluated by the Expert Panel for the Technical Appraisal of Project Proposals (and subsequently revised in accordance with its recommendations). The Committee decided to consider only those projects which were recommended to it by the Expert Panel at its fourteenth or earlier sessions (the technical appraisals of projects/pre-projects considered by the Fourteenth Expert Panel are contained in the Appendix).

- (i) **PD 40/96 Rev.3 (M) The Establishment of National System for Surveying and Evaluating the Data for Egyptian Annually Imported Timber (Egypt)**

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.

- (ii) **PD 29/97 Rev.1 (M) Development of a Computerized Tracking and Inspection System for Logs and Processed Wood Products in Ghana (Ghana)**

The representative of Ghana informed the Committee of the revisions that had been made to the proposal to address the concerns of the Expert Panel. The Committee decided to recommend this proposal to the Council for immediate funding and implementation.

- (iii) **PD 52/97 Rev.1 (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 representative of Ghana informed the Committee of the revisions that had been made to the proposal to address the concerns of the Expert Panel. He also noted the addition of a new annex (document CEM(XXI)/6) which provided for establishment of a technical/editorial advisory board, including NGO participation. The Committee endorsed the idea of such an advisory board and stressed the importance of a thorough vetting of the message to be included in any promotional materials. The implementing agency submitted a second addendum containing revisions to the proposal incorporating the comments of the Committee (document CEM(XXI)/8). The Committee decided to recommend this proposal to the Council for immediate funding and implementation.

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

The representative of the Philippines informed the Committee of the background to this pre-project proposal. The Secretariat advised the Committee that the minor amendments requested by the Expert Panel had been incorporated in the revised pre-project proposal. The Committee decided to recommend this proposal to the Council for immediate funding and implementation.

10. 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 the Chairmen and Vice-Chairmen of the Committees, reviewed 137 applications received for fellowships. The Selection Panel's recommendations appear under the appropriate section of the report of the Committee on Forest Industry.

11. Election of Chair and Vice-chair for 1998

Following the usual consultations undertaken by the producer and consumer groups, Dr. Roszehan Mohd. Idrus (Malaysia) was elected Chair of the Committee and Dr. Kwame Asumadu (Australia) was elected Vice-chair for 1998.

12. Dates of the Twenty-fourth Session of the Committee

The Twenty-fourth Session of the Committee will be held in conjunction with the Twenty-sixth Session of the International Tropical Timber Council, scheduled for May 1999.

The Twenty-third Session of the Committee will be held in conjunction with the Twenty-fifth Session of the International Tropical Timber Council, scheduled for Yokohama, Japan, in November/December 1998.

13. Other Business

- (i) The Committee undertook a substantial discussion on the revised ITTO Action Plan (document ITTC(XXIII)/7). The results of this discussion will be forwarded to Council for inclusion in the final draft of the Action Plan to be considered at its next session in May 1998.
- (ii) There was a discussion by the Committee of matters relating to ITTO's statistical work and inter-agency cooperation. A proposal to convene a meeting to discuss the issues relating to a joint questionnaire with ECE/FAO and EUROSTAT was presented by the Secretariat and endorsed by the Committee.
- (iii) The Committee noted that nine projects required monitoring within the next six months and that the Secretariat would also be required to organize statistical workshops and project formulation

assistance during this period. The Committee requested the Secretariat to schedule this work to allow a complete report on all activities to be presented at its next session in May 1998.

- (iv) The Committee endorsed a proposal that a brief presentation be made by the Secretariat on current market trends at future sessions, if time allows.

14. Recommendations to the International Tropical Timber Council

- The Committee recommended that funding be made immediately available for the following projects and pre-projects approved at this session:
 - (i) PD 29/97 Rev.1 (M) "Development of a Computerized Tracking and Inspection System for Logs and Processed Wood Products in Ghana" (US\$ 1,452,700)
 - (ii) PD 52/97 Rev.1 (M) "Development and Implementation of an Educational Program to Inform
+ Add.1 and 2 "The Wood Products Distribution Chain on the Value of Using Tropical Timbers from ITTO Member Countries" (US\$ 241,924)
 - (iii) PPD 9/97 Rev.1 (M) "Development and Implementation of the Forestry Statistics Information System" (US\$ 63,200)
- The Committee recommended that funding be made immediately available for the following projects and pre-projects approved at earlier sessions:
 - (i) PD 16/93 Rev.4 (M) "Market Information Service for Tropical Timber and Timber Products" (US\$ 322,200)
 - (ii) PD 1/95 Rev.4 (M) "Training Development on Assessment of Sustainable Forest Management in Indonesia" (US\$ 672,774)
 - (iii) PD 27/95 Rev.3 (M) "Establishment and Operation of a Forest Strategic Information Center (CIEF) – Phase II" (US\$ 972,238)
- The Committee recommended that funds available through PD 73/89 (M,F,I) be utilized to assist the Government of Egypt to reformulate the proposal PD 40/96 Rev.3 (M).
- The Committee recommended that funding be made immediately available for implementing the activity to facilitate development of a joint ITTO/ECE-FAO/EUROSTAT forest statistics questionnaire (US\$49,725).

APPENDIX

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

(i) PD 40/96 Rev.3 (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, 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).

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.

(ii) PD 29/97 Rev.1 (M) Development of a Computerized Tracking and Inspection System for Logs and Processed Wood Products in Ghana (Ghana)

The project is designed to increase the control of harvesting and marketing timber and wood products in Ghana, via a system of bar coded tags to allow tracking of logs from forests to mills. Final products are also proposed for tagging at mills to allow tracking of stock movements. The specific objectives of the proposals are:

- 1) To provide timely and reliable information for forest managers and forest administrators through the collection of regularly updated information on the production and flow of materials from the forest to the primary processing facilities and provision of relevant reports and statistics;
- 2) To guarantee the chain of custody, including reduction of illegal felling and transport operations, by an efficient control of harvesting and flows;
- 3) To facilitate the collection of timber royalties and levies by providing reliable information system on species, quantities and market values;
- 4) To promote national "quality-mark" (eco-labelling) on the wood export market which is increasingly becoming an important condition in the European market for the importation and use of tropical timber;
- 5) To facilitate independent assessment/certification of sustainable management by the introduction of a sound transparent management information system.

Secretariat Comments for the Fourteenth Expert Panel

The project is well-written in the ITTO format. The make-up of the project steering committee and timing of meetings should be spelled out in greater detail and adequate budgetary allowance should be made for at least annual meetings. ITTO's Programme Support Costs are miscalculated and should total US\$89,595 based on 5.5% of the proposed ITTO contribution.

Comments of the Fourteenth Expert Panel

The Panel endorsed the objective of this proposal, which is well-formulated in the ITTO format. It expressed concern with the level of the budget and felt that the Government of Ghana's contribution could be used to offset some budget elements such as computer equipment maintenance which it would eventually have to assume in any case. It felt that the activities under some outputs were unclear and that some outputs could be combined. The numbering of activities and outputs should be clarified in all sections. The roles of FPIB and SGS – Ghana should be spelled out in greater detail, with an organizational chart included. Also, the proposal should recognize that the proposed system would not completely eliminate illegal felling. Steps to ensure post-project sustainability of the system should also be clearly specified. The activity 2.1 "Development of a certification scheme" should be re-titled "Development of a timber tracking scheme". Budget lines need to be specified for each activity element, with allowance for at least annual Project Steering Committee meetings including ITTO participation. Finally, ITTO Programme Support Costs should be calculated correctly.

Recommendations of the Fourteenth Expert Panel

- The Panel recommended that, in revising the proposal, the submitting government should:
- Reduce the budget with Government of Ghana assuming a larger proportion of on-going costs

- Clarify outputs and activities as well as numbering of these
- Include an organizational chart
- Clarify possible steps to ensure sustainability
- Include budget lines for all elements, including Project Steering Committee meetings

Conclusion of the Fourteenth Expert Panel

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

Assessment by the Twenty-first Session of the Committee

The representative of Ghana informed the Committee of the revisions that had been made to the proposal to address the concerns of the Expert Panel. The Committee decided to recommend this proposal to the Council for immediate funding and implementation.

(iii) PD 52/97 Rev.1 (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)

Research has shown that a significant number of industry wholesalers and retailers believe that purchasing products containing tropical woods may be environmentally unsound. The study also shows that certification of tropical woods has little impact on these industry buyers and specifiers.

International Wood Products Association (IHPA) will undertake a literature development and distribution program about the benefits of purchasing products containing tropical woods. This would be directed at industry buyers, specifiers, wholesalers, distributors and retailers (the "distribution chain") in the United States.

This program will include a survey to evaluate the effectiveness of the program and its potential for broad applications to other products and markets. Based on analysis of the program, ITTO could choose to conduct seminars to share the results with producer and consumer countries for possible application to other markets.

Secretariat Comments for the Fourteenth Expert Panel

The proposal is drafted in the ITTO format. Budgetary allowance for ITTO monitoring/evaluation and the 5.5% ITTO Programme Support Cost needs to be included. Comments on this proposal from two NGOs have been received by the Secretariat; these are attached for the Panel's reference.

Comments of the Fourteenth Expert Panel

The Panel recognized the intent of this proposal to assist market access of tropical timber in the U.S. market. It felt that the project's objectives were very significant to the mandate of ITTO but questioned the mechanism of using hang tags on products from only one producer country to achieve the aim of educating buyers of tropical timbers. The Panel felt that the main focus of public education should be on how the tropical timber trade can improve tropical forest management. Trade does not always have a beneficial effect on forest management and local communities. The Panel also questioned the assertion that there were no risks to project success, given that the adoption of the proposed hang tags was likely to be controversial. Finally, the Panel noted that there was no allowance for ITTO monitoring and evaluation and therefore no means for ITTO to vet the contents of the proposed brochures/hang tags/etc. which would at least implicitly carry the organization's seal of approval.

Recommendations of the Fourteenth Expert Panel

- The Panel recommended that, in revising the proposal, the submitting government should:
- Focus on educating consumers as to the beneficial effects trade can have on forest management rather than on promoting the sale of tropical timber in the U.S.
 - Enumerate the risks associated with introducing the proposed system of hang tags.

- Allow for ITTO monitoring and evaluation to ensure ITTO has control over any information disseminated in its name.

Conclusion of the Fourteenth Expert Panel

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

Assessment by the Twenty-first Session of the Committee

The representative of Ghana informed the Committee of the revisions that had been made to the proposal to address the concerns of the Expert Panel. He also noted the addition of a new annex (document CEM(XXI)/6) which provided for establishment of a technical/editorial advisory board, including NGO participation. The Committee endorsed the idea of such an advisory board and stressed the importance of a thorough vetting of the message to be included in any promotional materials. The implementing agency submitted a second addendum containing revisions to the proposal incorporating the comments of the Committee (document CEM(XXI)/8). The Committee decided to recommend this proposal to the Council for immediate funding and implementation.

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

This pre-project is designed to study the present statistical system in the Philippines and identify the requirements to develop and implement a Forestry Statistics Information System (FSIS) which will result in an effective forestry statistics information generating structure and efficient information processing system.

Secretariat Comments for the Fourteenth Expert Panel

This pre-project proposal follows a related Project Idea which was submitted to and endorsed by the Twentieth Session of the Committee on Economic Information and Market Intelligence (CEM). The pre-project follows ITTO's elements for preparing and assessing project proposals on statistical information systems, with a survey of the existing statistical system to precede design of the FSIS. Budgetary allowance should be made for ITTO monitoring.

Comments of the Fourteenth Expert Panel

The Panel commended the objectives of this pre-project, and also its adherence to ITTO's elements for preparing and assessing project proposals on statistical information systems. It felt that more emphasis should be placed on the quality control aspect of data collection, and that the terms of reference for the consultants should be given (including specification of whether consultants are to be international or local). Clarity would be improved by clearly separating Output 1 and those activities of Output 2 which constitute the pre-project from the remainder of the proposed project outputs/activities. The heading of Output 1 should also be stated more clearly, given that the FSIS has not yet been developed. Finally, in the pre-project budget unit costs should be given, the allowance for consultants should be reduced and/or further justified, and allowance should be provided for ITTO monitoring.

Recommendations of the Fourteenth Expert Panel

- The Panel recommended that, in revising the proposal, the submitting government should:
- Emphasize data quality control aspects more
 - Include terms of reference for consultants and reduce/justify budgetary allowance
 - Provide unit costs

Conclusion of the Fourteenth 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.

Assessment by the Twentieth Session of the Committee

The representative of Philippines informed the Committee of the background to this pre-project proposal. The Secretariat advised the Committee that the minor amendments requested by the Expert Panel had been incorporated in the revised pre-project proposal. The Committee decided to recommend this proposal to the Council for immediate funding and implementation.

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		CRITERIA	ITTO BUDGET US\$	DURATION	GEOGRAPHIC COVERAGE	RECOMMENDATION (*)
		Art.23 Para.2	Art.23 Para.5	Art.23 Para.6				
PD 29/97 Rev.1 (M)	b,d,f,g,h		a,b,c,d,e		1,452,700	3 years	Ghana	4
PD 52/97 Rev.1 (M)	a,b,d,f,g,h		a,b,c,e		241,924	15 months	Ghana, U.S.A.	4
PPD 9/97 Rev.1 (M)	a,b,d,f,g,h		a,b,c,e		63,200	3 months	Philippines	4

- (*)
1. Recommend to the ITTC that the proposal should not be further considered by ITTO.
 2. Recommend to the ITTC that the proposal be revised.
 3. Decide on pre-project activities including Executing Agency and estimated budget.
 4. Recommend to the ITTC to approve the (amended) proposal for implementation by the ITTO.
 5. Recommend to the ITTC that ITTO should sponsor the proposal in accordance with Article 20.
 6. Recommend to the ITTC that ITTO should approve the proposal for ITTO sponsorship without funding and refer it to other relevant financial institutions.

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Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM
THE TWENTY-FIRST SESSION OF THE COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
1-6 December 1997**

Table of Contents

Report

Appendix I

Technical Assessment of Project Proposals

REPORT

1. Opening by the Chairman

The Twenty-first Session of the Committee was opened, on 1 December 1997, by the Chairman of the Committee on Reforestation and Forest Management, Dr. Jürgen Blaser (Switzerland). The list of participants is reproduced in document ITTC(XXIII)/Info.2 Rev.2.

2. Adoption of Agenda and Organization of Work

At the first meeting on 1 December 1997, the Committee formally adopted the Agenda of its Twenty-first Session as contained in document CRF(XXI)/1.

3. Admission of Observers

A list of observers admitted by the Committee to attend its Twenty-first Session is contained in document ITTC(XXIII)/Info.3 Rev.2.

