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TWENTY-SECOND SESSION  
21-29 May 1997  
Santa Cruz de la Sierra, Bolivia

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

**Santa Cruz de la Sierra, Bolivia**

**21-29 May 1997**

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## REPORT

### Item 1: Opening Ceremony

1. The Twenty-second Session of ITTC was opened by HE Mr Moisés Jarmusz Levy, Minister of Sustainable Development and Environment, Bolivia.
2. The Minister referred to the Summit of the Americas for Sustainable Development Hemispheric meeting which had also taken place in Santa Cruz, two months previously where 30 Heads of State and Government had been present. At this meeting he had expressed satisfaction and pride in the steps which Bolivia has taken in the field of sustainable development and the environment. Likewise, he said he was happy to communicate to this important meeting of ITTC, the concerns in this field and the significance that Bolivia has given to forest resources and the need for attaining sustainable management and conservation of nature. He gave emphasis to the advancement of indigenous peoples, as well as to the development of human resources and the management and conservation of natural resources. He said that, for the benefit of both present and future generations, Bolivia wanted to grow economically; that this would not be possible if care is not taken of Bolivia's domestic and national wealth. Sustainable development requires a gradual process of changes in policy. Consideration needed to be given to the requirements of both developed and developing economies of the hemisphere.
3. The Minister said that the problems of biodiversity and desertification in Bolivia act as the core for changes that must take place on the planet through the rational management of its forest. Bolivia expected active participation by all delegates at this meeting so that, through the ideas and proposals put forward, a fruitful dialogue would be initiated which would help to overcome the problems to be faced.
4. He said that Bolivia had taken major steps in changing its legislation and he mentioned the Environment Act, the Forest Act, the Land Reform Act and the protection of Biodiversity Act, all of which illustrated the clear response taken by Bolivia to this challenge. He admitted that sustainable development is a complex issue.
5. He expressed a heartfelt welcome to Bolivia to all the delegates and wished the participants success in their deliberations. He hoped that Bolivian hospitality would make the members' stay in Santa Cruz a pleasant one.
6. HE Mr Wisber Loeis, Chairman of ITTC, said that the Council had often enjoyed the good fortune of receiving Heads of State and Governments to address its Sessions away from ITTO headquarters. He said it was an honour that could not be taken for granted and that the presence of the President of Bolivia, HE Mr Gonzalez Sanchez de Lozada, was highly valued and interpreted as a measure of the high regard in which ITTO is held in Bolivia. The Government and people of Bolivia had embraced ITTO as their own and he welcomed the President's counsel in the deliberations of the ITTC in its pursuit of sustainable development. On behalf of all members of Council and other delegates, he thanked the President, the Government and the people of Bolivia for their hospitality.
7. The Chairman remarked that this was the first Council Session since the ITTA 1994 had come into force. He noted that the accession of some countries was still pending, though assurances had been given that these would be completed and he asked that other members encourage their continued membership. He also welcomed the representatives of two new States: Cambodia and the Central African Republic who, he said, were received with open-hearted solidarity to share with other members the common cause of the management, conservation and sustainable development of tropical forests.
8. The Chairman referred to the crowded agenda of urgent business before the Council. He highlighted some of the issues to be discussed, including the efficient organisation of the Council proceedings, ITTO's place in developments in the international forestry dialogue and the status of the progress of members toward the Year 2000 Objective. With so much to do, he said, ITTO must reaffirm its resolve to work together to bring solutions to problems. He hoped that this was the feature of the Organization's achievements that had earned it the credit of the international community. This was a reason why ITTO should play an increasing role in the dialogue. Out of the issues debated must emerge the wisdom to take meaningful action. He drew attention to the commitment shown by Bolivia in its determination and

resolution towards progress and referred to Bolivians as "champions of sustainable development". He reiterated his thanks to the President for agreeing to inaugurate the Twenty-second Session of the Council.

9. Dr B C Y Freezailah, Executive Director of ITTO, expressed his gratitude on behalf of the Council, to the President for honouring the Council with his presence and for inviting the ITTC to Bolivia. He drew attention to the enlightened vision shown by the President in the establishment in 1993 the world's first Ministry of Sustainable Development and Environment. He referred to the President's invitation to ITTO to be an agent in assisting Bolivia in its innovative policy towards the sustainable management of Bolivia's rich forest resources through sending a Mission. He said that President Sanchez de Lozada had accepted the challenge of making decisive policies on sustainable development and was regarded as one of the outstanding leaders of the Bolivian people. It had been a privilege for the ITTO Mission members to have held audiences with the President and to see him at work. He recognised the President's qualities of statesmanship and dedication to ideals and expressed gratitude that the President had again supported ITTO by his presence. He offered good wishes for his future career and good health.
10. His Excellency, Mr Sanchez de Lozada, President of Bolivia, recalled that in the same room the Hemispheric Summit on Sustainable Development had been held. He said that today's meeting was no less important and an honour for himself and the Government of Bolivia. After a long period of preparation he said it was a major achievement for this meeting in Santa Cruz finally to be held. During his five-year Presidency, he said that a number of changes had been made, including the establishment of the Ministry of Sustainable Development and Environment. He said that it was recognised that sustainable development was a paradigm for the future in Bolivia and was the major hope for those countries that wanted to attain development, but in a way that would be compatible with the environment. With the other nine ministries, that Ministry had become responsible for planning for Bolivia's economic, political and social and environmental future development. One of the major challenges was how to order the forest environment. He said that much of Bolivia was covered by virgin forest but that its destruction was a major problem. Bolivia had received advice from the ITTO Mission, but each time he had met with the Mission members he had been left with more questions than answers. However, through this process of the Mission he said that he became aware that there were no easy solutions. He referred to the difficulties of poor countries which cannot afford to set aside development – these countries must develop and yet, in Bolivia's case, the most important resources it had were the tropical forests. He said that the ecosystem must be preserved in order to ensure that the resources remain renewable. Of all the aspects with which the government is involved – social, economic and human and political development – the most difficult part of the equation is the environment. There was pressure from developed countries to preserve these resources before they disappear.
11. The President said that Bolivia had enacted a daring law which had been greatly debated. The Forest Act had tried to unite the timber industry and the resistance of environmental groups that were fighting against the development of the forest resource. He noted that if the resource was not developed in an appropriate way, there would be problems. What has been attained may not be perfect, he said, however from this major effort of joint interests, the law is being enforced today.
12. The President praised ITTO and said that it should dedicate itself to the exchange of experiences. He said there would not be success if developed countries wanted conservation and developing countries wanted development. A way must be found to attain sustainable development and it was very important to have decisive participation in meetings such as this one, from all sectors, particularly both producer and consumer countries. He acknowledged that, in Bolivia, help from the private sector should be sought because without this there would be no progress. It had always been difficult for the Government because the implementation of sustainable development is extremely complex. He said that there was now a set of regulations and a structure within which other bodies of the Government would be able to implement the law. Bolivia has made a great effort and he welcomed observations from the rest of the world and the exchange of experiences in order to improve actions to obtain the major objective for the next millennium, which is sustainable development. He expressed his heartfelt thanks to the words of the Executive Director and said Bolivia was truly honoured because he recognised that Bolivia's future and that of the planet was, to a great extent, based on decisions made at meetings such as this one.
13. With regard to the proposal by Bolivia to list mahogany on Appendix II of CITES, the President said it was feasible to support this proposal because Bolivia now had the necessary structure of the law for



sustainable development and implementation and this law would preserve an extremely important resource. He wished the meeting well in its pursuance of sustainable development.