4. Annual Review and Assessment of the International Timber Situation (Joint Session of the Committees)

This item was taken up at a Joint Session of all Committees under the Chairmanship of Mr. Geoffrey Pleydell, Chairman of the Committee on Economic Information and Market Intelligence. The discussion began with a summary presentation by the ITTO Statistician of the Secretariat document: Elements for the Annual Review and Assessment of the World Timber Situation, 1997 (ITTC (XXIII)/3). Members were urged to intensify their efforts in providing timely, reliable and comprehensive statistics to the Organization. Efforts were being made by the Secretariat to source the necessary data and encourage responses by producing members partly through the gradual establishment of a network of national correspondents and through the organization of Statistical Training Workshops. The goal of making ITTO a centre of excellence for tropical forestry statistics was endorsed, and a mechanism for achieving this (including expanded cooperation with related organizations) will be developed. As a first step, the representative of FAO extended an invitation to ITTO to participate in a seminar on forestry statistics to be held in conjunction with the Asia-Pacific Forestry Commission in February 1998. Members were invited to submit data corrections and/or additions to the Secretariat by 31 December 1997 for incorporation in the final version of the Review.

5. Report of the Informal Working Group on Evaluation of Reports of On-going and Completed Pre-Projects and Projects – Council Decision 4(XXII)

The Chairman drew the Committee's attention to document ITTC (XXIII)/13, "Report of the Informal Working Group on Evaluation of Reports of On-Going and Completed Pre-Projects and Projects" (Council Decision 4(XXII)). The Committee agreed that the report prepared by the Informal Working Group facilitated its work, and thanked the Group for its efforts. The Committee decided to recommend to Council the continuation of the Informal Working Group for one more meeting.

6. Report on Completed Pre-Projects

The Secretariat informed the Committee that document CRF(XXI)/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 the audited financial report of the pre-project's accounts.

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

1) PPD 6/93 Rev.1 (F) The Development of Guidelines for the Protection of Tropical Forests Against Fire (Global)

The Committee was briefed by the Secretariat on the finalization of the "ITTO Guidelines on Forest Fire Management in the Tropical Forest", their translation into French and Spanish, and their disseminations as reported in document CRF(XXI)/4. The Committee noted the report and considered the pre-project as completed.

2) PPD 14/95 Rev.3 (F) Identification and Planning of Measures for the Sustainable Management of Teak Plantations in Togo (Togo)

The Committee took note that all pre-project activities have been completed and resulted in the development of project PD 28/97 Rev.1 (F) "Sustainable Management of Industrial Timber Plantations with the Participation of Local Communities in Togo: Strategy and Action Plan" However the financial audited report has not yet been received by the Secretariat. The Committee decided to consider this pre-project as completed as soon as the Secretariat receives and agrees on the audited financial report of the pre-project submitted by the Executing Agency.

7. Report on Completed Projects

The Secretariat informed the Committee that the projects listed in document CRF(XXI)/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 32/93 Rev.2 (F) Rehabilitation of Logged-Over Forests in Asia/Pacific Region (Sub-Project III) (Regional)

The Committee took note of the information from the Secretariat that the Project was successfully completed and that a follow-up project which had been formulated to disseminate the results had been approved and financed at the XXII Council Session (PD 13/97 Rev.1 (F)) and was now under active implementation. The audited financial statement had been received. The Committee took note of the report and information and therefore considered the project to be closed.

(B) *Completed Projects, Pending 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 although project activities have been all completed one year ago, the Implementing Agency has not submitted the audited financial report. The Malaysian delegation stated that the audit of project funds is being organized under the state auditor procedures. The Committee urged the Sarawak Authority to finalise and submit the audited report.

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

The Committee noted that although project activities have been all completed one year ago, the Implementing Agency has not submitted the audited financial report. The Malaysian delegation clarified

that the audit of project funds is being organized under the state auditor procedures. The Committee urged the Sarawak Authority to finalise and submit the audited report.

3) PD 120/91 Rev.4 (F,I) Development of Operational Models for Sustainable Management of Natural Tropical Forests (Malaysia)

The Committee took note that the audited financial report has been submitted by the Implementing Agency, however, the unspent project funds has still to be returned to ITTO Secretariat. The Committee took note of the information and urged the Implementing Agency to expedite the return of the unspent fund to the ITTO Secretariat.

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

The Committee urged Implementing Agency to submit the audited financial report and immediately return the unspent project funds to the ITTO Secretariat.

5) PD 9/92 Rev.1 (F) Forest Management in Islas de la Bahia, Honduras, Central America (Honduras)

The Committee took note that the Final Report, as well as a series of well documented technical reports describing in detail the results of the activities of this project, had been submitted by the Executing Agency, and the former circulated as CRF(XXI)/19. Furthermore, it also observed that the project's major output, the Forest Conservation and Management Plan for the Bay Islands, had been approved for implementation by the Honduran forest agency AFE- COHDEFOR. However, the audited financial report is still pending, but once received and accepted by the Secretariat and the capital goods purchased by the project officially transferred to an Honduran institution, the project shall be deemed as closed.

6) PD 11/92 Rev.1 (F) Development and Dissemination of Re-forestation Techniques of Mangrove Forests (Global)

The Secretariat informed the Committee on the main achievements of the project as highlighted in the document CRF(XXI)/3. The final report and audited financial statement of the project funds have been submitted to ITTO, therefore the Committee decided the project is completed.

7) PD 6/93 Rev.2 (F) Manual and a World Natural Mangrove Atlas for Mangrove Ecosystem Restoration (Global)

The Secretariat reported to the Committee of the outcomes of the project, as reflected in the document CRF(XXI)/3. The representative of the Implementing Agency (ISME) expressed gratitudes for the continuous support of the members and in particular ITTO Secretariat during the project implementation. The Committee took note and decided to consider the project as completed.

8. Review of Pre-Project Work in Progress

Twenty-two pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. The Committee took note of a status report of these pre-projects submitted by the Secretariat in document CRF(XXI)/6.

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

A) *Pre-projects under implementation*

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

The Committee acknowledged the information from the Secretariat and Members on the progress of the Pre-project and reaffirmed the importance to continue and strengthen the activities. To that effect, a small working group was established and its report is covered in document CRF(XXI)/28. The Committee took note of the recommendations of the Group and decided to recommend to the Council to dispatch a

request to the Members who had proposed Demonstration Areas to supply information on the status, development, and other activities and to suggest actions of follow up, and that such response should be received by the Secretariat three months after the dispatch of the request and that the Secretariat compile a report of the responses to be presented at the XXIV Council Session in May, 1998. The Committee further decided to recommend to the Council to approve that one or more consultants be engaged to review the responses and to visit selected Demonstration Areas with a view to prepare a report to the Council on the status of the Pre-project implementation and to formulate a Project proposal to continue the activities taking into account other initiatives in relation to Demonstration Areas and Model Forest both within and outside the ITTO Member Countries.

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

The Committee noted that, due to the prevailing social conditions in the country since June 1997, no progress report was presented and the Secretariat has lost contact with the Executing Agency. The Committee decided to recommend to the Council to suspend the project and request the Secretariat to notify this decision to the Government of Congo. However, the Secretariat shall be requested in the meantime to closely monitor developments in the country. The Committee also decided to recommend to the Council to vest the Secretariat with the power to lift the suspension on the following conditions:

- (i) A written request to lift the suspension is received from the Government of Congo by the Secretariat; and**
- (ii) A favorable assessment of the prevailing conditions surrounding the implementation of the project by the Secretariat.**

B) Pre-projects awaiting Implementation agreement

1) PP-F/05-11 Coordinated Natural Forest Management and Sustainable Rural Development in Areas Adjoining Sapou National Park, Liberia (Stand-by) (Liberia)

The Committee recalled that the pre-project was approved at the Third Session in 1988 and funds were made available by the Government of Japan during the Fifth Session of the ITTC for implementation. An agreement for implementation was fully signed by ITTO and the Government of Liberia on 26 October 1989. However, pre-project activities had never been initiated because of the civil war that broke out in the country. Since then, and although the pre-project fell under sunset provisions, the Committee had put this pre-project on stand-by, hoping the situation in the country to improve.

The Committee acknowledged the report made by the Liberian delegation informing, that after eight years of civil war, the situation is now back to normal in Liberia. Presidential elections were held in August 1997 and a Government cabinet has been appointed. The Liberian delegation also emphasized the need to rebuild the country and its economy, including the forestry sector, and the financial support of the international community is badly needed. In this connection, and consistently with the recommendation made by the Thirteenth Panel of Experts when reviewing project PD 9/96 Rev.1 (F) "Institutional Capacity Strengthening for Sustainable Forest Management in Liberia" a pre-project, PPD 11/97 (F) "Assessment of the Forestry Sector", was developed and submitted directly to the Committee at this Session. The results of this pre-project are expected to form the basis for future interventions of ITTO and of the international community in the forestry sector in Liberia.

Furthermore, the Committee observed that the design, and in particular the budget of the old pre-project is completely outdated.

Taking into account above considerations, the Committee agreed that the priority, and indeed a pre-requisite activity for ITTO's future interventions in Liberia, is the review of the forestry sector in Liberia and the assessment of needs in order to rebuild it, as outlined in pre-project PPD 11/97 (F).

The Committee decided to declare pre-project PP-F/05-11 sunset and to request the Secretariat to return to the donor the funds that have been allocated for its implementation. The Committee also acknowledged the interest expressed by the Government of Japan to consider the possibility to support,

during future Sessions, the efforts being made by Liberia to rebuild its forestry sector and achieve the sustainable management of its forests.

9. Review of Project Work in Progress

The Committee took note of a status report (document CRF(XXI)/5) by the Secretariat on the 75 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 (62), B) awaiting the signing of an Agreement (2), C) pending finance (11), or D) falling under the sunset provision since last Session (0).

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)
- 2) PD 68/89
Rev.1 (F) Management of the Tapajòs National Forest for Sustainable Production of Industrial Timber (Brazil)
- 3) PD 77/90 (F) Establishment of A Pilot Area for Silviculture in Closed Forests in Congo (Congo)
- 4) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia Phase I (Operational), II (Operational), III (Pending Finance) (Indonesia)
- 5) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase I (Completed), II (Completed) III (Operational) (Peru)
- 6) PD 99/90
Rev.1 (F) Establishment of Rio Preto's National Forest (Brazil)
- 7) PD 103/90
Rev.1 (F) Training and Manpower Development in Community Forestry Management (Nepal)
- 8) PD 106/90
Rev.1 (F) Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area, Phase I (Malaysia)
- 9) PD 115/90
Rev.1 (F) Rehabilitation of Natural Forests (Malaysia)
- 10) PD 128/91
Rev.2 (F) Management, Conservation and Development of the Mangrove Forests in Panama (Panama)
- 11) PD 130/91
Rev.2 (F) Plantation Establishment Methods (Phase I) (Philippines)
- 12) PD 131/91
Rev.2 (F) Pilot Project for the Sustained Management of the So'olala Forest (Cameroon)
- 13) PD 162/91
Rev.1 (F) Intensification of Growth and Yield Studies in Previously Logged Forest (PNG)
- 14) 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 (Operational), - Stage II (Pending Finance) (Colombia)
- 15) PD 172/91
Rev.2 (F) The Recovery of Natural Systems of the Hillside of Caqueta, Phase I (Completed), Phase II (Operational) (Colombia)

- 16) PD 185/91
Rev.2 (F) Sustainable Forest Management and Development in Peninsular Malaysia, Phase I (Operational), Phase II (Pending Finance) (Malaysia)
- 17) PD 202/91
Rev.1 (F) Sustainable Forest Management through Collaborative Efforts (Thailand)
- 18) PD 8/92
Rev.2 (F) Study on the Growth of Native Species of Commercial Interest in Honduras (Honduras)
- 19) 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 (Operational) & Phase III (Pending Finance) (China)
- 20) PD 18/92
Rev.2 (F) Determination of a Forest Typology Related to Silvicultural Systems (Côte d'Ivoire)
- 21) PD 26/92
Rev.2 (F,I) Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon (Cameroon)
- 22) PD 42/92
Rev.1 (F) Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio, Phase I (Completed), Phase II (Operational) (Peru)
- 23) PD 2/93
Rev.1 (F) Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan (Congo)
- 24) PD 11/93
Rev.1 (F) A Strategy for the Sustainable Management and Harvesting of Forest Resources: Leading to the Consolidation of the Indigenous Territories in the Colombian Amazon (Colombia)
- 25) 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)
- 26) PD 20/93
Rev.1 (F) Development of National Guidelines for the Sustainable Management of Natural Tropical Forests of Cameroon (Cameroon)
- 27) PD 22/93
Rev.4 (F) Forest Management, Community Participation and Sustainable Utilization in Si-Kop Forest Area, Coastal Province, Cameroon (Cameroon)
- 28) PD 24/93
Rev.2 (F) Forest Management of Natural Forest in Malaysia - Phase II (Malaysia)
- 29) PD 26/93
Rev.1 (F) Development of Bentuang Karimun Nature Reserve as National Park (Phase I) (Indonesia)
- 30) PD 33/93
Rev.1 (F) Conservation, Management, Harvesting and Integrated and Sustained Use of Forests in the Chimanes Region, Beni, Bolivia - Phase I (Operational), Phase II (Pending Finance) (Bolivia)
- 31) 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)
- 32) PD 4/94
Rev.3 (F) East New Britain Balsa Industry Strengthening Project (PNG)
- 33) PD 8/94
Rev.2 (F) Evergreen Club of Ghana/ITTO Youth in Forestry Project (Ghana)
- 34) PD 16/94
Rev.1 (F) Reforestation for the Production of Valuable Timber and Non-Timber Products (Peru)

- 35) PD 18/94 Rev.1 (F) Participatory Forest Development in the Alto Mayo Region for the Sustainable Management of Moist Tropical Forests, Phase I (Completed), Phase II (Operational) (Peru)
- 36) PD 27/94 Rev.2 (F) Women and Tropical Forest Development Program (Ghana)
- 37) 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)
- 38) PD 31/94 Rev.1 (F) Planning Practical and Cost-Effective Strategies for Genetic Resource Conservation of Commercial Tree Species in Tropical Asia and the Pacific (Asia Pacific)
- 39) 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)
- 40) PD 2/95 Rev.1 (F,I) Book and Databank on the Lesser-Known Timbers of South-East Asia: Volume 5(3) within the PROSEA Programme (Indonesia)
- 41) PD 3/95 Rev.2 (F) Conservation and Provenance Plantings and Integrated Pest Management to Sustain Iroko Production in West Africa (Ghana, Côte d'Ivoire, Cameroon)
- 42) PD 8/95 Rev.1 (F) Multiple Resource Stratification, Mapping and Inventory for the Management of the First Forest Zone in Gabon (Gabon)
- 43) PD 9/95 Rev.2 (F) Reforestation Using High-Value Tropical Species in Agroforestry Systems of the Province of Tambopata (Peru)
- 44) PD 14/95 Rev.2 (F) Model Forest Management Area - Phase II (Malaysia)
- 45) PD 15/95 Rev.3 (F) Development of the Lanjak Entimau Wildlife Sanctuary (LEWS) as a Totally Protected Area (TPA) Phase II (Malaysia)
- 46) PD 16/95 Rev.2 (F) Forest Health Monitoring to Monitor the Sustainability of Indonesian Tropical Rain Forests (Indonesia)
- 47) PD 30/95 Rev.1 (F) Dissemination and Training on ITTO Guidelines and Criteria - Phase II - Stage I (Operational), - Stage II (Pending Finance) (Brazil)
- 48) PD 31/95 Rev.3 (F) A Model Project for Cost Analysis to Achieve Sustainable Forest Management (Malaysia)
- 49) PD 37/95 Rev.2 (F) Management of Cative Forests and Non-Timber Products with the Participation of Rural and Indigenous Communities, Darien, Panama (Panama)
- 50) PD 39/95 Rev.1 (F) Institutional Strengthening for the Sustainable Management of Plantations Forest (Colombia)
- 51) PD 41/95 Rev.1 (F) Piloting Collaborative Forest Management Systems for Off-Reserve Areas in Southern Ghana (Ghana)
- 52) PD 43/95 (M,F,I) First Latin American Workshop on Tropical Forests Within the Framework of the International Tropical Timber Agreement (Peru, Venezuela)
- 53) PD 12/96 Rev.2 (F) Development of a Sustainable Management Plan for the Souanke-Sembe-Kelle Area (Phase II) (Congo)
- 54) PD 13/96 Rev.1 (F) Multiple-Use Management in the Macauá National Forest Based on Rubber Estates - Phase I: Development of Master Plan to Support Community Organization (Brazil)

- 55) PD 27/96
Rev.1 (F) Forestry and Genetic Improvement of the Okoume (*Aucoumea Klaineana Pierre*) - Phase II (Gabon)
- 56) PD 28/96
Rev.1 (F) Inventory and Preparations for the Management of the Minkebe-Forest Area of Gabon (Gabon)
- 57) PD 35/96
Rev.2 (F) Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production (Philippines)
- 58) PD 42/96
Rev.1 (F) Support for the Development of a Forestry and Wildlife Law (Peru)
- 59) PD 9/97
Rev.1 (F) Landowner Education and Training for Sustainable Forest Management (Fiji)
- 60) PD 12/97
Rev.1 (F) Forest, Science and Sustainability: The Bulungan Model Forest (Indonesia)
- 61) PD 13/97
Rev.1 (F) Dissemination of New Remote Sensing Methodology through a Semi-Expert System (Regional, Asia and Pacific)
- 62) PD 14/97
Rev.1 (F) Global Mangrove Database and Information System (GLOMIS) - Phase I (Global)

B) *Projects awaiting implementation agreement*

- 1) PD 8/97
Rev.2 (F) Implementation and Evaluation of Criteria and Indicators for Sustainable Natural Forest Management (Colombia)
- 2) PD 10/97
Rev.1 (F) A Sustainable Management Model in the Iwokrama Rain Forest (Guyana)

C) *Projects awaiting financing*

- 1) PD 10/95
Rev.2 (F) Evaluation of Silvicultural Trials of Indigenous Timber Species for Developing Forest Plantations in Gabon (Pending Finance) (Gabon)
- 2) PD 44/95
Rev.3 (F) Management and Conservation of Mangroves in the Gulf of Fonseca, Honduras (Pending Finance) (Honduras)
- 3) PD 1/96
Rev.3 (F) Sustainable Forest Management in the Nargana District, Kuna Yula Indigenous Territory, Panamá (Pending Finance) (Panamá)
- 4) PD 8/96
Rev.1 (F) Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Managed Crop (Pending Finance) (Bolivia & Honduras)
- 5) PD 17/96
Rev.2 (F) Technical Assistance to the National Forest Inventory (NFI) (Pending Finance) (Indonesia)
- 6) PD 18/96
Rev.2 (F) Validation of Studies, Development of Management Plans and Proposal for Sustainable Forest Production Units (Pending Finance) (Peru)
- 7) PD 19/96
Rev.1 (F) Forest Plantations for Commercial Purposes in Areas of "Chaca-Chacales" in the Province of Satipo (Pending Finance) (Peru)
- 8) PD 30/96
Rev.3 (F) Project for a 2,500 ha Timber Production Plantation in the Reserved Forest of Haho-Baloe (Pending Finance) (Plateaux Region - Togo)

- 9) PD 36/96 Rev.3 (F) Selection and Testing of Clonal Hardwoods in Species Rich Systems: Enrichment Planting and Multi-Strata Agroforests (Pending Finance) (Cameroon)
- 10) PD 22/97 Rev.1 (F) Integrated Pilot Management of a Long-term Logging and Management Permit (LMP) with the Cooperation of the Societe Sylvicole de Bayanga, the Local Populations and Local Conservation Organisations (Pending Finance) (The Central African Republic)
- 11) PD 23/97 Rev.1 (F) Sustainable Forest Management in the Bolsón of Rapirrán, Bolivian Amazon Region (Pending Finance) (Bolivia)

D) Projects coming under the sunset provisions since last Session

None

**COMMENTS AND RECOMMENDATIONS OF
THE COMMITTEE ON THE IMPLEMENTATION OF SPECIFIC PROJECTS**

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

A) Projects under implementation

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

The Committee took note of the information from the implementing agency, IBAMA, that some of the project activities had been temporarily delayed due to a problem concerning overlapping claims from local communities and the ITTO Project areas selected for the implementation of the harvesting activities. The Committee further took note of the latest information that negotiations were underway with the local communities and that several alternatives for relocating the ITTO Project areas have been forwarded for consideration. The implementing agency expects that these problems will be solved shortly and that the process to tender out the harvesting contracts will continue. The Committee further took note of the information that the Project Steering Committee will be strengthened with the inclusion of additional members representing NGO's and local communities. The Committee finally took note of the clarification that the Implementing agency will request for the next tranche of funds when the agreements with the successful bidder for the harvesting contracts have been signed.

- 2) PD 77/90 (F) Establishment of A Pilot Area for Silviculture in Closed Forests in Congo (Congo)

The Committee noted that, due to the prevailing social conditions in the country since June 1997, no progress report was presented and the Secretariat has lost contact with the Executing Agency. The Committee decided to recommend to the Council to suspend the project and request the Secretariat to notify this decision to the Government of Congo. However, the Secretariat shall be requested in the meantime to closely monitor developments in the country. The Committee also decided to recommend to the Council to vest the Secretariat with the power to lift the suspension on the following conditions:

- (i) A written request to lift the suspension is received from the Government of Congo by the Secretariat; and
- (ii) A favorable assessment of the prevailing conditions surrounding the implementation of the project by the Secretariat.

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

The Committee took note of the request from the implementing agency, IBAMA, that due to some problems regarding transfer of funds the project had been delayed for reasons beyond the control of the

Project. The Committee, therefore, decided to grant the Project an extension without additional funds until June, 1998.

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

The Committee took note of the information from the Secretariat and the explanation from the implementing agency provided in document CRF(XXI)/23, that due to delays in the appointment of the last remaining positions as visiting scholars the Project implementation was slightly delayed, and that the international seminar had been postponed until July/August, 1998. The Committee, therefore, decided to grant the project an extension without additional funds until September, 1998.

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 that the ITTO Borneo Biodiversity Expedition 1997 has been successfully conducted from 1 to 29 September 1997 for the Indonesian side, and from 12 to 29 November 1997 for the Sarawak-Malaysian side. The project PD 106/90 Rev.1 (F) and project PD 26/93 Rev.1 (F) jointly submitted a preliminary report distributed to the Committee as document CRF(XXI)/20. This includes the outline of the Final Report. At the request of U.S. Delegation, the representative of Malaysia highlighted the Committee on some achievements of the Expedition. The Final Report will be finalised by April 1998, and it will be presented at the forthcoming Committee's Session. The Committee noted of the works in progress.

6) PD 128/91 Rev.1 (F) Management, Conservation and Development of Mangrove Forests in Panama (Panama)

The Committee noted the progress achieved in project implementation and decided to approve an extension of the project for a period of nine months until December 1997, without additional funds, to allow the completion of project activities.

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

The Committee noted the report made by the Secretariat recalling the history of the project, and the report made by the delegation of Cameroon on the actual status of the project as requested by the XXth Session of the Committee. The latter report highlighted measures that have been taken to redress the difficulties that were encountered by the project and concluded that project activities are being revamped. The Committee also noted that the project was visited by the ITTO Secretariat in November 1997 and the mission concluded that the project is getting back on track, with the resumption of field activities and the production of necessary project monitoring documents. The Committee decided to grant the project with an extension until December 1998 at no extra cost.

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

The Committee took note of the information from the Delegation from PNG regarding the work of the Project and the international consultant and Document CRF(XXI)/24 containing the justification for extension in Project implementation and the revised budget. The Committee endorsed the extension already given in the previous Council Session in May, 1997 until December, 1998 and decided to approve the updated budget covering the extension.

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

The Secretariat reported to the Committee the final evaluation of the project has been performed by two independent consultants and their report was reflected in the document CRF(XXI)/16. It was further mentioned that the second phase of the project is being considered to be financed under bilateral cooperation with the Netherlands. The representative of the Implementing Agency made a short presentation about the over-all conduct of the project.

An extension of the project was requested until April 1998 without additional funds, in order to complete the remaining field activities and to prepare the final report. Taking note of the project work in progress, the Committee decided to grant an extension of project duration until April 1998, without additional funds.

- 10) 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 (Operational) & Phase III (Pending Finance) (China)**

The Secretariat informed the Committee on the issues pointed out by the Informal Working Group which pertains to the lesson learned from Phase I and Phase II, the engagement of an international consultant and the international symposium. The Chinese delegation confirmed that the symposium will take place in Haikou, Hainan Island on 9 and 10 December 1997 with expected 90 participants including experts from foreign countries. The delegation explained the outcomes of the Sixth Project Steering Committee Meeting which endorsed the hiring of an international consultant to develop the phase III of the project based on the achievements made under the two previous Phases. It was further explained that the lessons learned have been, among others, disseminated through the newsletter published under the project. The Committee noted the clarification given and agreed that the ITTO Secretariat arrange an engagement of an international consultant starting February 1998.

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

The Committee noted that, due to the prevailing social conditions in the country since June 1997, no progress report was presented and the Secretariat has lost contact with the Executing Agency. The Committee decided to recommend to the Council to suspend the project and request the Secretariat to notify this decision to the Government of Congo. However, the Secretariat shall be requested in the meantime to closely monitor developments in the country. The Committee also decided to recommend to the Council to vest the Secretariat with the power to lift the suspension on the following conditions:

- (i) A written request to lift the suspension is received from the Government of Congo by the Secretariat; and
- (ii) A favorable assessment of the prevailing conditions surrounding the implementation of the project by the Secretariat.

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

The Committee recalled that at its previous session it had agreed with the changes entailing the restructuring of the project's activities and budget, had approved the aforementioned document as an addendum to the project document PD 11/93 Rev.1 (F), and further recommended its immediate implementation. Furthermore, and in accordance with the previously approved work plan, the Committee decided to approve an extension of the project for a period of three and a half years until December 1999, without additional funds, to allow the completion of project activities.

- 13) 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 Secretariat reported to the Committee on the latest development of the project and the submission of a project addendum, distributed as document CRF(XXI)/26. The Indonesian delegation informed the Committee on the background of the project addendum and provided explanation on the recent fire incident in many parts of Indonesia which were started from outside of the permanent forests. Considering that the Addendum proposed requires extension in project duration and substantial amount of additional funds, the Committee decided to establish a small working group composed of Japan, Indonesia, Switzerland, and Malaysia. The group led by the representative of the Switzerland met on 3 December 1997. The Group reviewed the proposed Addendum contained under document CRF(XXI)/26 for purpose of clarification and justifications. Further to the explanation given by the Indonesian delegation, the Group felt

that the Addendum is relevant to the project and specific case to the Committee, in view of the recent fire incidents in Indonesia. It was also noted that previous addendum related to ITTO Borneo Biodiversity Expedition PD 26/93 Rev.1 (F) and PD 106/90 Rev.1 (F) also involved extension and additional funding.

It was further recognized Indonesia as the first country to prepare a national guidelines on forest fire management based on ITTO Guidelines while the specialised training contained under the Addendum will use the outcomes of the project as the principal reference. Therefore, the Group concluded that the proposed Addendum will strengthen the outcomes of the project PD 12/93 Rev.3 (F) through disseminations of the project outcomes to the targeted personnel in forestry and non-forestry sectors. However, the Group felt that the additional budget could be reduced through involving the existing bilateral assistance in Indonesia. The Group recommended the Implementing Agency to involve JICA, European Union, GTZ, Australia, etc. in the training aspect of the project.

The Committee expressed sincere thanks to the Group and decided to approve the revised Addendum as contained in CRF(XXI)/26 Rev.1 and extension of project duration until December 1988. The Committee also recommended the Council to grant US\$ 125,862.00 additional funding to the project PD 12/93 Rev.3 (F) to finance the activities specified under the Addendum document.

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

The Committee noted that the project is in its final state of implementation. The National Guidelines have been developed and were reviewed by an independent consultant hired by the Secretariat. An Executive Summary of the Guidelines was circulated during the Session as CRF(XXI)/18. The Committee acknowledged that other documents are still being developed, viz, an awareness plan toward local communities, a set of procedures to implement the Guidelines and two project proposals to test and implement the Guidelines. The Committee, therefore, agreed to grant the project an extension until May 1998 at no extra cost in order to finalize these documents as well as the final project reports.

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

The Committee noted that the project is in its final stage of implementation. The Committee noted that most of the studies have been completed. However certain activities, such as the development of the land-use plan and the forest management plan, the delimitation of the extractive reserve, the construction of the training centre and the touristic test house have not yet been completed. The Committee therefore decided to grant the project an extension until May 1998 at no extra cost in order to complete these remaining activities and to develop the final reports of the project.

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

The Committee was informed by the Secretariat that the most of the personnel who worked for the project had also been involved in the ITTO Borneo Biodiversity Expedition 1997. Therefore the original project schedule was significantly affected and extension is required. The Committee decided to grant an extension of project duration until December 1998 without additional funds.

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

The executing agency briefed the Committee on the progress achieved in project implementation so far and the latter took note of it. Moreover, the Committee sought clarification on some issues related to the project, in particular as regards its continuity and the need for a mid-term evaluation. Consequently, the Committee convened an informal working group to examine these matters in detail. The informal working group so convened concluded that an extension in time with additional funds was required and furthermore requested the executing agency draw up the respective workplan and budget. The latter was completed and submitted to the Committee as document CRF(XXI)/29. After evaluating said document, the Committee accepted to grant the extension of seven months until the end of July 1998 and recommended the Council to approve this extension and to allocate additional funds amounting to US\$ 142,425 to the project.

- 18) 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 expressed concern that efforts to achieve the publication's financial self-sufficiency had not yet crystallized and, as such, recommended the executing agency redouble its efforts in this quest.