14. The Chairman thanked delegates for attending the meeting, particularly those who had had long flights to reach Bolivia and he noted that this was an indication that they wanted to contribute to the success of the meeting. He added that there were some members who had not yet completed the membership process according to the requirements of the ITTA 1994, however he said that, after consulting with the Producers and Consumers, it had been agreed that they should continue to sit with the Council during the Session.

**Item 2: Ascertainment of the Quorum**

15. The Executive Director informed the Council that the quorum had been met (Annex I of this document gives a full list of participants).

**Item 3: Adoption of the Agenda and Organization of Work**

16. The Chairman drew attention to Document ITTC(XXII)/1/Note, which referred to the fact that the Secretariat had received two proposals for additional items to the agenda. These were a report on the Intergovernmental Panel on Forests (IPF), proposed by the European Union; and Market Access, proposed by Malaysia.
17. The Representative of the European Union, Mr Enzo Barattini, referred to paragraphs 134 and 135 of the report of the IPF which, he said, were particularly relevant to international organisations regarding support for IPF and the contribution of an Inter agency Task Force on Forests.
18. The Representative for Brazil, Ms Barbara Briglia Tavora, said that she had understood that the Producer group were awaiting discussion with the European Union on how the report of IPF was to be handled before agreeing to the agenda item.
19. The Spokesman for the Consumer Group, Mr. David Drake, said that arrangements had been made for the Representative of European Union to address the Producer group but he had not realised that this was conditional. He said that the intention of the discussion was simply to reflect the work of IPF and to make sure that ITTO can react in the near future and recognise its important work but leave out issues that remain to be determined.
20. The Representative for the European Union, Mr Enzo Barattini, said that there were some IPF decisions which were directly linked to ITTO activities, specifically those in paragraph 134, where all international organisations are called to support and undertake actions suggested by IPF. Furthermore, paragraph 135 calls all members to continue their work and improve their coordination in order to promote consistent action. Bearing in mind the forthcoming UNGA meeting, it was requested that ITTO be specific about this situation and its own evolution within this framework.
21. Following consultations in the caucuses, the Chairman said it had been agreed that both these items would be added to the agenda.

**Item 4: Report on the Membership of Council**

22. The Executive Director reported that at the Twenty-first Session of the Council under the ITTA 1983, there had been 53 members comprising 27 consumer and 26 producer countries. Currently, under the ITTA 1994 Council has a membership of 46 countries comprising 22 consumers and 24 producers. He announced that there were two new producer members, Cambodia and the Central African Republic. A further three producers and four consumers had signed the new Agreement but that additional measures for full accession had not been undertaken by these countries in accordance with their constitutional and legislative procedures. Two other countries, Trinidad and Tobago and the Russian Federation had not yet taken any measures for accession.
23. The Executive Director introduced four documents relating to the accession by members, the Central African Republic, Zaire, Nepal and Austria. These four countries acceded to the ITTA 1994 after 1

January this year and he reported their respective assessed contributions as follows: Central African Republic (Document ITTC(XXII)/6 Rev.1) US\$51,975; Zaire (Document ITTC(XXII)/7 Rev.1) US\$41,869; Nepal (Document ITTC(XXII)/12) US\$12,833; Austria (Document ITTC(XXII)/13) US\$12,352.

**Item 5: Distribution of Votes**

24. With regard to the proposed distribution of votes, the Executive Director referred to Document ITTC(XXII)/1 Rev.1 Annex A, which lists the respective votes for producer and consumer member countries. He drew attention to Annex B, in which a listing is given for the proposed distribution of votes for the situation following expected ratifications. These Annexes were accepted by Council.

**Item 6: Admission of Observers**

25. Council considered the applications for admission by the countries and organisations recorded in Document ITTC(XXII)/Info.3 and decided to admit all as observers to the Session.

**Item 7: Appointment of the Credentials Committee**

26. The Chairman announced that the following countries had been proposed for the Credentials Committee: Togo, Papua New Guinea, Colombia and Honduras, UK, Germany, Australia and Canada.

**Item 8: Statement by the Executive Director**

27. The Executive Director said that the membership of Bolivia to ITTO was highly prized and that the dedication of its Government and people to sustainable development had earned it a special place within the Organization. Of its own volition, Bolivia had asked ITTO for assistance. He said that the ITTO Mission had been privileged to participate in the transparent process of policy dialogue without any hindrance and that it had received nothing short of cooperation and goodwill. The Mission had been encouraged to identify key problems of forest management and it had made strong recommendations in response. He said it was a measure of the enlightenment of the Government that the whole of ITTO had now been invited to observe the realities of forestry in Bolivia.
28. Dr Freezailah said that the delegates' arrival in Bolivia could not have taken place among a friendlier and more hospitable people and he said such an atmosphere was what was required for the first Session of Council under the new Agreement. He called for one of the first decisions of the Session to be the approval of funding to support the measures that Bolivia had agreed to undertake in response to the recommendations of the ITTO Mission.
29. The Executive Director recalled the recent meeting of the 'First Latin American Workshop on Tropical Forests Within the Framework of the ITTA 1994' which had taken place in Caracas, Venezuela in January 1997. He said this too demonstrated the serious commitment of ITTO's Latin American members to integrate ITTO's new mandate into their national policies. Representatives had highlighted their strategy for incorporating ITTO's Guidelines and Criteria and Indicators into their planning. He added that the example of this regional concertation set by Latin American members should not be lost on other tropical regions of ITTO.
30. Dr Freezailah then went on to question how effectively the Organization works. He said that a corporate loyalty had been developing over the years, particularly reflected by the missions to Sarawak and Bolivia, and through the implementation of major projects funded through ITTO donor members. He noted the significance of the two ITTO projects, 'The Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area in Sarawak, Malaysia' and the 'Development of Bentuang-Karimun Nature Reserve in West Kalimantan, Indonesia' which together form a large contiguous transboundary reserve on the island of Borneo. This area, extremely rich in flora and fauna, offered an opportunity for cooperation in joint management and he reported to Council that a joint scientific expedition, the 'ITTO Borneo Biodiversity Expedition, 1997' was to be undertaken for six weeks from the beginning of September 1997. A formal launching ceremony would be held on 4 July in Pontianak, Kalimantan. The expedition would involve 45 scientists from the two countries and from other countries as well as from NGOs. The aim was to gather detailed scientific information about the biodiversity of the

area, and socio-economic data of the local communities. He highlighted the cooperation characterised by the expedition and referred to the experts from ITTO's members States, IUCN, WWF, local communities and the timber trade and industry associations of Indonesia and Malaysia. He also reported that consultations were being held with other organisations including the International Plant Genetic Resources Institute (IPGRI) in Rome and the Royal Geographical Society (RGS) in London. Such a broadly based international effort, he said, augured well for the project as a model scheme designed to demonstrate better management and protection of tropical forests.