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

The Committee noted that, due to the prevailing social conditions in the country since June 1997, no progress report was presented and the Secretariat has lost contact with the Executing Agency. The Committee decided to recommend to the Council to suspend the project and request the Secretariat to notify this decision to the Government of Congo. However, the Secretariat shall be requested in the meantime to closely monitor developments in the country. The Committee also decided to recommend to the Council to vest the Secretariat with the power to lift the suspension on the following conditions:

- (i) A written request to lift the suspension is received from the Government of Congo by the Secretariat; and
- (ii) A favorable assessment of the prevailing conditions surrounding the implementation of the project by the Secretariat.

C) Projects awaiting financing

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

The Committee reviewed and approved the revised budget. The total project budget should now read US\$ 1,239,509 with the ITTO contribution being US\$ 684,549.

- 2) PD 22/97 Rev.1 (F) Integrated Pilot Management of a Long-term Logging and Management Permit (LMP) with the Cooperation of the Societe Sylvicole de Bayanga, the Local Populations and Local Conservation Organisations (Pending Finance) (The Central African Republic)**

The Committee reviewed and approved the revised budget submitted by the Executing Agency. The total budget should now read US\$ 1,209,531 with the ITTO contribution being US\$ 853,031 and US\$ 356,500 for the Government of the Central African Republic (CAR)

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 C.

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 recommendation and the fact that some proposals had not been submitted in their revised versions as recommended by the Expert Panel, then, out of the 29 project proposals originally submitted to the Secretariat, only 15 were considered by the Committee; and seven out of the eight pre-project proposals were considered, including three originating from a project proposal.

PROJECT LIST

PROJECT NUMBER

TITLE

Projects Assessed by the Committee

PD 16/96 Rev.4 (F)	<i>Ex situ</i> Conservation of <i>Shorea leprosula</i> , and <i>Lophopetalum multinervium</i> and their Use in Future Breeding and Biotechnology (Indonesia)
PD 26/96 Rev.4 (F)	Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View - Phase II (Malaysia)
PD 2/97 Rev.2 (F)	Establishment of a Demonstration Area for the Sustained Utilization of Timber, Based on a Forest Enterprise in the Nlobo Reserved Forest, Phase I (Cameroon)
PD 16/97 Rev.2 (F)	Integrated Buffer Zone Development for Sustainable Management of Tropical Forest Resources in Thailand (Thailand)
PD 18/97 Rev.1 (F)	National Forest Inventory & Support for Forest Allocation (Zaire)
PD 21/97 Rev.2 (F)	Developing Tropical Forest Resources through Community-Based Forest Management, Nueva Vizcaya, Philippines (Philippines)
PD 24/97 Rev.1 (F)	Project for Sustainable Forest Management in Pando (Bolivia)
PD 27/97 Rev.1 (F)	Tree Flora of Sabah and Sarawak - Phase II (Malaysia)
PD 28/97 Rev.1 (F)	Sustainable Management of Industrial Timber Plantations with the Participation of Local Communities in Togo: Strategy and Action Plan (Togo)
PD 31/97 Rev.1 (F)	Management of the Bokoue Forest - Phase II (Gabon)
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 (Stage I) (Indonesia)
PD 42/97 Rev.1 (F)	Study of Natural Regeneration and Establishment of Mahogany (<i>Swietenia macrophylla King</i>) Plantations (Bolivia)
PD 45/97 Rev.1 (F)	On-Site Training for Tropical Foresters and Forestry Trainers (Brazil)
PD 57/97 Rev.1 (F)	Establishment of Satellite Remote Sensing Monitoring and Geographic Information System for Tropical Natural Forests in Hainan Province (China)
PD 60/97 Rev.1 (F)	Technology Development for the Production of Lesser Known Tree Species (LKTS) as Alternative Raw Materials for Forest-Based Industries (Philippines)

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.

Projects Not Assessed by the Committee

PD 4/97 Rev.1 (F)	Development and Promotion of Afforestation Activities in Egypt (Egypt)
PD 17/97 Rev.1 (F)	Pilot Project for the Reforestation and Rehabilitation of Degraded Forest Lands in Ecuador (Ecuador)
PD 30/97 Rev.1 (F)	Rehabilitation of Degraded Areas in the Forest Zone of Ghana: The Use of Forest Plantations (Ghana)
PD 32/97 (F)	Integrated Forest Project for the Production of Seedlings in Pará State (Brazil)

PD 34/97 (F)	Educational Support for Sustainable Tropical Forestry (Philippines)
PD 47/97 (F)	The Relationship between Type of Degradation, Ecological Factors and Growth of Tree Seedlings in Degraded Forest Ecosystems, as a Basis for Ecosystem Rehabilitation (Ghana)
PD 48/97 (F)	Sustainable Timber Supplies for the Industry and the Local and Export Markets (Peru)
PD 53/97 (F)	Regionalisation of the Volume Tables for Trees of Natural Forests and Plantations (Côte d'Ivoire)
PD 54/97 (F)	Implementation of Management in the Anguededou Reserved Forest (Côte d'Ivoire)
PD 55/97 (F)	Reforestation and Participatory Forest Management in the Dwenem Awaso Community of the Brong-Ahafo Region of Ghana (Ghana)
PD 59/97 (F)	International Conference on Tropical Forests and Climate Change: Status, Issues, Challenges (Philippines)
PD 61/97 (F)	Nepal Ranger Training Project (Nepal)
PD 63/97 (F)	Research on Sustainable Forest Management and Strengthening of ETSFOR (Bolivia)
PD 64/97 (F)	Management with a View to Sustainable Forest Utilization in the Amazon Forests, Pato Sub-Region (Colombia)

PRE-PROJECT LIST

PROJECT NUMBER

TITLE

Pre-Projects Assessed by the Committee

PPD 9/95 Rev.2 (F)	Conservation Forestry: Design of a Community-Based Participatory Training Program for Natural Forest Management (Philippines)
PPD 19/96 Rev.1 (F)	Development of an Integrated Strategy for Reduction of Shoot Borer Impact on West African Mahogany Plantations (Ghana)
PPD 4/97 Rev.1 (F)	Rehabilitation of Damaged Areas of the "Cerrado" (Brazil)
PPD 6/97 Rev.1 (F)	Dissemination of the Concepts of ITTO Guidelines and Criteria Sustainable Forest Management in Production Forest (Myanmar)
PPD 7/97 Rev.1 (F)	Forest Inventory for the Sustainable Production of Mahogany Timber (Brazil)
PPD 10/97 Rev.1 (F,I)	Establishment of Tropical Timber Research Directorate and Manpower Development in Tropical Forest Management (Nepal)
PPD 11/97 (F)	Assessment of the Forestry Sector (Liberia)

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.

Pre-Projects Not Assessed by the Committee

PPD 8/97 (F)	Popular Reforestation (Côte d'Ivoire)
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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 Chairman and Vice-Chairman for 1998

The Vice-Chairman of this year, Mr. Anoh Emile Jean Claude of Côte d'Ivoire, was elected as Chairman for 1998 with acclamation. A delegate from Switzerland proposed Mr. Walter Dunn of the United States of America as Vice-Chairman, and he was subsequently elected for 1998 with acclamation.

13. Dates and Venue of the Twenty-fourth Session of the Committee

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

14. Other Business

(a) 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.

(b) Presentations of Project Results

Special Presentations on the following CRF projects/pre-project were held as follows during the Council Session:

- PD 128/91 Rev.2 (F) Management, Conservation and Development of the Mangrove Forests in Panama (Panama)
- PD 202/91 Rev.1 (F) Sustainable Forest Management through Collaborative Efforts (Thailand)
- PD 18/92 Rev.2 (F) Determination of a Forest Typology Related to Silvicultural Systems (Côte d'Ivoire)
- PD 2/95 Rev.1 (F,I) Book and Databank on the Lesser-Known Timbers of South-East Asia: Volume 5(3) within the PROSEA Programme (Indonesia)
- PPD 8/94 Rev.2 (F) Diagnosis and Design of a Support Program for PLANFOR (Ecuador)

(c) Information on the Project Management Information System (PMIS)

The Secretariat informed the Committee that the Project Management Information System (PMIS), which includes basic background information on all projects of the division, including financial and monitoring activities, is being updated.

(d) Update of Project Catalogue

The Secretariat referred the Committee to document CRF(XXI)/7, which includes a list of all the projects the Committee had approved to date, containing basic information on all projects. The aforementioned document also contained an updated project catalog of projects approved during ITTC(XXII), which is to be incorporated into the new Catalog, to be prepared for the following Session of the Committee. The Secretariat urged members to provide updated information on project contact persons and addresses, in order to make the exchange of information and dissemination of project results more efficient.

The Committee noted that the document contained information that would be useful for the use of member countries, and that it should be made available more readily to other institutions.

(e) Project Ideas

The Committee took note and discussed two projects ideas submitted as follows:

1. Submitted by the Gaviotas Centre, Orinoquia, Colombia

The Committee took note of document CRF(XXI)/25 which described a project idea submitted by the Gaviotas Centre related to the generation of biodiversity through the establishment of mixed plantations on degraded forest lands in the Colombian Orinoquia Region. The Committee considered the idea to be directly linked to ITTO's core priorities and year 2000 objective and therefore merited to be developed into a project proposal. Furthermore, it recommended that the proposal consider increasing the number of local people that could benefit from such a project. In addition, care should be taken in order to formulate the project proposal following ITTO's format and to follow ITTO's submission procedures.

2. Submitted by the National Corporation for Forest Research and Development (CONIF), Colombia

The Committee took note of an informal document which described a project idea submitted by the National Corporation for Forest Research and Development related to the development of a national system of permanent growth and yield plots in commercial forest plantations in Colombia. The Committee considered the idea to be directly related to ITTO's core priorities and linked to the year 2000 objective and therefore merited to be developed into a project proposal following ITTO's format.

(f) Other Matters

- (i) The Committee reviewed and discussed the ITTO Action Plan, Document ITTC(XXIII)/7, at some length and detail. The results and recommendations resulting from this deliberation will be forwarded to the Council for inclusion in the draft of the Action Plan to be further considered at the forthcoming Session in May, 1998.
- (ii) The Committee reviewed and discussed the work of the Informal Working Group established under Council Decision 4(XXII) and noted the savings in time required in discussions on project and pre-project work in progress. The Committee recommended that the Informal Working Group be continued for the next session in Gabon in May, 1998.

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 16/96 Rev.4 (F) and allocate US\$ 710,401 for its implementation.
- 2. The Committee recommended that the Council approve PD 26/96 Rev.4 (F) and allocate US\$ 632,149 for its implementation.
- 3. The Committee recommended that the Council approve PD 16/97 Rev.2 (F) and allocate US\$ 601,333 for its implementation.
- 4. The Committee recommended that the Council approve PD 21/97 Rev.2 (F) and allocate US\$ 913,285 for its implementation.
- 5. The Committee recommended that the Council approve PD 24/97 Rev.1 (F) and allocate US\$ 946,652 for its implementation.
- 6. The Committee recommended that the Council approve PD 27/97 Rev.1 (F) and allocate US\$ 850,225 for its implementation.

7. The Committee recommended that the Council approve PD 28/97 Rev.1 (F) and allocate US\$ 708,046 for its implementation.
 8. The Committee recommended that the Council approve PD 31/97 Rev.1 (F) and allocate US\$ 842,417 for its implementation.
 9. The Committee recommended that the Council approve PD 38/97 Rev.1 (F) and allocate US\$ 727,950 for its implementation.
 10. The Committee recommended that the Council approve PD 42/97 Rev.1 (F) and allocate US\$ 489,520 for its implementation.
 11. The Committee recommended that the Council approve PD 45/97 Rev.1 (F) and allocate US\$ 875,281 for its implementation.
 12. The Committee recommended that the Council approve PD 57/97 Rev.1 (F) and allocate US\$ 304,712 for its implementation.
 13. The Committee recommended that the Council approve PD 60/97 Rev.1 (F) and allocate US\$ 1,369,892 for its implementation.
 14. The Committee recommended that the Council approve the reduction of the budget of PD 30/96 Rev.3 (F) from US\$ 1,400,599 to US\$ 684,549.
 15. The Committee recommended that the Council approve the reduction of the budget of PD 22/97 Rev.1 (F) from US\$ 1,354,836 to US\$ 853,031.
- (B) The Committee made the following recommendations regarding Pre-Projects:
1. The Committee recommended that the Council approve PPD 9/95 Rev.2 (F) and allocate US\$ 177,072 for its implementation.
 2. The Committee recommended that the Council approve PPD 19/96 Rev.1 (F) and allocate US\$ 163,098 for its implementation.
 3. The Committee recommended that the Council approve PPD 4/97 Rev.1 (F) and allocate US\$ 51,168 for its implementation.
 4. The Committee recommended that the Council approve PPD 6/97 Rev.1 (F) and allocate US\$ 50,000 for its implementation.
 5. The Committee recommended that the Council approve PPD 7/97 Rev.1 (F) and allocate US\$ 147,700 for its implementation.
 6. The Committee recommended that the Council approve PPD 11/97 (F) and allocate US\$ 56,970 for its implementation.
- (C) The Committee made the following recommendation regarding additional project funding:
1. The Committee recommended that the Council approve the extension of project PD 33/93 Rev.1 (F) and allocate additional funds amounting to US\$ 142,425.
 2. The Committee recommended that the Council approve the extension of project PD 12/93 Rev.3 (F) and allocate additional funds amounting to US\$ 125,862.
16. **Report of the Session**

The Committee accepted this Report for submission to the Council.

Appendix I

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

- 1) PD 16/96 Rev.4 (F) ***Ex situ* Conservation of *Shorea leprosula*, and *Lophopetalum multinervium* and their Use in Future Breeding and Biotechnology (Indonesia)**

Conclusion of the Twenty-first 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 16/96 Rev.4 (F) and recommended the Council to allocate US\$ 710,401 for its immediate implementation.

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

Conclusion of the Twenty-first 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 26/96 Rev.4 (F) and recommended the Council to allocate US\$ 632,149 for its immediate implementation.

- 3) PD 2/97 Rev.2 (F) **Establishment of a Demonstration Area for the Sustained Utilization of Timber, Based on a Forest Enterprise in the Nlolo Reserved Forest, Phase I (Cameroon)**

Conclusion of the Twenty-first Committee

The Committee noted the attempt made by Cameroon to address the recommendations of the Fourteenth Panel of Experts. However, the Committee considered that only some recommendations were properly addressed, and some were not, in particular recommendations 1,2, 4, 6 and 8 of the Panel.

The Committee decided to recommend to the ITTC that the proposal be revised and resubmitted directly to the Committee.

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

Conclusion of the Twenty-first 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 16/97 Rev.2 (F) and recommended the Council to allocate US\$ 601,333 for its immediate implementation.

- 5) PD 18/97 Rev.1 (F) **National Forest Inventory & Support for Forest Allocation (Zaire)**

Conclusion of the Twenty-first Committee

The Committee noted that no further information was received from the Democratic Republic of Congo (DRC), and that no delegate from the DRC is present at this Session. The Committee decided to recommend to the ITTC that a decision on the proposal be deferred until the next Session.

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

Conclusion of the Twenty-first 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 21/97 Rev.2 (F) and recommended the Council to allocate US\$ 913,285 for its immediate implementation.