31. Dr Freezailah referred to Document ITTC(XXII)/10 to outline recent activities in which ITTO has participated in the field of international forestry. He reported that he had continued to participate in the work of the Independent World Commission on Forests and Sustainable Development; together with Japan, Canada, Malaysia, Mexico and FAO, ITTO had jointly sponsored the IPF-related initiative 'The International Workshop on the Integrated Application of Sustainable Forest Management Practices' in Kochi in November 1996; the Secretariat continued to be active in the Inter-Agency Task Force on Forests (ITFF); ITTO had been represented at the Fourth Session of the IPF and the Fifth Session of the UN Commission on Sustainable Development (CSD); and ITTO would also be represented at the Special Session of the UN General Assembly in June, in the review of the work of the CSD.
32. Dr Freezailah said that a cluster of issues had evolved which required attention, including: (a) the implementation of the proposals for action which emerged from IPF; (b) continuation of the international forestry dialogue through the establishment of a new forum. The mandate for this might include the provision of advice on the need for arrangements covering all types of forests and/or to seek consensus for the negotiation of a legally binding instrument and to report on this to CSD in 1999. It might also need to carry forward policy action on forests through the establishment of an Intergovernmental Negotiating Committee (INC); (c) the call for international organisations to explore means for collaboration within the ITFF, focusing on the implementation of IPF proposals for action.
33. Dr Freezailah drew attention to the following issues which, he said, were at the centre of the international forestry dialogue: (a) the need for all countries to implement IPF proposals for action; (b) the need for close inter-agency cooperation; and (c) the divergent views on the possible elements of a legally binding instrument. He called on ITTO to pay attention to developments, including the discussions on a possible forest convention, and said that the Organization should prepare itself adequately in order to be able to participate actively in whatever process emerges. He stressed the fact that, should such a legally binding instrument be agreed, it will have repercussions on the existence of ITTO. The issues to be negotiated are complex but unlike many other organisations, ITTO had experience in negotiating such agreements; ITTO's experiences over the last decade should enable it to play an active role in this process. He added that ITTO would also keep abreast of developments of the CSD.
34. With regard to the preparations for the entry into force of ITTA 1994 raised at the Twenty-first Session of Council, the Executive Director reported that a number of reviews were under way and he referred to the Report of the Expert Panel on the Organization of Work under the ITTA 1994 (Document ITTC(XXII)/4) and the Report of the Expert Panel on Resource Needs and Costs Incurred in Achieving the Year 2000 Objective (Document ITTC(XXII)/5). In considering these reports, the Director urged the Council not to hesitate on decisions. He also drew attention to two further reviews yet to take place, the Expert Panel on the Review and Updating of ITTO's Criteria and Indicators for the Measurement for Sustainable Tropical Forest Management, and the Expert Panel on the Revision of the ITTO Action Plan. These activities would assist the Organization in drawing up a comprehensive plan of action, in the light of developments in the IPF, CSD and the Year 2000 Objective.
35. The Executive Director referred to the proposed ITFF implementation plan for the IPF Proposals for Action, which was to indicate the role each involved organisation might play and its contribution to each programme element. He said that ITTO would await the agreed revisions of the Action Plan before it could make any input to the ITFF plan.
36. An ITTO presentation would be made at the World Forestry Congress in Antalya, Turkey in October on the process of the formulation and implementation of criteria and indicators for the measurement of sustainable management of tropical forests. In addition, ITTO would be organising a satellite meeting which would comprise a series of presentations commemorating ITTO's first decade of work.
37. Dr Freezailah then discussed the Organization's internal operational activities. He reported that the structure of the Committees had changed since the start of ITTA 1994 and that a fourth Committee on

Finance and Administration had been constituted. The aim of this was to rationalise better the work of the Organization through the Committees and to get a balance between project and policy work. He appealed to NGO partners, as well as members, to assist with initiatives and commended the International Trade Network Group for organising the annual Market Discussion. He welcomed the opportunity for discussion of issues of forest management and conservation by environmental NGOs.

38. The Executive Director announced that ITTO now had a Home Page on the Internet and that it was anticipated that more of ITTO's documents would be available through this medium in order to make ITTO's work more accessible to the public. ITTO also ran seminars and training workshops in tropical forestry and timber trade statistics in its member countries. He added that, in recent years, there had been a surge in applications for the ITTO Fellowship programme.
39. Despite all these achievements, the Executive Director indicated that there was still much to be done. He said there must be a change in the burden-sharing which, at present, was carried predominantly by Japan and he encouraged pledges at this Session to the Bali-Partnership Fund, which would become operational as soon as sufficient funds were syndicated and the process of management agreed. He appealed for a pro-active reaction in order that the obligations of membership of the Organization were shared equally. He also appealed to developing member countries to redress the problem of arrears in contributions.
40. The Executive Director concluded with a message of hope and caution and called for progress against all odds.
41. HE Mr Rodolfo Masuda, Vice-Minister for Agriculture, Peru, said it was a privilege to address the Twenty-second Session of the ITTC. He asked to use the opportunity to give a summary of the forestry situation in Peru and its future prospects within the context of the economic policy of the Government and the ITTA 1994. The Government of the Republic of Peru has taken up the challenge of sustainable development by focusing its strategy in the struggle against rural poverty on three basic objectives: to promote and increase agricultural productivity; to give effective support to small producers and indigenous communities; and to encourage agro-exports. Thirty per cent of the total population (6.8 million) lives in rural areas, dependent on agricultural and forestry activities for their livelihood. Yet, he said that this was not sufficient to supply the food needs of the country. Of the 128 million hectares of land in Peru, 7.5 million hectares was agricultural, 17 million hectares was grassland and 75 million hectares was tropical rainforest. In the case of tropical timber, Peru has approximately 40 million hectares of productive tropical forests from which, based on a harvest of 20 cubic metres per hectare per annum on a 40-year cycle, it would be possible to produce 20 million cubic metres of roundwood per year. At present however, national forestry production was one million cubic metres per annum with export earnings of US\$25 million. The Government aim for the Year 2000 was to raise this to a level of US\$200 million, not only through an increase in production volume but also through the export of value-added forest products.
42. Sustainable management of tropical forests was one of the economic activities linked to the development of forest industries. The Vice-Minister said the Government was aware of the need to adhere to the guidelines on forest management as a pre-requisite for a continuing timber supply and to ensure that production forests remain secure.
43. Peru had ten million hectares of forest for potential reforestation. A National Reforestation Plan was being implemented and the Vice-Minister said that this year had been declared the Year of Reforestation – the planting of 100 million trees was the target set and this would be carried out with active participation of the private sector. He said that Peru would like these activities to be enhanced by assistance from the international community and he drew attention to a reforestation project proposal submitted to ITTC for consideration.
44. Forestry activities in Peru were estimated to account for only three per cent of GDP. Forestry management should have as an immediate objective the improvement of the living conditions of the population. This year a draft for a socially sustainable forest management project had been initiated. The Vice-Minister referred to the successes of the Alexander von Humboldt management project that had received support from ITTO and he hoped that the cooperation already established would be maintained.

45. He said that Peru intended to maximise the benefits of the forests by promoting, e.g. tourism, recreation and research, but ensuring that they caused the least impact to the forest. He mentioned the national constitution which required the State to promote the conservation of protected areas. He said the Government was establishing a national network of protected areas which includes 45 units covering 10 million hectares, i.e. 8.2 per cent of the land surface. Ecological zoning and the establishment of boundaries for permanent forest and for conversion forest was also part of the new approach. In most tropical countries, the greatest challenge was the prevention of deforestation. Even though the population growth rate has dropped during the last decade, pressures for the use of forest land in Peru continued to increase. He hoped that greater participation of local populations, industry and trade in the management of the forests would raise levels of conservation and sustainable growth.
46. The Vice-Minister referred to an ITTO project in the Alto Mayo and also mentioned the management of the Alexander von Humboldt and Biabo National Forests which, following an initial period, would be turned over to the private sector. He said these would be regarded as prototypes for the management of other forests in Peru. He said that criteria and indicators for management plans had been reoriented to approach sustained use of forests. He added that the First Latin American Workshop on Forests which had been held in Caracas had obtained excellent results; the second one would be held in Peru.
47. A further proposal for the establishment of sustainable production units was being developed and by the year 2000, it was estimated that six million hectares would be allocated to sustainable forestry production under management plans.
48. The Vice-Minister referred to the ITTO project to assist with the re-drafting of the forestry and fauna law and said that another project for the establishment of a forestry and strategic information centre had been started. A new 1995 forestry map of Peru had recently been completed. He expressed his deep appreciation for the technical and financial support from ITTO which would enable Peru to obtain its objective of the next millennium, i.e. the sustainable development of forestry. Finally he reiterated the offer by the Government of Peru to hold the 28th Session of Council in the year 2000 in Peru.
49. On behalf of the European Union, Mr Enzo Barattini made a general statement. He reaffirmed the European Union's satisfaction with the leadership of the Chairman of the Council and he thanked the Bolivian authorities and the President for their hospitality. He acknowledged the importance of this first meeting of the ITTC under ITTA 1994 and said he hoped that those countries which had not yet ratified the agreement would do so soon.
50. Mr Barattini referred to two items of discussion at this Session of particular importance. European Union members had been particularly satisfied with the report of the Expert Panel on the Organization of Work of ITTO. With regard to the report of the Expert Panel on the mobilisation of resources towards the ITTO Year 2000 Objective, he acknowledged the efforts of the Panel bearing in mind the difficulty of estimating the needs and costs incurred. He said it was encouraging to hear that producing countries had potential financial resources which could be generated internally from forestry and the timber trade to achieve sustainable development. European Union member states shared the opinion that the financial needs of sustainable forest management under the ITTO mandate should be met as far as possible through effective mobilisation of domestic resources, including those provided through revenues from the forestry sector itself. He added that, bearing in mind the responsibility of all countries towards sustainable development, the European Community was prepared to continue its cooperation in this field.
51. Following the IPF meeting in February, Mr Barattini said that European Union members expected a wide debate on ITTO's position on the CSD in order to outline better the role of the Organization within the framework of the various forestry initiatives undertaken at the international level. He added thanks to the Executive Director for his preliminary report. He reaffirmed the European Union's commitment to the Rio Declaration on Environment and Development and to Agenda 21 and said that the European Union believed that a convention on forests would improve the international community's ability to support countries' efforts to achieve sustainable forest management. ITTO should be called upon in its unique position as a commodity organisation with an exclusively tropical remit. He said that ITTO and CITES must cooperate as closely as possible to maintain its mandate.
52. The Delegate for Japan, Mr Toshikatsu Aoyama, said he would like to convey gratitude for the valuable cooperation of the international community related to the seizure of the Japanese Embassy in Lima and in particular that of the Bolivian Government.

53. The Representative for the Central African Republic, Mr Nambai Rubens, said that his government was pleased to be part of the ITTO and that it was fully aware of its responsibilities under the ITTA 1994. He said that it was the purpose of the Government to strengthen the power of the services of the Ministry of Forests so that it would be geared towards the conservation of the timber wealth of the country. He referred, in particular, to activities in 500,000 hectares of forest in the south-east of the country where it was hoped that sustainable management would allow the possibility of enhancing forestry activities. He mentioned that several pilot projects for the management of natural forests had been established and that, through these, it was hoped that an industrial use might be achieved, with the possibility of the export of the timber. Based on forest research, it had also been possible to carry out a study on the utilisation of various species of timber. However, he acknowledged that there was still much to be done in terms of setting up an inventory service and an environmental programme in the south-east area, as well as the designation of land for areas of forests for conservation and protection etc.
54. He hoped that the Central African Republic would benefit from all aspects of the ITTO and he thanked all those members who had helped his country attain membership.
55. The Representative for Guyana, Mr Clayton Hall, said he had received a message from Guyana confirming that the Cabinet of the Government of Guyana had ratified the ITTA 1994 and that the Representative for Guyana at the United Nations in New York had signed the relevant instrument of accession.

**Item 9: Conditions for Accession by New Members to the International Tropical Timber Agreement 1994**

56. The Secretariat introduced the item and referred to the draft Decision 2 Establishment of Conditions of Accession to the ITTA 1994 which had been drafted by them. The Decision stated that all States acceding to the International Tropical Timber Agreement 1994, should accept all the obligations of the Agreement and also that the time limit for the deposit of instruments of accession would be for the duration of the Agreement. The draft decision was modelled on Decision I(II) taken at the Second Session of the Council and had the same conditions as the ITTA 1983. The draft decision was agreed.

**Item 10: Report of the Expert Panel on the Organization of Work under the ITTA 1994**

57. Dr Kwame Asumadu (Australia), Chairman of the Expert Panel, presented the report which resulted from Decision ITTC(XXI)/4. The Chairman noted that the Secretariat had participated fully in the work of the Panel.
58. Dr Asumadu reported that, in considering the organisation of work under the ITTA, the Panel had recommended the establishment of an informal advisory group (IAG), the scope of which would be to generate policy ideas and to advise on the strategic planning of ITTO in order to achieve the objectives of the ITTA 1994. (The Panel had concluded that it would not recommend expanding the role of the current Bureau at this time). The proposed advisory group would comprise: the Chair and Vice-Chair of Council, the two spokespersons for the Producers and Consumers, the Chairs of the four committees, one representative of each of the environmental and trade NGOs; one representative of the host country of the ITTO Secretariat and the Executive Director. The group would meet in conjunction with Council meetings and intersessional work would be carried out by email, fax, letter and telephone. The Panel proposed that the work of the group be reassessed after 24 months.
59. Dr Asumadu said that the Panel had recognised that the work of the Committees should continue to generate ideas as a basis for Council work. The Panel recommended that the technical and policy work of the Committees was vital to the work of Council and that the Committees should be encouraged to consider these, although the unique role of the Finance and Administrative Committee was recognised and was therefore not included here. The work programmes of the other three Committees of Economic Information and Market Intelligence, Reforestation and Forest Management and Forest Industry should be encouraged to achieve a balance between project and policy work.