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

Conclusion of the Twenty-first 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 24/97 Rev.1 (F) and recommended the Council to allocate US\$ 946,652 for its immediate implementation.

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

Conclusion of the Twenty-first 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 27/97 Rev.1 (F) and recommended the Council to allocate US\$ 850,225 for its immediate implementation.

- 9) **PD 28/97 Rev.1 (F) Sustainable Management of Industrial Timber Plantations with the Participation of Local Communities in Togo: Strategy and Action Plan (Togo)**

Conclusion of the Twenty-first 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 28/97 Rev.1 (F) and recommended the Council to allocate US\$ 708,046 for its immediate implementation.

- 10) **PD 31/97 Rev.1 (F) Management of the Bokoue Forest - Phase II (Gabon)**

Conclusion of the Twenty-first 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 31/97 Rev.1 (F) and recommended the Council to allocate US\$ 842,417 for its immediate implementation.

- 11) **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 (Stage I) (Indonesia)**

Conclusion of the Twenty-first Committee

The Committee noted that the Expert Panel has assessed the proposal and concluded with Category 1. Since it involves minor modifications, the Informal Working Group has not discussed the proposal in its meeting. The delegations of the U.S.A. and Japan stated that although the project is well formulated, the subject of medicinal and poisonous plants is not very relevant to ITTO mandate and it will not contribute to the internationally traded timber. The delegations of Ghana, Honduras, the Netherlands, Switzerland, and Indonesia expressed supports that the proposal is relevant to ITTO objectives and merits ITTO support.

The Committee after a lengthy debate decided to recommend the proposal to the Council for approval and recommend the Council to allocate US\$ 727,950 for immediate implementation of the Stage I as reflected under document CRF(XXI)/31. However, the delegation of the U.S.A. registered reservation to this decision.

- 12) PD 42/97 Rev.1 (F) Study of Natural Regeneration and Establishment of Mahogany (*Swietenia macrophylla King*) Plantations (Bolivia)

Conclusion of the Twenty-first 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 42/97 Rev.1 (F) and recommended the Council to allocate US\$ 489,520 for its immediate implementation.

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

Conclusion of the Twenty-first 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 45/97 Rev.1 (F) and recommended the Council to allocate US\$ 875,281 for its immediate implementation.

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

Conclusion of the Twenty-first Committee

The Committee took note of the addendum to the Project Document CRF(XXI)/27 clarifying the cooperation between this Project Proposal and ongoing Project PD 13/97 Rev.1 (F). The Committee further noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 57/97 Rev.1 (F) and recommended the Council to allocate US\$ 304,712 for its immediate implementation.

- 15) PD 60/97 Rev.1 (F) Technology Development for the Production of Lesser Known Tree Species (LKTS) as Alternative Raw Materials for Forest-Based Industrie (Philippines)

Conclusion of the Twenty-first Committee

The Committee took note of the clarification that this project is concerned with the silvicultural aspects of plantation establishment with lesser known tree species. The Committee further noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Therefore, the Committee approved the project PD 60/97 Rev.1 (F) and recommended the Council to allocate US\$ 1,369,892 for its immediate implementation.

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS

- 1) PPD 9/95 Rev.2 (F) Conservation Forestry: Design of a Community-Based Participatory Training Program for Natural Forest Management (Philippines)

Conclusion of the Twenty-first 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 9/95 Rev.2 (F) and recommended the Council to allocate US\$ 177,072 for its immediate implementation.

- 2) PPD 19/96 Rev.1 (F) **Development of an Integrated Strategy for Reduction of Shoot Borer Impact on West African Mahogany Plantations (Ghana)**

Conclusion of the Twenty-first 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 19/96 Rev.1 (F) and recommended the Council to allocate US\$ 163,098 for its immediate implementation.

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

Conclusion of the Twenty-first 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 4/97 Rev.1 (F) and recommended the Council to allocate US\$ 51,168 for its immediate implementation.

- 4) PPD 6/97 Rev.1 (F) **Dissemination of the Concepts of ITTO Guidelines and Criteria Sustainable Forest Management in Production Forest (Myanmar)**

Conclusion of the Twenty-first 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 6/97 Rev.1 (F) and recommended the Council to allocate US\$ 50,000 for its immediate implementation.

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

Conclusion of the Twenty-first 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 7/97 Rev.1 (F) and recommended the Council to allocate US\$ 147,700 for its immediate implementation.

- 6) PPD 10/97 Rev.1 (F,I) **Establishment of Tropical Timber Research Directorate and Manpower Development in Tropical Forest Management (Nepal)**

Conclusion of the Twenty-first Committee

The Committee noted that the revised Pre-project proposal did not adequately address the Expert Panel's comments and recommendations. Therefore, the Committee recommended that the Pre-project proposal be further revised and re-submitted to the Expert Panel for assessment.

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

Conclusion of the Twenty-first 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 11/97 (F) and recommended the Council to allocate US\$ 56,970 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-FIRST SESSION OF THE COMMITTEE

PROJECT DOCUMENT	ITTA, 1994		BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Years)	RECOMMENDATION(*)		
	OBJECTIVES	OPERATIONAL ACTIVITIES				14 th EP	IWG	21 st CRF
	Art. 1	Art. 27, Para. 2						
PD 16/96 Rev.4 (F)	c, f, j, l	a(i)(ii), b, c, e	710,401	Indonesia	3	2a	b	1
PD 26/96 Rev.4 (F)	c, d, f, l, m	a(iii), b, c, e	632,149	Malaysia	2	2b ⁺⁺	-	1
PD 2/97 Rev.2 (F)	c, d, f, j, l	a(iii)	644,000	Cameroon	3	2a	c	2a
PD 16/97 Rev.2 (F)	c, f, j, l	a(i)(ii), b	601,333	Thailand	3	1	-	1
PD 18/97 Rev.1 (F)	c, f, j, l	a(iii)	673,834	R.D. Congo	2	2a ⁺⁺	-	4
PD 21/97 Rev.2 (F)	c, f, j, l	a(i)(ii), b, e	913,285	Philippines	3	2a	b	1
PD 24/97 Rev.1 (F)	c, d, f, j	a(iii), b, c	946,652	Bolivia	3	2a ⁺⁺	-	1
PD 27/97 Rev.1 (F)	c, d, f, l	a(iii), b, e	850,225	Malaysia	3	2a	b	1
PD 28/97 Rev.1 (F)	c, f, i, j, l	a(i)(iii)	708,046	Togo	3	1	-	1
PD 31/97 Rev.1 (F)	d, f, i, j, l, m	a(iii)	842,417	Gabon	3	2a	b	1
PD 38/97 Rev.1 (F)	c, d, f, l	a(iii), b, e	727,950	Asia Pacific	3.5	1	-	1
PD 42/97 Rev.1 (F)	c, d, f, j, l	a(i)(ii)(iii), b, c	489,520	Bolivia	3	2a	c	1
PD 45/97 Rev.1 (F)	c, d, f	a(iii), b, c	875,281	Latin America	2	1	-	1
PD 57/97 Rev.1 (F)	f, l, m	a(iii), b, c, e	304,712	P.R. China	2	2a	b	1
PD 60/97 Rev.1 (F)	f, j, m	a(i), b, c, e	1,369,892	Philippines	5	2a	b	1

* For Categories of Recommendations see Table C.

TABLE A (Cont.)

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

PRE-PROJECT DOCUMENT	ITTA, 1994		BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Years)	RECOMMENDATION(*)		
	OBJECTIVES	OPERATIONAL ACTIVITIES				14 th EP	IWG	21 st CRF
	Art. 1	Art. 27, Para. 2						
PPD 9/95 Rev.2 (F)	c, f, j, l	a(i)(ii), b	177,072	Philippines	9.5 months	2a	c	1
PPD 19/96 Rev.1 (F)	f, j, l	a(i)(iii)	163,098	Ghana	1.5	4a ⁺	-	1
PPD 4/97 Rev.1 (F)	c, d, f, j, l	a(ii), b, c, e	51,168	Brazil	1/4	1	-	1
PPD 6/97 Rev.1 (F)	c, d, f	a(iii), c, e	50,000	Myanmar	0.5	1	-	1
PPD 7/97 Rev.1 (F)	c, d, f, j, l	a(iii), b, c, e	147,700	Brazil	1/2	1	-	1
PPD 10/97 Rev.1 (F,l)	c, f, j, m	a(ii) b, c, e, f	50,000	Nepal	0.2	2a	c	2b
PPD 11/97 (F)	c, d, f, j, l	a(i)(ii)(iii)	56,970	Liberia	1 month	4a ^{**}	-	1

* For Categories of Recommendations see Table C.

+ 12th Expert Panel

** 13th Expert Panel

TABLE B
TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS IN
THE FIELD OF REFORESTATION AND FOREST MANAGEMENT EVALUATED BY
THE EXPERT PANEL BUT NOT CONSIDERED BY THE TWENTY-FIRST SESSION OF THE COMMITTEE

PROJECT DOCUMENT	ITTA, 1994		BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Years)	RECOMMENDATION(*)		
	OBJECTIVES	OPERATIONAL ACTIVITIES				14 th EP	IWG	21 st CRF
	Art. 1	Art. 27, Para. 2						
PD 4/97 Rev.1 (F)	c, j	a(i)(ii)	1,271,143	Egypt	3	3	-	-
PD 17/97 Rev.1 (F)	c, d, f, j, l	a(i)(ii), b, c, e	921,032	Ecuador	3	3	-	-
PD 30/97 Rev.1 (F)	a, j, m	a, b, c, e, f	263,872	Ghana	3	3	-	-
PD 32/97 (F)	c, d, j, m	a(i)(ii), b, c, e, f	1,168,955	Brazil	2	3	-	-
PD 34/97 (F)	c	a(iii)	1,401,000	Philippines	5	5	-	-
PD 47/97 (F)	a, j, m	a, b, c, e, f	415,788	Ghana	3	3	-	-
PD 48/97 (F)	c, d, f, j, l	a(iii), b, c, e	411,458	Peru	1 1/2	4b	-	-
PD 53/97 (F)	f, k, l	a(iii)	420,700	Côte d'Ivoire	3	3	-	-
PD 54/97 (F)	f, j, l	a(iii)	529,000	Côte d'Ivoire	3	5	-	-
PD 55/97 (F)	c, d, f, j, l	a(i)(iii)	754,641	Ghana	3	3	-	-
PD 59/97 (F)	c, f, l	a	221,550	Philippines	0.01	5	-	-
PD 61/97 (F)	c, j	a, e	1,213,177	Nepal	4.3	5	-	-
PD 63/97 (F)	c, d, f, j, l	a(iii) b, c, e	1,372,832	Bolivia	3	3	-	-
PD 64/97 (F)	c, d, f, j, l	a(i)(ii)(iii), b, c, e	764,850	Colombia	2	4b	-	-
PPD 8/97 (F)	c, j, l	a(i)	266,915	Côte d'Ivoire	3	6	-	-

* For Categories of Recommendations see Table C.

TABLE C

Categories of Decision for 14th Expert Panel	
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.
2(a).	The Panel concluded, that with the incorporation of the essential modifications, (which are necessary for the project to succeed,) the (pre-) 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.
2(b).	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.
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.
4.	The Panel concluded, that a pre-project (not exceeding US\$) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal. a: (Such a pre-project could be commended to the Committee for final appraisal after being assessed by the Informal Working Group.) b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.)
5.	The Panel concluded, that 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.)
6.	The Panel concluded, that there is insufficient information to assess the project adequately.
(Text in parentheses is optional)	
Categories of Recommendation for Informal Working Group	
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.
b.	All of the recommendations of the Expert Panel for the Technical Appraisal of Pre-Project and project Proposals have been adequately addressed.
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.
d.	The revised project proposal does not adequately address the recommendations of the Expert Panel for the Technical Evaluation of Project Proposals.
e.	A revised project proposal has not been submitted to ITTO.

Categories of Recommendation from 21st CRF to the Council

1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.
2. Recommend to the ITTC that the proposal be revised and resubmitted: a) directly to the relevant Committee, or b) to the Expert Panel.
3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994.
4. Recommend to the ITTC that a decision on the proposal be deferred until the next session.
5. Recommend to the ITTC that the proposal should not be further considered by ITTO.

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1 - 6 December 1997
Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL
TIMBER COUNCIL
TWENTY-FIRST SESSION OF THE PERMANENT
COMMITTEE ON FOREST INDUSTRY**

Table of Contents

Report	
Appendix I	Technical Evaluation of Project Proposals
Appendix II	List of Fellowships Approved

REPORT

1. Introduction

The Twenty-first Session was opened on 1 December 1997 by Mr. Bilé Allogho Joachim (Gabon) the Chairman of the Committee. The List of Participants is reproduced in Document ITTC(XXIII)/Info.2 Rev.2.

2. Adoption of Agenda and Organization of Work

At its first meeting on 1 December 1997 the Committee adopted the agenda of its Twenty-first Session as contained in Document CFI(XXI)/1.

3. Admission of Observers

The List of Observers admitted by the Committee is contained in Document ITTC(XXIII)/Info.3 Rev.2.

4. The Annual Review and Assessment of the World Tropical Timber Situation (Joint Session of Permanent Committees)

This item was taken up at a Joint Session of all Committees under the Chairmanship of Mr. Geoffrey Pleydell, Chairman of the Committee on Economic Information and Market Intelligence. The discussion began with a summary presentation by the ITTO Statistician of the Secretariat document: Elements for the Annual Review and Assessment of the World Timber Situation, 1997 (ITTC(XXIII)/3). Members were urged to intensify their efforts in providing timely, reliable and comprehensive statistics to the Organization. Efforts were being made by the Secretariat to source the necessary data and encourage responses by producing members partly through the gradual establishment of a network of national correspondents and through the organization of Statistical Training Workshops. The goal of making ITTO a centre of excellence for tropical forestry statistics was endorsed, and a mechanism for achieving this (including expanded cooperation with related organizations) will be developed. As a first step, the representative of FAO extended an invitation to ITTO to participate in a seminar on forestry statistics to be held in conjunction with the Asia-Pacific Forestry Commission in February 1998. Members were invited to submit data corrections and/or additions to the Secretariat by 31 December 1997 for incorporation in the final version of the Review.

5. Report of the Informal Working Group on Evaluation of Reports of On-Going and Completed Pre-Projects and Projects - Council Decision 4(XXII)

The Chairman drew the Committee's attention to document ITTC(XXIII)/13, "Report of the Informal Working Group on Evaluation of Reports of On-Going and Completed Pre-Projects and Projects" [Council Decision 4(XXII)]. The Committee agreed that the report prepared by the Informal Working Group facilitated its work, and thanked the Group for its efforts. The Committee decided to recommend to Council the continuation of the Informal Working Group for one more meeting.

6. Report on Completed Pre-Projects

The Committee reviewed the work completed under the following pre-projects:

1. PPD 9/93 Rev.2 (I) EXPANSION OF THE PRODUCTION CAPABILITY OF SMALL-MEDIUM SCALE FURNITURE MANUFACTURERS FOR THE PURPOSE OF INCREASING MALAYSIA'S EXPORTS OF VALUE-ADDED TIMBER PRODUCTS (Malaysia)
2. PPD 7/94 Rev.2 (I) PRE-PROJECT FOR THE ESTABLISHMENT OF THE AIMA FOREST CORPORATION - CORFOAIMA (Ecuador)
3. PPD 7/96 Rev.1 (I) UPGRADING PRODUCTION EFFICIENCY IN FURNITURE MANUFACTURING (Myanmar)

The final reports on these pre-projects are reproduced in documents PPR 47/97 (I), PPR 46/97 (I), and PPR 45/97 (I) respectively.

The Committee highlighted the usefulness of the marketing work carried out under PPD 9/93 Rev.2 (I), particularly for the facilitation of client-supplier contacts and for the establishment of joint ventures involving technology transfer and market access for value-added products. The Committee agreed that the production and market options reviewed in the study offer attractive opportunities for the development and growth of small and medium scale industries in Malaysia and in other producing countries at the same level of development.

The Committee also considered the work of the Ecuadorean Timber Industrialists Association (AIMA) for the implementation of the pre-project study [PPD 7/94 Rev.2 (I)] on the establishment and operation of a forest enterprise (CORFOAIMA). The Committee noted with satisfaction that based on the results of feasibility studies implemented under the pre-project, CORFOAIMA has been incorporated in Ecuador and is now undertaking plantation and forest management activities, as well as industrial processing and marketing operations.

The Committee was also pleased with the successful implementation of the pre-project study [PPD 7/96 Rev.1 (I)] on the upgrading of production efficiency in furniture manufacturing in Myanmar, implemented by the Myanma Timber Enterprise. The Committee took note of the information that the implementing agency in 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 reports on completed pre-projects to interested parties.

7. Report on Completed Projects

The Committee considered in detail the results of the ex-post evaluation it requested on project PD 4/87 Rev.1 (I) "Training in Planning and Management of Forest Industries in Developing Countries (completed in 1995). The evaluation results, contained in document CFI(XXI)/4, were presented to the Committee by Mr. Harry van der Slooten, an independent consultant engaged by ITTO to perform the evaluation, with assistance of the implementing agency and the ITTO Secretariat.

The Committee was pleased to learn that the ex-post evaluation of this project was successfully completed. The Committee noted that this evaluation provided the necessary information to better assess the project's contribution to improve the performance of forest industries in producer countries, and to a better understanding of their socio-economic and ecological impacts. The ex-post evaluation results confirmed the initial Committee assessment on project completion, which led to the conclusion that the project achieved its objectives, with the exception of building-up the capability of selected local institutions to continue to offer training courses meeting forest industry needs. The Committee recalled that follow-up measures to address this shortcoming had already been taken by the approval of a Committee recommended follow-up project [PD 13/95 Rev.3 (I)].

To disseminate lessons learned, the Committee requested the Secretariat to distribute the ex-post evaluation report to interested parties, including the national training institutions that participated in the project, and the members of the ITTO Expert Panel for Technical Appraisal of Project Proposals.

The Committee was satisfied with this first-ever ex-post evaluation of an ITTO funded Forest Industry project, and acting to comply with Council Decision 7(XXI), decided to request the Secretariat to take the necessary measures to effect ex-post evaluation of four additional completed projects:

- | | | |
|----|---------------------|---|
| 1. | PD 63/89 Rev.1 (I) | LOW-COST HOUSES FROM SMALL DIAMETER TREES, PLANTATION THINNINGS, TREE TOPS AND BRANCHES (Philippines) |
| 2. | PD 37/87 Rev.3 (I) | INDUSTRIAL USE OF NEW FOREST SPECIES IN PERU Phase I and II (Peru) |
| 3. | PD 108/90 Rev.1 (I) | FOREST INDUSTRY DEVELOPMENT STUDIES (Papua New Guinea) |

4. PD 152/91 Rev1. (I) HARMONIZATION OF TECHNICAL TROPICAL TIMBER STANDARDS IN THE ANDEAN SUB-REGION (Peru)

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" (Zaire)
- PPD 2/92 Rev.1 (I) SUSTAINABLE DEVELOPMENT OF THE PLYWOOD INDUSTRY IN LATIN AMERICA (Latin America and Caribbean)
- PPD 11/92 (I) REVIEWING AND PREPARING SUPPORTING DOCUMENTS FOR WORK ON GUIDELINES FOR THE DEVELOPMENT OF SUSTAINABLE FOREST INDUSTRIES (Global)
- PPD 2/96 Rev.2 (I) DEVELOPMENT OF THE INDIAN RUBBERWOOD INDUSTRY (India)
- PPD 12/96 Rev.1 (I) DEVELOPMENT AND IMPLEMENTATIONS OF STRESS GRADING RULES FOR TROPICAL TIMBERS (Philippines)
- PPD 18/96 Rev.2 (I) FORMULATION OF A GENERAL PLAN FOR THE INDUSTRIALIZATION OF TIMBER PRODUCTION IN GABON IN COMPLIANCE WITH THE SUSTAINABLE FOREST MANAGEMENT STANDARDS (Gabon)

In its review of the pre-project work related to the preparation of Guidelines for the Development of Sustainable Forest Industries [PPD 11/92 (I)], the Committee considered the document CFI(XXI)/7 prepared by a Working Group established by the Committee. The Working Group met in Yokohama from 6 to 9 October 1997, under the Chairmanship of Mr. Franklin Moore (U.S.A.). The Committee expressed its gratitude to the Working Group for its efforts to finalize this pre-project taking into account the Committee's earlier decisions on scope, coverage and target audiences. The Committee agreed that the Guidelines as presented in document CFI(XXI)/7 are consistent with its decision to focus on policies and measurements to promote increased and further processing of tropical timber from sustainable sources in producer member countries.

However, the Committee recognized that it still could not reach consensus on the Guidelines, and that the best option to follow-up and conclude the pre-project work would be to engage the services of a specialized consultancy company to prepare a final pre-project report reflecting its expertise on appropriate policies and actions to promote domestic further processing of tropical timber, taking into account the documents prepared throughout the Committee work on this issue, and comments to be submitted by members (by 20 January 1998) on CFI(XXI)/7. To finance the consultancy service and the preparation of the pre-project report the Committee decided to recommend to Council the allocation of additional funds amounting to US\$24,310 to the pre-project budget.

9. Review of Project Work in Progress

The Committee reviewed the work underway in 21 approved and financed projects in the field of Forest Industry. The full report on project work in progress is reproduced in document CFI(XXI)/5.

Further information on implementation progress was given by member countries, implementing agencies and the ITTO Secretariat on the following projects:

- PD 47/88 Rev.3 (I) UTILIZATION OF LESSER USED SPECIES AS ALTERNATIVE RAW MATERIALS FOR FOREST-BASED INDUSTRIES (Philippines)
- PD 73/89 (M,F,I) ASSISTANCE FOR PROJECT IDENTIFICATION AND FORMULATION (Global)
- PD 94/90 Rev.3 (I) INTEGRATION OF FOREST-BASED DEVELOPMENT IN THE WESTERN AMAZON - PHASE II - TECHNOLOGY FOR SUSTAINABLE UTILIZATION OF RAW FOREST MATERIALS (Brazil)
- PD 109/90 Rev.4 (F,I) ASSISTANCE TO MODERNIZATION, RESTRUCTURING AND DEVELOPMENT OF WOOD-BASED INDUSTRIES IN COTE D'IVOIRE (Côte d'Ivoire)
- PD 143/91 Rev.2 (I) NON-WOOD TROPICAL FOREST PRODUCTS: PROCESSING, TRADE AND COLLECTION (Brazil)
- PD 179/91 Rev.2 (M,I) INDUSTRIAL UTILIZATION AND IMPROVED MARKETING OF SOME GHANAIAN LESSER-USED TIMBER SPECIES FROM SUSTAINABLY MANAGED FORESTS (Ghana)
- PD 209/91 Rev.2 (I) STUDY OF ZAIRIAN TIMBER WITH A VIEW TO PROMOTING CERTAIN SPECIES (Zaire)
- PD 17/92 Rev.4 (I) TECHNOLOGY TRANSFER/COMMERCIALIZATION OF SELECTED COCOWOOD UTILIZATION TECHNOLOGIES (Philippines)
- PD 1/93 Rev.1 (M,F,I) ITTO FELLOWSHIP PROGRAMME - PHASE II (Global)
- PD 17/93 Rev.3 (M,F,I) ITTO NETWORK FOR INFORMATION SHARING AND PROJECT SUPPORT (Global)
- PD 39/93 Rev.4 (I) RESEARCH AND DEVELOPMENT IN ENERGY ALTERNATIVE FROM BIOMASS (WOOD AND AGRICULTURAL RESIDUES) THROUGH BRIQUETTING, GASIFICATION AND DIRECT COMBUSTION (Malaysia and Cameroon)
- PD 20/95 Rev.2 (I) CHEMICAL MODIFICATION OF BAMBOO CULMS AND THEIR RESISTANCE TO WEATHERING (China)
- PD 21/95 Rev.2 (I) COMPREHENSIVE STUDIES OF THE STRUCTURE AND PROPERTIES OF RATTANS FOR EFFECTIVE UTILIZATION (China)
- PD 33/95 Rev.3 (M,F,I) IMPACTS OF INCREASED UTILIZATION OF LESSER-USED SPECIES (LUS) (Ghana)

PD 24/95 Rev.1 (I)	THE IDENTIFICATION, PROPERTIES AND USES OF THE TROPICAL TIMBER IMPORTED TO CHINA FROM LATIN AMERICA (China)
PD 3/96 Rev.2 (I)	DEVELOPMENT AND EXTENSION OF RUBBERWOOD PROCESSING AND UTILIZATION TECHNOLOGY (China)
PD 15/96 Rev.2 (M,I)	UTILIZATION, COLLECTION AND TRADE OF TROPICAL NON-WOOD FOREST PRODUCTS IN THE PHILIPPINES (Philippines)
PD 31/96 Rev.2 (M,F,I)	INTRODUCING MYANMAR'S LESSER-KNOWN TIMBER SPECIES TO THE WORLD MARKET (Myanmar)
PD 33/96 Rev.2 (I)	WORKSHOP ON NONDESTRUCTIVE TESTING OF TROPICAL TIMBER (Global)
PD 46/96 Rev.2 (I)	ESTABLISHMENT OF A WOOD WORKERS AND CRAFTSMANSHIP VILLAGE (Ghana)
PD 7/97 Rev.2 (I)	III PLYWOOD AND TROPICAL TIMBER INTERNATIONAL CONGRESS (Brazil)

The Committee considered and deliberated on further extending project PD 73/89 (M,F,I). An independent consultant, Mr. Noboru Nakahira reported to the Committee on the results of his evaluation of the implementation and results of this project, which includes the provision of direct consultancy services to assist member countries in project formulation, and on the organization of training workshops on project identification and formulation. The Committee supported the consultant's recommendation for extending the project implementation, with the adoption of the following improving measures:

1. Participants should be requested to bring either a draft proposal or a project idea to be developed in the workshop so that they familiarize themselves with the project formulation methodology in a practical way.
2. The duration of the workshop should be extended from six to eight working days to allow more case studies to be conducted.
3. Trainees should be requested to report to ITTO on their project formulation work after the training, including action to transfer the knowledge gained to other personnel in relevant agencies in their home countries.

The Committee decided to recommend to Council a one-year project extension, with an additional allocation of US\$350,000 to fund the Organization and convening of four training workshops.

In its review of project PD 94/90 Rev.3 (I) the Committee considered some implementation problems highlighted by the "Informal Working Group on Evaluation of Reports of On-going and Completed Pre-projects and Projects". These included the implementing agency's inability to deliver its assigned inputs and carry out certain activities timely, as well as the undesirable frequent changes in the project coordination. The Committee discussed and considered the project monitoring procedures and suggestions for remedial measures. The Committee was pleased to know that the project is being closely monitored by the Secretariat and by its steering committee, which has been benefiting from continuous participation of a project donor (Switzerland), and that the full implementation of project activities is not in jeopardy. Prospects are for a successful project implementation within allocated funds, though in a much longer duration due to the slow pace of implementation of some key activities.

In its review of project PD 143/91 Rev.2 (I) the Committee noted with satisfaction its accomplishments and potential of research results to improve the socio-economic situation of Amazonian communities living off collection and trade of non-wood products. Recalling that non-wood products were recently discussed in a meeting of the International Forum on Forests, and that work on non-wood products is important for the conservation of forest and biodiversity, the Committee requested that the implementing agency and Secretariat ensure wide dissemination of the project results.

The Committee also considered amendments proposed to approved project PD 31/96 Rev.2 (M,F,I) submitted by the Government of Myanmar. The amendments were proposed in order to make a rearrangement of funds originally allocated to pay the project coordinator salary (US\$54,000). The project coordinator is being paid by the Government of Myanmar, and the proposal is to use the now available funds to hire other needed administrative and technical staff and to increase the budget for planned training activities and workshops. The Committee agreed to the proposed amendments.

While considering the proposed amendments to project PD 31/96 Rev.2 (M,F,I), the Committee also discussed the questions concerning the environmental impact of increased harvesting of lesser-used species. The representative of the Executing Agency informed that the Forest Research Institute of Myanmar has been designated to undertake a study on the ecological impact of increased harvesting of LUS in the project area. The study will focus on the impact of LUS harvesting on the species composition, regeneration and growth patterns of forest stands. The Committee expressed its satisfaction with the plan to implement these environmental impact studies, noting that they are consistent with its earlier recommendations for LUS projects to take into account the ecological and biodiversity aspects of harvesting.

The Committee reviewed proposals to increase the budget of approved projects PD 15/96 Rev.2 (M,I) and PD 33/96 Rev.2 (I), submitted by the Government of the Philippines. The additional funds requested for PD 15/96 Rev.2 (M,I) are to finance implementation of a case study on development of markets for non-wood forest products. The funds requested for PD 33/96 Rev.2 (I) will finance participation of a larger number of producer countries in the workshop, thus improving its cost-benefit ratio. The Committee agreed to recommend to Council the allocation of additional funds for these two projects as requested [US\$38,297 for PD 15/96 Rev.2 (M,I) and US\$53,383 for PD 33/96 Rev.2 (I)].

The Committee also reviewed in detail the implementation of PD 17/93 Rev.3 (M,F,I), which has two major components, the ITTO newsletter (Tropical Forest Update) and assistance with evaluation and monitoring tasks. The Committee considered several options to improve the contribution provided by regional consultants to the newsletter preparation and to the Organization's evaluation and monitoring work.

While agreeing to continue discussions on the implementation of this project in its next Session, the Committee identified and recommended two preliminary measures to improve the performance and usefulness of the regional consultancy services:

1. The Organization should make use of expertise that can be provided through the regional services to perform work on evaluation of ongoing and completed projects.
2. The ITTO Secretariat should provide more detailed guidance on the information and articles required by the Organization from the regional services and their consultants. Coordinating and briefing meetings with the participation of the TFU editor and national correspondents should be organized in each producing region by respective heads of regional services.