60. The Panel had identified the following issues in its aim to encourage full and effective transparency of the ITTO decision-making process: (a) the effective participation of trade/industry and environmental NGOs; (b) to ensure participation by member countries, the Panel recommended that Council should examine options for assisting some member countries, through voluntary contributions, to attend Council Sessions, to consider the difficulties of small delegations in participating actively in simultaneous meetings, and to enhance translation and interpretation services; (c) to improve cooperation with international agencies and organisations.
61. The Panel affirmed the importance of consultation between producer and consumer members and the intersessional activities of working groups and expert panels.
62. The Panel had considered how to achieve efficiency through better time management without sacrificing the quality of the Council and Committee Sessions. The Panel had considered ways of streamlining the Council meetings: by shortening the duration of the Sessions to enable effective use of time and to allow full participation; by holding the Committee Sessions prior to Council Sessions; and by giving emphasis to ensuring the effective participation of small delegations.
63. The Panel recommended retaining the practice of twice-yearly meetings and recognised the benefit of holding alternate meetings in producer countries.
64. The Panel also recognised the need to integrate Committee Sessions because they provided valuable input to Council; it was felt that if the Committees were held separately, it could destroy the synergies provided by the work that the Committees do. Based on these considerations, the Panel recommended that the duration of Council Sessions be shortened to six days. The Panel anticipated that the Council programme could be scheduled to avoid meetings being held concurrently. In recommending these proposals, Dr Asumadu said that members had agreed that there would need to be flexibility in their implementation and also that these proposals would need to be evaluated with experience. All members would need to adopt a new discipline to effect these changes.
65. The Panel recommended that the next Session of Council, to be held 1–6 December 1997, be in accord with these recommendations. However, the Panel recommended that the dates for the meeting scheduled for May 1998 in Libreville, Gabon, remain as previously planned but that subsequent meetings be limited to six days.
66. Dr Asumadu said that the Panel recommended that ITTO should continue to cooperate with other agencies, as stipulated in the ITTA 1994, but in order to ensure efficiency, dialogue should be based on issues only of direct relevance to the objectives of the Organization. The Panel recommended that there needed to be an effective mechanism for Council to be informed of the outcome of any dealings with relevant organisations.
67. The Panel agreed that ITTO needed to improve its role in communications with both members and the public, and that to ensure effective dissemination of ITTO's accomplishments, a strategic plan was required. In addition, better use of consultants and especially representatives of trade and environmental NGOs was recommended.
68. The Panel felt that Council should make a decision on the management of the Secretariat, taking into account the priorities of the new Agreement. The Panel suggested that this could be undertaken through the proposed informal advisory group and, if necessary, with the assistance of an outside management consultant to examine staffing requirements.
69. The Panel agreed that it would be appropriate to clarify the mandate of the Finance and Administration Committee and recommended that this should also include policy dialogue on financial cooperation and assistance to ITTO in accordance with its statutory mandate.
70. Dr Asumadu thanked the members of the Expert Panel for their contributions to the report and asked Council to consider the recommendations in a spirit of cooperation and understanding.
71. The Delegate for Gabon, Mr Ondo Hilaire, referred to the recommendation to shorten Council Sessions to six days, which he hoped would not alter the quality of the work carried out. He was pleased that the proposed dates for the meeting in Gabon in May 1998 would be maintained and he reported that preparations for the 24th Session of Council to be hosted by the Government of Gabon were already in

- hand. He added that the Minister of Forestry for Gabon would be reiterating the invitation to host this Session in Yokohama in December.
72. The Delegate for Switzerland, Dr Jürgen Blaser, agreed with the recommendation that the traditional roles of the Committees should be confirmed. He said that technical and policy issues needed to be treated in separate fora. However, he noted that the focus of the recommendations implied that the problem of inefficiency in the Organization lay principally with the Committees, suggesting that too much time was spent on project discussions and he made the following comments:
  73. He suggested that Committee Sessions should be better structured and reorganised. He noted the problem of the sheer quantity of projects to be reviewed, especially in the Forest Management and Reforestation Committee, as a result of which the Committee had to deal with old projects in an unsatisfactory manner and this put in question the credibility of ITTO's project work. Speaking as a representative of a donor country, he noted the importance that Switzerland placed on the effective monitoring of projects. If the duration of the Committee Sessions is to be reduced, he said it would be necessary to conduct more work in other fora. The establishment of an expert panel specifically for evaluation and monitoring would be such a complementary forum.
  74. He felt that too many meetings took place during the Council Session for small delegations to contribute effectively.
  75. He pointed out that missing from the report was a critical analysis of the Council's work. He agreed that Committees should provide the basis for Council's work but noted that there were various aspects which were not technical and which are treated by the Council. He agreed that an informal advisory group would be a possible means of facilitating consideration by Council of policy issues, but he expressed doubt as to whether the proposed composition of the advisory group was the right one. He suggested that the Council's work could be improved with specific informal meetings which would serve to prepare for sensitive political discussion. Dr Blaser said that Switzerland was cautious of always working so extensively in the two caucuses and expressed concern that this resulted in a polarisation of viewpoints rather than bringing consensus. Instead, informal contact groups working on specific issues could be established. He underlined that Switzerland was not against shortening the duration of the Council Session but would find it difficult to endorse the Panel's recommendation for a 6-day Session without first having identified the additional informal working groups and expert panels which would be required to complete the work.
  76. The Representative for the Republic of Korea, Mr Jin-Pyo Jeon, expressed general agreement with the recommendations of the Panel's report but asked for clarification on the differences between the proposed informal advisory group and the present Bureau. He suggested that one mechanism would be better than two. His delegation supported the recommendation to shorten the length of meetings and said that this could be facilitated if a tentative time schedule be provided before the start of the meeting and that time be managed more efficiently overall. He said he had been previously disappointed at Council Sessions at the repeated changes in the programme; ideally he would like to see a schedule circulated at least two weeks prior to the meeting.
  77. The Spokesperson for the Producer Group, Mr Edward Nsenkyire, said that the six-day Session would work if the meeting was held in the ITTO Secretariat host country, i.e. Japan, where facilities and ITTO staff would be available to help and facilitate the distribution of documents. However, experience showed that in producer countries such facilities might not always be readily available and therefore a six-day meeting would not suffice. The Producer Group felt that a trial period of 24 months for the IAG was too long and that the reassessment should be made between 12 and 18 months. He queried whether representation on the IAG of trade and environmental NGOs would come from producer or consumer countries.
  78. The Representative for Canada, Mr David Drake, said that Canada's adherence to the ITTA was currently under review, as were all commodity agreements, and therefore demonstration of the efficiency of the Organization was of particular importance. He welcomed the suggestion of an IAG and agreed that for the sake of transparency the inclusion of trade and environmental NGOs was essential. He said there was a need for more effective Committee Sessions in terms of discipline and prioritizing and agreed with the suggestion for an expert panel for the evaluation of projects. He also said that he felt the distinction between producers and consumers was becoming less relevant and that there should be a move away from the caucuses.