10. Consideration of Project Proposals

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

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 15/97 Rev.1 (I)	STRATEGIC PLAN FOR THE UPGRADING OF THE INDUSTRIAL FORESTRY INFRASTRUCTURE OF PANAMA	GOVERNMENT OF PANAMA
PD 33/97 Rev.1 (I)	IDENTIFICATION AND NOMENCLATURE OF COMMERCIAL TROPICAL TIMBER SPECIES IN THE ANDEAN COMMUNITY - PHASE II	GOVERNMENT OF PERU
PD 58/97 Rev.1 (I)	THE ESTABLISHMENT OF THE DATABASE OF TROPICAL INDUSTRIAL LESSER USED WOOD SPECIES	GOVERNMENT OF JAPAN

The Committee considered in detail the results of the evaluation of earlier versions of these projects effected by the Panel of Experts for Technical Appraisal of Project Proposals, as contained in document CEM,CRF,CFI(XXI)/CFA(II)/1. The final revisions were thoroughly evaluated by the Committee, taking into account the Informal Working Group's 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(XXIII)/13].

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

The Committee authorized the establishment of a Fellowship Selection Panel to evaluate fellowship applications submitted in time for the Twenty-first Session and select the successful candidates. The Selection Panel was composed of:

Ms. Stephanie Caswell	(U.S.A.)	Vice-Chairperson of ITTC
Mr. Geoffrey Pleydell	(United Kingdom)	CMI Chairman
Dr. Roszehan Mohd. Idrus	(Malaysia)	CMI Vice-Chairman
Dr. Jürgen Blaser	(Switzerland)	CRF Chairman
Mr. Anoh Emile Jean Claude	(Côte d'Ivoire)	CRF Vice-Chairman
Mr. Bilé Allogho Joachim	(Gabon)	CFI Chairman
Ms. Aulikki Kauppila	(Finland)	CFI Vice-Chairman
Mr. Toshikatsu Aoyama	(Japan)	CFA Vice-Chairman

The Selection Panel considered a total of 137 applications and recommended to the Committee that 29 applicants be approved, subject to the availability of funds, at a total cost of approximately US\$164,000. The approved applications are listed in Appendix II.

While considering that the members of the Panel, notably Committee Chair and Vice-Chair, do not have the time to give their full attention to the selection of candidates, the Panel recommends that the membership of the Fellowship Selection Panel be modified as follows: It would include 6 individuals from members, 3 producers and 3 consumers, who would be selected at the beginning of the May session and serve for the calendar year (i.e., 2 sessions). These 6 members would include the outgoing Chairs of the 4 Committees, if available, in order to provide continuity and experience. The Vice-Chair of the Council would continue to serve as the Chair of the Selection Panel.

The Committee expressed its satisfaction with the work carried out by the Fellowship Selection Panel and decided to adopt its recommendations to modify its membership.

12. Election of Chairman and Vice-Chairman for 1998

The Committee elected Ms. Aulikki Kauppila (Finland) the Chairperson for 1998 and Mr. Clayton Andrew Hall (Guyana) the Vice-Chairman 1998.

13. Dates and Venue of the Twenty-Fourth Session

The Committee decided that the dates and venue of the Twenty-fourth Committee Session will be agreed upon by ITTC in the Twenty-third Council Session.

14. Other Business

The Committee considered the Forest Industry part of the report of the Expert Panel on revision of the ITTO Action Plan (document ITTC(XXIII)/7). The Committee agreed that the three Forest Industry development goals formulated in the report appropriately embody the ITTA, 1994 objectives in this field. These goals are:

1. promote increased and further processing of tropical timber from sustainable sources;
2. improve marketing and distribution of tropical timber exports from sustainable sources; and
3. improve efficiency of utilization.

The Committee also discussed the actions identified and recommended in the report for implementation to achieve the Forest Industry goals. In general the Committee was satisfied with the list of actions, but it recommended the inclusion of additional action to create and publicize demonstration projects on low impact logging, designed to improve the eco-system condition and ensure continuity of timber production, while increasing logging efficiency.

The Committee initiated discussions on the appropriateness of classifying the actions by the relevant implementing parties (ITTO Council, Committee, Secretariat, and members). Some members expressed the view that it would be useful to identify which parties of ITTO are responsible for implementation of specific actions, while others considered that implementation is the responsibility of the Organization as a whole, and actions should not be assigned to specific implementing parties. The Committee decided to recommend further discussions of the issue in the context of the follow-up work expected to be approved by the Council to finalize the action plan.

15. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

To approve for implementation the following project proposals:

- | | |
|--------------------|--|
| PD 15/97 Rev.2 (I) | STRATEGIC PLAN FOR THE UPGRADING OF THE INDUSTRIAL FORESTRY INFRASTRUCTURE OF PANAMA
(Panama) |
| PD 33/97 Rev.2 (I) | IDENTIFICATION AND NOMENCLATURE OF COMMERCIAL TROPICAL TIMBER SPECIES IN THE ANDEAN COMMUNITY - PHASE II
(Peru) |
| PD 58/97 Rev.1 (I) | THE ESTABLISHMENT OF THE DATABASE OF TROPICAL INDUSTRIAL LESSER USED WOOD SPECIES
(Japan) |

To allocate additional funds amounting to US\$350,000 to project PD 73/89 (M,F,I) and US\$38,297 to project PD 15/96 Rev.2 (M,I) and US\$53,383 to project PD 33/96 Rev.2 (I), and US\$24,310 to pre-project PPD 11/92 (I).

To urge member countries to contribute funds to finance forest industry pre-projects and projects recommended by the Committee and approved by the Council in previous Sessions and still pending funding. These are:

- | | |
|--------------------|--|
| PD 5/92 Rev.4 (I) | ESTABLISHMENT OF A CENTRE FOR THE PROMOTION OF LESSER KNOWN TROPICAL HARDWOOD SPECIES IN EUROPE (Cameroon) [US\$976,500] |
| PD 11/96 Rev.2 (I) | STRENGTHENING AND DEVELOPMENT OF NON CONVENTIONAL JOINERY WITHIN THE CORPORATION FOR TIMBER DEVELOPMENT IN THE COLOMBIAN PACIFIC REGION (CDP) (Colombia) [US\$540,500] |
| 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] |

16. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX I

TECHNICAL EVALUATION OF PROJECT PROPOSALS

**PD 15/97 Rev.1 (I) STRATEGIC PLAN FOR THE UPGRADING OF THE INDUSTRIAL FORESTRY INFRASTRUCTURE OF PANAMA
(Panama)**

The Committee agreed that a strategic plan to promote the development of forest industries of Panama is important to the industrialization process in the country. The Committee noted that the submitting country revised the proposal to include more information on the current situation of the forest industry in Panama, a more complete appraisal of the risks of the project, a more complete budget and a specification of the participants of the workshops. The Committee decided to recommend to Council the approval of the proposal, further revised [PD 15/97 Rev.2 (I)] to include minor budget amendments to appropriately reflect the ITTO administrative support costs.

**PD 33/97 Rev.1 (I) IDENTIFICATION AND NOMENCLATURE OF COMMERCIAL TROPICAL TIMBER SPECIES IN THE ANDEAN COMMUNITY - PHASE II
(Peru)**

The Committee supported the Expert Panel's view that the project's goal of preparing a handbook with dendrological and anatomical characteristics of 100 tropical timber species of the Andean region is relevant and consistent with ITTO objectives. The Committee noted that the handbook is expected to facilitate implementation of forest inventory harvesting and other forest industry activities. The Committee discussed the comments from the "Report of the Informal Working Group on Evaluation of Reports of Ongoing and Completed Pre-Projects and Projects" regarding the submitting country's compliance with the recommendations of the Expert Panel for Technical Appraisal of Project Proposals. The Committee sought more clarification on the seminar activities and the subject of CVs for each of the identified key project personnel. The Committee urged the submitting agency to forward this information to the ITTO Secretariat. The Committee further noted that other major recommendations had been incorporated into the revision. The Committee decided to recommend to Council the approval of the proposal, further revised [PD 33/97 Rev.2 (I)] to include an additional US\$10,000 to adequately cover the cost of monitoring and evaluation activities and to reflect minor budget amendments in the ITTO administrative support costs.

**PD 58/97 Rev.1 (I) THE ESTABLISHMENT OF THE DATABASE OF TROPICAL INDUSTRIAL LESSER USED WOOD SPECIES
(Japan)**

The Committee agreed that this revised proposal appropriately met the recommendations made by the Expert Panel, and that it should be recommended to Council for approval and financing. The Committee however, expressed the view that the project should recognize and take into account previous tropical timber database work funded by ITTO, such as PROSPECT, to avoid duplication of work and to optimize the benefits of this 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 15/97 Rev.2 (I)	c,d,i,l	Further processing	58,975	8 months	Panama	1
PD 33/97 Rev.2 (I)	c	R & D	733,225	36 months	Andean countries	1
PD 58/97 Rev.1 (I)	c,i,k	Data Bank	502,032	24 months	Global	1

1. Recommend to the ITTC to approve the (amended) proposal for implementation by ITTO and recommend it for immediate financing.
2. Recommend to the ITTC that the proposal be revised and resubmitted: (a) directly to the relevant Committee, or (b) to the Expert Panel.
3. Recommend to the ITTC to approve the proposal for ITTO sponsorship for funding through other relevant financial institutions, in accordance with Article 20, (6) and (7), and Article 28, of the ITTA, 1994.
4. Recommend to the ITTC that a decision on the proposal be deferred until the next session.
5. Recommend to the ITTC that the proposal should not be further considered by ITTO.

APPENDIX II

LIST OF APPROVED FELLOWSHIPS
(Report of the Fellowship Selection Panel)

App. No.	Name	Nationality	Subject
COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE			
035/97A	Kaikai, Ibrahim Monfra	Liberia	Short-term research on "the introduction and market acceptance of African Lesser-Used Species (LUS) in major European timber markets" at the University of Helsinki, Finland
COMMITTEE ON FOREST INDUSTRY			
001/97A	Adu-Fokuo, Emmanuel	Ghana	MSc Programme in Forest Industries Technology, School of Agricultural and Forest Sciences, University of Wales, Bangor, U.K.
075/97A	Affandi, Himan	Indonesia	Research entitled "Structure elucidation of the compounds isolated from some species of tropical forest of Pasir mayang, Jambi, Sumatra, Indonesia" at School of Chemistry, the University of New South Wales, Australia
007/97A	Aggarwal, Anil	India	Deliver Conference Paper at the International Conference on Utility Line Structures at Fort Collins, Colorado, U.S.A.
081/97A	Barbosa, Ana Paula R.	Brazil	Attachment to Mississippi Forest Products Laboratory, Mississippi State University, U.S.A.
068/97A	Fonweban, John Ngong	Cameroon	Research on timber quality assessment and timber waste recovery
002/97A	Lopez Tandazo, Napoleon	Ecuador	Master's Program in Timber Technology and Industry at University of Chile, Chile
051/97A	Sey, Samuel	Ghana	MSc research entitled "Human Resources Planning in the Ghanaian Wood Industry"
135/97A	Sulastiningsih, Ignasia Maria	Indonesia	Participation to the 6th International Inorganic-bounded Wood & Fiber Composite Materials Conference in Idaho, U.S.A. and visiting the Forest Products Laboratory in Madison, Wisconsin and some structural wood panel mills
COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT			
094/97A	Agyeman, Victor Kwame	Ghana	Research entitled "Milicia spp. (Iroko) tolerance to Phytolyra spp. infestation: potential for enhanced artificial regeneration"
050/97A	Aleman, Mariela	Honduras	Tropical Dendrology Course at Tropical Science Center, San José, Costa Rica
076/97A	Asumadu, Kwame	Australia	Study tour to commercial plantations in Ghana

App. No.	Name	Nationality	Subject
054/97A	Bosu, Paul Pinnock	Ghana	Attachment to School of Forestry at Northern Arizona University, U.S.A.
124/97A	Cavalcanti, Francisco	Brazil	Study tour to institutions of Forest Management and Community Development in Latin American countries
109/97A	Clarke, Alexander Kayee	Liberia	B.Sc Programme in Forestry at Obafemi Awolowo University, Nigeria
090/97A	Essiane Mendoula, Edouard	Cameroon	Training Course on Studies of Environmental Impact (EIA) at Centre d'Etude de l'Environnement et du Developpement au Cameroun, Maroua, Cameroon
016/97A	Gboloo, Andreas Tertey	Ghana	Publication of technical document entitled "Bushfires, a Ghanaian Approach"
052/97A	Guingab, Ma Visitacion Dejan	Philippines	Research on floristic survey of grassland ecosystem in northeastern Luzon, Philippines
101/97A	Kenneh, Vanie Ali	Liberia	B.Sc Programme in Agriculture at the University of Cape Coast, Cape Coast, Ghana
065/97A	Khadka, Manohara	Nepal	Short Course on Monitoring and Evaluation for Successful Projects and Programs at ANUTECH, Canberra, Australia
125/97A	Morales Suares, Monica Stella	Colombia	Short Course on Environmental and Natural Resources Management at Instituto Nacional de Administración Pública, Colombia
017/97A	Moumbouilou, Joseph	Congo	Annual Course on Remote Sensing at Regional Remote Sensing Centre (CRTO), Ouagadougou, Burkina Faso
009/97A	Nganje, Martin	Cameroon	Technical Document entitled "Potential of Mangroves and Mangrove Resources in Cameroon, with elements on Sensitisation and Restoration"
118/97A	Patzy, Luis Fernando	Bolivia	Master's Program in Natural Resources Management at INCAE, Costa Rica
004/97A	Pelser, Petrus B.	Netherlands	Research entitled "Seedlings of secondary forest trees of South and East Kalimantan and means for their user-friendly identification"
085/97A	Seca Gandaseca	Indonesia	Deliver Conference Paper at IUFRO 3.10.05 Technical Session Wood Delivery in conjunction with the New Zealand Forest Industry International Exposition and Conference, New Zealand

App. No.	Name	Nationality	Subject
063/97A	Sharma, Jyothi Kumar	India	Short research training to learn RAPD (Randomly Amplified Polymorphic DNA) Marker Technique to locate genes responsible for disease resistance and higher growth of Eucalypts using some of the colonial material from Kerala at CSIRO, Australia
129/97A	Vargas Fajardo, Jose Vicente	Colombia	Short Course on Silviculture and Management of Tropical Natural Wood at CATIE, Costa Rica
018/97A	Yu, Xuebian	China	Research on the structure, function and reestablishment mechanism of understory vegetation in tropical Eucalyptus plantation

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1-6 December 1997
Yokohama

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

SECOND SESSION OF THE COMMITTEE ON FINANCE AND ADMINISTRATION

Item 1: Opening by the Chairperson

1. The Session was opened by the Vice-Chairperson, Mr. Toshikatsu Aoyama (Japan), as the Chairperson, Mr. Alejandro Gumucio (Bolivia) had been unable to attend. Mr. Aoyama (hereinafter referred to as the "Chairperson") welcomed delegates to the Second Session and reminded them that the Organization had entered a new phase since the ITTA, 1994 had come into force at the beginning of the year and the Committee on Finance and Administration had been thereby created. He noted the complexity of the tasks assigned to the Committee by the ITTA, 1994, especially against a background of the necessity for increased funds to undertake new challenges and the financial constraints of the available budget. The Chairperson reviewed the history of the achievements of the First Session. The Rules of Procedure, Financial Rules, and the Headquarters Agreement had been discussed and so this session had before it a further draft of the Financial Rules - these were very important for the Bali Partnership Fund in particular.