79. Mr Drake pointed out that ITTO is the only organisation of its kind which has meetings twice a year and he supported the suggestion for six-day Sessions although expressed a preference for five days. He suggested that one Council Session a year would suffice with, if necessary, two Committee Sessions. He expressed concern about the lack of NGO participation and said that public outreach was an important method for approaching this; he also endorsed the suggestion for the use of a management consultant. He would have liked to have seen the recommendations go further but hoped that this would be seen as the beginning of a process.
80. The Delegate for Japan, Mr Michisuke Tateyama, spoke in support of the idea of an IAG which would be conducive to decision-making by the Council. He said this should strengthen the leadership of the Council and should include appropriate members of NGOs. He said Japan strongly supported shortening the duration of the Council and proposed that Japan host the Twenty-third Session of Council in Yokohama for six days from 1 to 6 December 1997.
81. He agreed that ITTO should consider public relations in a broader context and that more effort should be made for activities of the Organization to be accessible to public opinion, e.g. through wider distribution of ITTO documents and project reports to relevant organisations and major research institutions.
82. The Representative for China, Mr Xiao Jinpeng, expressed the hope that the future work of the Council and Committees would not be affected by the recommendations of the Panel.
83. The Representative for Colombia, Dr Antonio Villa Lopera, suggested that improvements in public relations should not concentrate solely on multi-lateral organisations but that they should also be directed at ITTO's relationship with regional agreements, e.g. the Amazon Cooperation Treaty. He agreed that the streamlining of meetings was important and suggested that the shorter meetings in Yokohama could concentrate on administrative and political decisions, with emphasis on the Council, while the May meetings could be longer and devoted to technical aspects, such as monitoring and implementation of the actions required for the Year 2000 Objective. He proposed that this might provide an opportunity for representatives of donor countries to make field visits to projects so that monitoring could be more efficient and open.
84. The Representative for New Zealand, Mr Don Wijewardana, reminded members that the report had been instigated because it had been calculated that the cost of the Council meetings was about US\$4 million. If ITTO wanted to make high-quality decisions, he said it must attract high calibre representatives and the only way they could attend was if the time was reduced. He recognised the burden on some Committees and the need to assist them if the duration of Sessions was to be reduced. Consideration should be given to handing over greater responsibility to the expert panels for technical aspects so that the Committees need only consider other issues.
85. He suggested that the Organization could assist the Chairs of the Committees by providing guidance on how to manage the meetings. He pointed out a need to ensure that systems were in place to allow cooperation between producer and consumer groups and agreed that it might be time to involve a management consultant to advise on how the Organization could be more run more efficiently.
86. The Representative of the Netherlands, Mr Marko Braeken, welcomed the report and particularly the recommendations for shortening the length of meetings and the establishment of an advisory group. He asked the Council to take decisions at this meeting to facilitate the recommendations of the report. Overall, the recommendations of the report formed an adequate first step to ensure more effectiveness in the Organization and he called on the Council to continue the debate at future Sessions.
87. The Representative for Brazil, Ms Barbara Briglia Tavora, said that her delegation whole-heartedly supported the report in all its terms.
88. The Representative of the Food and Agriculture Organization (FAO), Mr Jim Bourke, noted that observers at Council Sessions were faced with the difficulty of being unable to be represented at all the different activities going on simultaneously. With regard to policy related issues, he said that a lot of work was done in private sessions in which observers were not allowed to participate, including informal contact group meetings; he noted that a key NGO had made the same point at the last Council meeting indicating that because of this situation they would not be returning to future Sessions. He added that FAO was no longer invited to participate in expert panels so that contact had also been lost.

89. Dr Asumadu said that all these comments would be taken into consideration when a decision was drafted.
90. The Chairman of Council requested that the two caucuses consult further on the report and that two small groups work on drafting a decision for Council.

**Item 11: Programme of Work for the Revision of Guidelines and Manuals Relating to Project Formulation and Implementation**

91. Dr Freezailah introduced the report, initiated as a result of Council Decision ITTC(XX1)/7. The first part responded to the request for preparation of a revision of the guidelines for strengthening the Organization's programme of work. With reference to Document ITTC(XXII)/8, he said that the proposal for the Terms of Reference for the Expert Panel had taken into account the recommendations made by the consultants. It was suggested that the Expert Panel should assess new Project and Pre-project proposals submitted with the purpose of ensuring their technical soundness. The Panel should also examine the proposals in the context of their relevance to the work of ITTO, in particular its Action Plan and work programme under the three divisions. He emphasised that it was not the role of the Expert Panel to prioritise the proposals. In a case where the Panel advised major reformulation or amendments, a request should be made to evaluate the revised proposal prior to its consideration by the relevant committee. The results of the assessments should be submitted to all member countries and members of the Council through the Secretariat. The Panel should also take into account the following factors: the relevance of proposals to ITTA 1994; the effect of proposals on the environment and social factors; the cost-effectiveness of the projects; the need to avoid duplication of effort; and, where applicable, proposals should be integrated with ITTO policy work and be consistent with the ITTO Objective Year 2000 and other guidelines.
92. Dr Freezailah said that the membership of the Panel would be limited to 12 – six from producer countries and six from consumer countries. Members would serve for two years with the possible extension of one further year and all would be appointed on the basis of their technical expertise, with regard for geographic balance.
93. He added that Council might wish to consider members' fluency in English and experience in project formulation and appraisal, and also their expertise in one or more of ITTO's three operational areas. It was also suggested that for each panel vacancy the two groups should each submit three candidates with their respective CVs.
94. Dr Freezailah went on to discuss the second part of the report, Document ITTC(XXII)/3, which provided proposals for the revision of project related guidelines and manuals, and the appointment of an Evaluation and Communication Officer.
95. The consultants' report recommended that the proposed revision should take into account the following factors: that non-essential information should be eliminated from project and pre-project proposals in order to reduce the length of documents; that presentation in the Manual of more examples on how to formulate a project proposal should be included; the revision should also include an updating of the instructions for budget presentation; and project proposals should contain Terms of Reference for the key staff who would be appointed once a proposal is approved give a good description of the implementing agency, including personnel and infrastructure of the organisation.
96. A further consideration identified in the report was that the guidelines for the selection of consultants should provide some flexibility in the implementation of projects, particularly from producer countries; the report calls for a revision of monitoring and evaluation procedures and also suggested that a comprehensive description of ITTO's rules for project implementation be produced to provide guidance to the implementing agencies. Dr Freezailah drew attention to Annex I in which the cost implications of employing consultants to undertake the proposed revisions was shown.
97. He also noted the Terms of Reference for an Evaluation and Communication Officer on pages 3–4 of the document.
98. The Representative for the European Union, Mr Enzo Barattini, referred to the previous presentation of the Expert Panel on the work of ITTO and suggested that approval of the post of Communications Officer should be given by the Finance Committee.

99. With regard to the Report ITTC(XXII)/8, he said there was concern regarding the proposals for the nomination procedure for members to the panel. He said European Union members would have preferred that the current procedure be maintained as this had worked well in the past.
100. The Delegate for the United States of America, Mr Michael Hicks, agreed with both the above comments by the European Union.
101. The Vice-Chair of Council, Ms Stephanie Caswell, proposed that the next meeting of the Finance Committee include in its agenda the issue of the Communication Officer. She also requested that the caucuses nominate representatives for a small group to discuss a decision on the proposed revisions of the guidelines.

**Item 12: Revision of Basic Control Documents**

102. This item was dealt with under Agenda Item 22 by the Committee of Finance and Administration and comments are contained in the Committee Report.

**Item 13: Reports by Members on Progress towards Achievement of the Year 2000 Objective**

103. The Representative for Colombia, Dr Antonio Villa Lopera, said that his country was in the process of adopting a new forest policy which would be fully consistent with international instruments of which it was part. The first part of the policy was adopted 1 January 1996 and was now being implemented. It was hoped that the final version would be assessed by the National Environment Council before the end of the year. The forestry legislation had been revised and a draft forest statute was being considered by Congress. A National Forestry Plan was also being devised. The ITTO Year 2000 Objective was fully incorporated into the policy and regulations and the Plan.
104. He pointed out other important actions being carried out in Colombia, which included the privatisation of natural forest areas (50 million hectares) and the promotion of close cooperation between the private sector and indigenous communities. Since the 1992 Rio Summit, Colombia had reduced forest use as far as possible in order to reorganise the forestry sector and to arrive at sustainable management and thereby comply with the Year 2000 Objective.
105. The Representative for Indonesia, Dr I G M Tantra, said that in 1994 Indonesia had started to establish a certification system at management unit level. This had since been accepted by the Ministry of Forestry, the Association of Concession Holders and the Indonesian Ecolabelling Institute. This system introduced seven criteria and 63 indicators for sustainable forest management established following a two-year trial period. It would be developed as the standard national certification system.
106. To monitor the adoption of certification by concessionaires, the Association of Concession Holders had conducted evaluations over three years in 137 concessions with the following results: 28 were found to be adequate; 62 fairly ready; 35 barely ready; and two not ready for certification. Continuing evaluation had become part of the Association's annual programme.
107. It was expected that the Ecolabelling Institute would acquire international recognition as a certifying agent for sustainable forest management. It was also expected to associate with the Forest Stewardship Council although it would remain an independent, agency related to other organisations.
108. The Delegate for Malaysia, Mr Abdul Hanan Alang Endut, reported on progress made by the Malaysian Government. He said that one notable achievement was the operationalisation of the ITTO guidelines for the sustainable management of tropical forests. This had been made possible by the establishment of a national committee on sustainable forest management in Malaysia. Since its formation, the national committee had formulated a total of 92 activities to put the ITTO Criteria and Indicators into action. A further 84 activities had been identified to be implemented at the unit level. In addition, in internal assessments of management certification systems, some critical issues had been identified. A series of workshops on the importance of criteria and indicators had also been conducted.

109. He reported that Malaysia had continued its programme of institutional strengthening. The total forest area in Malaysia (1995) was 18.1 million hectares (57 per cent of the land area) and, of this, 14.2 million hectares had been set aside as permanent forest estate to be managed sustainably - 10.5 million hectares of this was for production forest and the rest for protection forest. In addition, Malaysia had 2.1 million hectares of conservation areas. He said that forestry would continue to play a significant role in Malaysia's socio-economic development.
110. The Representative for Canada, Mr David Drake, introduced a report currently being circulated in Canada. He said that changes had taken place since the last report in 1995, many of which had resulted in a more focused federal presence and responsibility in international affairs and science and technology. Despite resource constraints, he said that Canada was moving ahead with commitments made at Rio and the Year 2000 Objective, primarily through its forest strategy including domestic application of criteria and indicators and more transparent participatory decision-making. Canada had adopted a more holistic approach, shifting from sustained yield to ecosystem management. There was a strong commitment to the National Forest Strategy adopted in 1992 and assessments were being made on how this strategy had been implemented. A framework for criteria and indicators of Canada's forests was formulated in October 1995 with six criteria and 83 indicators. The Canadian Council of Forest Ministers was preparing a detailed action plan to strengthen Canada's future reporting.
111. The State Governments had introduced new legislation, including British Columbia's Forest Practices Act. The National Aboriginal Forestry Association had established a Code of Aboriginal Forest Lands and elsewhere, private woodlot organisations had developed environmental codes of practice.
112. Internationally, Canada remained closely involved with the Montreal process and the International Model Forest Network. He said that Canada was a strong advocate of the need to move swiftly towards a forest convention. He reported that over the period 1994 to 1997, assistance to forestry from the Canadian International Development Agency had risen from C\$70 million to C\$100 million. He reaffirmed Canada's commitment to sustainable management and the Year 2000 Objective.
113. The Representative for the People's Republic of Congo, Mr Massimba Claude Etienne, stressed the importance of the role of forests in the lives of the people in Central Africa. He said that the sustainable use of its wealth was a major concern of his Government. The new forest policy was based on the production and transformation of industrial timber and the conservation of forest ecosystems and biodiversity. This, he said was based on the principles of: managing national forests for sustainable production; support for local populations and NGOs participation to increase the value of the forest resource; and strengthening the management of the sector. In the long-term it would be necessary to implement a plan for the use of the land.
114. He referred to several actions which had been taken to implement this broad programme, including the implementation of a national action plan for the forest, the processing of the forest law and establishment of protected areas. A meeting of major funding agencies was held in April 1997 to discuss the National Forest Action Plan 1995 and how sustainable forest management should be developed in Congo. Congo had adopted a transparent and participatory process and the new forest law, which had 32 articles tied to forest management, would now be transmitted to Congress for approval. He listed a series of projects currently being undertaken in Congo, including two major projects covering 2,300,000 hectares (50 per cent of the area for exploitation) under sustainable management to meet the needs of local populations. He said that 800,000 hectares of land had been designated for protection functions; and the frontier area of the country bordering Gabon was part of a regional plan to conserve forest ecosystems - the management plan for which included a major ecotourism component. He said that Congo had made significant progress and the Government was committed to endowing a great deal of the forest area of the country with sustainable forest management plans.