Item 2: Adoption of Agenda and Organization of Work

2. The Committee adopted its agenda and suggested that the main issues be identified and that there should be a small working group, open to all Members, to speed progress. The main issues were the administrative budget (and related to this the exchange rate), the Working Capital Account, the Staff Rules, and the Financial Rules. The U.S.A. supported those who wished to put the Bali Partnership Fund into operation immediately. Indonesia queried the amount of funds available in the Bali Partnership Fund. There was also a requirement of the Rules of Procedure that all decisions of the Councils should be read, and this should be eliminated as unnecessary. The small working group would not to be timed so as not to conflict with other engagements such as Committee Sessions.

Item 3: Review of Contributions to the Administrative Budgets

3. The Executive Director introduced document CFA(II)/3, which detailed the history of Members' contributions to the Administrative Budgets 1986-97, including assessments, receipts, interest, and arrears. Switzerland and France raised the issue of non-payment and late payment of assessed contributions revealed by the document. The Executive Director noted that payments were being made, if late, and this was the reason why the Working Capital Account had risen from about \$1 million to \$2 million over the year. The Secretariat explained that the figure for estimated contributions expected before the end of the current financial year was based on historical experience of the record of payments of individual Members. Switzerland noted that the payment by the Central African Republic for its 1997 assessment should not have been included in this figure, as it had already been received prior to completion of the financial documents.

Item 4: Current Status of the Administrative Account

4. The Executive Director introduced Document CFA(II)/2, which indicated the current status of the Administrative Budget for 1997. The Executive Director also advised that assessed contributions for the two new Members, Greece and Guyana, were proposed under the document ITTC(XXIII)/11 and ITTC(XXIII)/12 respectively. The Committee again noted with concern no recorded payments for Members with a history of non-payment or late payment.

Item 5: Draft Administrative Budget for the Financial Year 1998

5. The Secretariat explained document ITTC(XXIII)/2, which as usual had been distributed to Members in August. The Committee decided that the budget should always be constructed using the current official U.N. exchange rate for the month of the Session in which it was considering the budget proposals, and the Secretariat was requested to re-draft the budget accordingly. Specific points raised by Members included the necessity or otherwise of replacing one of the office vehicles at this juncture (France) and the reasons for placing the position of Information Officer, funded from the Special Account until June 1998, onto the Administrative Budget from July to December 1998 (U.S.A.). The Secretariat was instructed to prepare alternative budgets with and without the post of Information Officer. On the issue of the vehicle, the trade-off between the cost of a new vehicle and extra maintenance costs on the older one were explained.

6. The Executive Director, in reply to a question (France) noted that recent surpluses expected at the end of each financial year were a new phenomenon, and due to the favourable trends in the yen/US\$ exchange rate. The Organization had previously been requesting Council for access to the Working Capital Account at the May Session to make up for anticipated shortfalls, during the years of less favourable

exchange rates and lower percentages of paid-up assessments. He assured the Committee that estimates of expenditure were conservative, and not artificially inflated in an effort to use up the whole budget.

7. The Committee decided to recommend to the Council to approve the Administrative Budget for the Financial Year 1998 in the amount of US\$ 3,854,916. This amount will be increased by US\$ 78,033.00 to take account of the discount to be granted to Members for early payment of their contribution (before the end of April) but at the same time will be reduced by US\$ 52,949.00 by utilizing the bank interest earned in 1997. The net amount to be assessed from Members towards the Administrative Budget for the Financial Year 1998 is therefore US\$ 3,880,000.00 as presented in the document ITTC(XXIII)/2/Amend.1.

Item 6: Resources of the Special Account and the Bali Partnership Fund

8. The Secretariat introduced document CFA(II)/4, a comprehensive review of voluntary contributions and expenditures on projects, pre-projects, and other approved activities. It was noted that the Bali Partnership Fund was not yet operational. The Secretariat responded to a query on the use of unspent funds (Netherlands) by noting that both the ITTA, 1994 and the Financial Rules required such funds to be returned *pro rata* to the original donors. However, funds reimbursed from the Project Sub-Account to the Pre-Project Sub-Account following the emergence of a project from a pre-project (for the cost of the pre-project) remained unearmarked in the Pre-Project Sub-Account unless assigned by Council to a new pre-project. Canada was informed that funds which a donor did *not* want returned could be re-assigned to other activities by an exchange of letters and instructions from the donor in question. It was noted that transactions costs could be high relative to small amounts.

Item 7: Revision of Basic Control Documents

9. The Committee had before it document CFA(II)/5, which contained a revised draft of the Financial Rules following the work done on this subject at the First Session, and later comments received from members.

10. A number of editorial errors were noted, and the Committee observed that the ITTA, 1994, Article 21 (6) required rules governing the settlement of account on the termination or expiry of the Agreement, so the Secretariat was instructed to furnish such a draft rule (EU, France, Switzerland). Under the Bali Partnership Fund Rules, it was proposed (U.S.A.) to extend Rule 19 (2) by a reference to ITTO's criteria and indicators. Further amendments proposed by Brazil were added to this rule. Sweden and Canada were advised that an exchange of letters to handle the re-allocation of unspent project funds would be feasible without the necessity to further amend the Financial Rules. After the incorporation of the foregoing amendments, the resulting document (CFA(II)/5 Rev.2) was recommended for adoption by Council.

11. For the Rules of Procedure, the minor editorial changes agreed at the First Session to ensure conformity with the ITTA, 1994 were agreed and a proposal from the U.S.A. to eliminate the requirement to read aloud all Council decisions [Rule 33 (1)] was also adopted.

Item 8: Appointment of Auditor for the 1997 Accounts

12. The Secretariat introduced Document ITTC(XXIII)/8 and advised that the current firm of Price Waterhouse had audited the Organization's accounts for three years, and, under the Financial Rules, could not proceed to a fourth year. The favoured candidates were those with personnel having previous experience of ITTO's accounts but a change was desirable so the firm of Deloitte-Touche Tomatsu & Co., Tokyo was to be recommended to the Council to audit the accounts for the Financial Year 1997 of the Organization.

Item 9: Other Business

13. Japan proposed that in the interest of cost-efficiency, future Expert Panel members with business class entitlements under the U.N. system should be required to travel economy class, and moreover that their honoraria should be reduced by 10%. The Committee agreed to this proposal.

14. Japan proposed that the Executive Director should be requested, in the light of the Action Plan, to prepare a strategic plan outlining the work of the Organization including detailed staff requirements to reflect transparency in the recruitment process. The Committee agreed to this proposal and recommended that such a plan be submitted for consideration by the Council at its Twenty-fourth Session.

15. The Delegate of France recommended that the resources and utilization of the Programme Support Fund in the Special Account should be reviewed. Switzerland also recommended that the Programme Support Fund may be increased by an appropriate percentage to cover the expenses for the Expert Panel for Technical Appraisal of Project Proposals and the Informal Working Group for Evaluation and Monitoring of Projects and Pre-Projects. It was also recommended that costs for monitoring and evaluation which are presently budgeted in individual projects may be pooled together in one account for such purposes. The Committee agreed to discuss these matters at its next Session and requested the Secretariat to present an information documents on the resources of the Programme Support Fund to assist the Committee in its deliberations.

16. The Committee decided to review the resources and uses of the Working Capital Account in view of the fact that the current level exceeded 50% of the annual budget.

Item 10: Dates and Venue of the Fourth and Fifth Sessions

17. The Committee agreed that the Fourth Session would be held on the same dates and at the same venue as the Twenty-fifth Session of the Council and similarly that the Fifth Session of the Committee be held at the same dates and venue as the Twenty-sixth Session of the Council.

Item 11: Recommendations to the International Tropical Timber Council

18. These were as follows:

- (1) To accept the revised Administrative Budget for the Financial Year 1998 of the amount of US\$ 3,854,916 as presented in document ITTC(XXIII)/2/Amend.1 which uses the exchange rate of Yen 127.80 to US\$ 1.00, and includes the expenses for the costs for the post of Information Officer from July to December 1998. The assessed contributions from Members will be US\$ 3,880,000.00 to take account of the discount to be given to Members for timely payment of their contributions in 1997 and also to utilize part of the interest earned in the same year.
- (2) To adopt the revision of the Rules of Procedure and Financial Rules and Rules relating to Projects of the ITTO as shown in the draft Decision which refers to Document CFA(II)/5 Rev.2.
- (3) To appoint the firm Deloitte Touche - Tomatsu & Co., Tokyo, to audit the accounts of the Organization for the Financial Year 1997.
- (4) To request the Executive Director to draft, in conjunction with the Action Plan, a Strategic Plan outlining the work of the ITTO including detailed staff requirements to reflect transparency in the recruitment process. The strategic Plan would be considered at the Twenty-fourth Session.
- (5) In the interests of cost-efficiency, to reduce the costs of participation in the various Expert Panels by downgrading business class travel rights to economy class and by reducing all honoraria by 10%.

Item 12: Report of the Session

19. The Committee adopted this report.

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ANNEX IV

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

{Document: IAG(I)/1}

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FIRST MEETING
1-6 December 1997
Yokohama, Japan

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

**REPORT OF THE CHAIRMAN OF
THE INFORMAL ADVISORY GROUP (IAG)
ON THE FIRST MEETING OF IAG
YOKOHAMA, NOVEMBER 30, 1997**

1. Pursuant to ITTC Decision 3 (XXII), the first meeting of IAG was held on November 30, 1997 in Yokohama. As required by the terms of reference of IAG, the Meeting was attended by:
 - Vice-Chairperson of ITTC
 - Chairperson of Committee on Economic Information and Market Intelligence
 - Chairperson of Committee on Reforestation and Forest Management
 - Chairperson of Committee on Forest Industry
 - Acting Chairperson of Committee on Finance and Administration who also represented the host government.
 - Producer Spokesperson
 - Consumer Spokesperson
 - Executive Director of ITTO
2. For the work of the IAG, the Group was, so to speak, on uncharted territory and hence the Group had various possibilities to contribute to the growth and development of the ITTO, based on the Decision and within the framework of the ITTA, 1994
3. Certain factors were considered relevant in the work of the Group, including:
 - Although the mandate of the IAG may be wide, the Group must always be aware of the absorptive capacity of the Organization based on various considerations. Prudence must dictate the scope and pace of change at any one time;
 - The IAG is responsible to and must function based on directives from the Council;
 - The IAG is both informal and advisory in nature, hence the issues of transparency and participation may therefore constrain its work unless properly managed.
4. Being the first Meeting of IAG, its discussion was structured into three parts:
 - Firstly, the Group reviewed its terms of reference as contained in Decision 3 (XXII);
 - Secondly, the Group deliberated on what it should try to achieve at its first Meeting;
 - Thirdly, the Group had a wide ranging discussion and explored various issues that it might focus its attention on at future meetings.
5. As discussion of the IAG was based on decision 3 (XXII), the terms of reference and functions of the Group were derived from various parts of the Decision, namely under "Decides to", "Roles and responsibilities" and "Mode of Operation". Six items could be identified from these three sections of the Decision:
 - a. To provide advice to the Council on the strategic priorities and policy options of the ITTO in the context of the ITTA, 1994. (para 2 "Decides to").
 - b. To request the Committee on Finance and Administration to assess the staffing needs of the ITTO in the light of priorities determined by the Council with the advice of the I.A.G. in the context of the ITTA, 1994. (para 5 "Decides to").
 - c. To receive, generate, synthesize and provide advice to Council and in this context review previous Council decisions, assess and advice Council on the need to sunset or further examine previous Council decisions in the light of the ITTA, 1994. (para 1 "Roles and Responsibilities of the IAG").

- d. To consider in the context of the overall policy and strategic priorities of the Council, priorities related to public relations and public education of the ITTO. (para 2 "Roles and Responsibilities of the IAG").
 - e. To advise Council on ITTO's coordination and cooperation priorities with external agencies and organizations for further decision and implementation of appropriate action by the Council. (para 3 "Roles and Responsibilities of the IAG").
 - f. The I.A.G. may propose informal joint producer/consumer sessions to address policy options and strategies during Council Sessions. (para 2 "Mode Operation")
6. The Group noted that on items "c", "d", "e", it needs specific guidelines and directives from the Council, whilst others may need studies and working documents on specific topics to guide and inform the Group's deliberations.
 7. The various issues that were discussed by the Group which it recommends Council's urgent action at this Session are tabulated as follows:
 - Action Plan;
 - Criteria and indicators;
 - Guidelines on forest industries;
 - Streamlining the work of the committees;
 - Basic Control Documents;
 - Market issues;
 - Intergovernmental Forum on Forests
 8. Concerning the ITTO Action Plan, the IAG is of the view that it should be urgently considered by Council. In addition, a work plan should be formulated to operationalize the Action Plan, taking into account priorities and resources. The IAG also considered that the Action Plan should contain a Mission Statement.
 9. The IAG is of the view that the Action Plan may form an appropriate topic for an informal joint producer/consumer session.
 10. The IAG discussed and recognized the direct linkage between the ITTO Year 2000 Objective and the Bali Partnership Fund. Urgent efforts should therefore be made to develop the financial procedures governing this Fund. Equally, ways and means must be found to generate more resources for the Fund.
 11. The IAG further recommends to the Council that the Executive Director be requested to:
 - undertake a screening of all ITTC Decisions adopted to date, so that at future Meetings the IAG may evaluate their relevance in the context of the ITTA 1994;
 - present proposals on the translation, printing and dissemination of all ITTO pre-project and project documents to reduce cost.
 12. The questions of certification; public relations and public education; documentation handling by the Secretariat; and intellectual property rights were also referred to as possible issues for urgent action by the Council. However, discussion on these issues was not completed.
 13. The Group also had a preliminary discussion on the need to develop procedures and selection criteria for the appointment of the Executive Director of the ITTO, so that when the time comes to make such an appointment, it can be effected smoothly without disruption to the work and continuity of progress and development of the Organization.

On this issue, The Council may wish to note this matter in relation to item 20 of its Agenda.
 14. It is the intention of the Group to have another meeting to undertake a post-mortem and review its future work based on responses of the Council to this Report. This will enable the IAG to better organize its work at future meetings.

15. The members of IAG expressed their appreciation to the Executive Director and his staff for making the necessary preparations for supporting the work of the IAG.