**Item 14: Report of the Expert Panel on the Assessment of the Accuracy and Completeness and Cost Estimates Submitted by Members for Achieving the Year 2000 Objective**

115. Dr Jürgen Blaser (Switzerland), Chairman of the Expert Panel, presented the report (Document ITTC(XXII)/5) pursuant to Decision ITTC(XX)/8. The Panel had been asked to assess the accuracy and completeness of the estimates submitted by the producer countries and to make the recommendations for the mobilisation of resources to assist producer countries to accelerate progress towards the Year 2000 Objective. He said that in addition, the Panel had also examined a number of policy implications

- arising from the estimates, such as the cost of achieving the Year 2000 Objective and establishing priorities for the necessary activities. Given the short time period remaining before year 2000, the Panel had given special attention to activities which would have a direct impact on sustainable forest management. The work of the panel had been assisted by a working document prepared by Dr C Chandrasekharan and Dr AJ Leslie.
116. He reported that the Panel had found the task a difficult one, particularly prioritising activities for the Year 2000 Objective.
  117. Dr. Blaser said that estimates had been received from less than two-thirds of producer member countries and therefore the results were incomplete. He drew attention to the high level of professional competence which characterised most of the submissions. There was a wide range of variation in the extent to which the estimates followed the proposed methodology – only one country had followed the methodology exactly. Accuracy had been a major concern of the Panel and there was apparent misunderstanding over the time period for which the estimates were required. Estimates of costs between countries varied by as much as factors of two to forty. A major concern was that different countries had different interpretations of what constituted sustainable forest management and what was involved in achieving the Year 2000 Objective. The Chairman therefore stressed the difficulty the Panel had experienced in integrating the different figures. Overall, discrepancies were a result of different interpretations, rather than miscalculations. The Panel concluded that it would be unnecessary in further refining the estimated costs and resources. The total cost estimate for 18 producer countries was US\$22,800 million but it was stressed that this represented only a very rough estimate. The Panel believed that a precise assessment of costs and resources necessary for immediate priority actions would still be needed by individual countries.
  118. The Panel had noted a discrepancy between the approach of countries based on long-term achievement of sustainable forest management and the priorities identified by the Council in Annex B, Decision ITTC(XX)/8 which focused on those activities which would have an immediate impact by the year 2000.
  119. Dr Blaser said that to achieve the Year 2000 Objective, there was increasing urgency in the need to identify priority actions and investments. The Panel had found that very few of the estimates followed those priorities set by the Council. The Panel had worked the different estimates into one format and from this the resources needs for priority actions were reflected. The total amount for these were estimated at US\$2,200 million. The Panel recommended focusing on those priority actions which would make an immediate impact and identified the following three priorities which would have this potential: to reduce the damage done by timber harvesting to the physical and social environments of the forest ecosystem; to train the workforce to accelerate the use of reduced impact logging, and to limit harvest levels to the sustained yield capacity of each forest management unit. Based on the estimates received, Dr Blaser said it was not realistic to give a figure for these three actions. The Panel had recognised that, as most of the costs for reduced impact logging would fall on the industry, studies in both public and private sectors were needed and the process should be accelerated.
  120. The Panel had proposed a rapid assessment followed by action. Seven recommendations were made by the Panel in the report which related to that approach.
  121. The Chairman noted that whatever was estimated for achieving the Year 2000 Objective should be consistent with what was needed on a global level.
  122. The report identified four categories from which financial resources might be obtained: domestic public, domestic private; external public; and external private. Bearing in mind the priority actions identified, a substantial portion of the requirements for the coming four years could be met by measures to increase the degree of self-financing by the trade of timber. However, financial and technical assistance from other countries would still be essential. The report identified at country level how funds might be mobilised; the most important aspect was the potential to increase the value of the present output of tropical timber (through royalties and sales of standing timber). The Panel expected that a large part of the resources could be generated by the sale of goods and services. The report included a list of reasons why this did not often occur and the Panel recommended that these issues be addressed as a matter of priority.

123. The Delegate for Switzerland, Mr James Gasana, said that a key point of the findings of the Panel was that there was no usefulness in further defining the costs required to achieve the Year 2000 Objective. Due to the short time, he said that it was now important to act on the three actions for priority identified. He suggested that it would be useful to organise workshops and seminars in order to raise awareness among interested countries. He said Switzerland would be willing to support such ITTO activities. There was no doubt that financial resources were essential for the sustainable management of forests and he noted the shared responsibility of producer and consumer countries. However, he said that international support provided only a short-term solution and it was therefore necessary that countries take measures to introduce policies corresponding to criteria for sustainable forest management which would attract further private sector investment. With regard to the mobilisation of funds, he asked what role ITTO should take. He agreed on the importance of the Bali Partnership Fund but that procedures for this fund should be put in place first. He added that further collaboration with other organisations was required to implement the Year 2000 Objective. Coordination with international assistance needed to be improved and developed with national institutions.
124. He said that Switzerland wanted its financial input to obtain maximum results and therefore encouraged collaboration between international fora and executing agencies. Projects should be designed according to the needs of the beneficiaries. Full transparency of the work of international organisations working in the same area was important in order to develop effective mechanisms for collaboration.
125. The Delegate for Japan, Mr Toshikatsu Aoyama, appreciated the difficulty in defining the estimated costs and resources to achieve the Year 2000 Objective. In view of this, he said it was appropriate that efforts be concentrated on the three areas identified in the report. In the evaluation of projects in the next three years, these three criteria should be given priority. He supported the adoption of a mechanism to activate the Bali Partnership Fund and he asked consumer countries to strengthen this fund through contributions and added that the Council should take steps as soon as possible to establish rules of procedure for the activation of this fund. Finally he said that the mobilisation of resources was a shared responsibility between producers and consumers and he reiterated the importance which Japan attaches to institutional strengthening and capacity building in implementing the policy actions of the three priority areas.
126. The Representative for Brazil, Ms Barbara Briglia Tavora, pointed out that Brazil had submitted a study for the necessary resources required to obtain the Year 2000 Objective and this was then presented to the Council. Priorities for action for Brazil were capacity building, and forestry legislation required to safeguard the forest on a permanent basis and to limit timber extraction. She reiterated that the responsibility for the mobilisation of funds should be shared between private and public sectors, producers and consumers. In response to the finding that more resources could be sought from the products and services, she said that this was not happening because the market did not reflect the full value of the forest, especially in environmental services and non-timber forest products. The list of mechanisms for raising funds was superficial and those should be better explored; the mechanisms listed are mainly domestic from producing countries and would be difficult to implement and there needed to be commitment from all the member countries to be able to attain this common objective. She highlighted that the data for Brazil in Appendix III of the report were incorrect and that the cost of production per cubic metre was \$13.80 in accordance with the document circulated.
127. The Delegate for the United States of America, Mr Walter Dunn, supported the immediate actions recommended by the Panel. He also supported the idea of holding workshops on reduced-impact harvesting techniques and suggested that these might form part of ITTO activities resulting from this report. He noted that an omission from the report was the importance of milling efficiency which can reduce waste and increase profit margins significantly.
128. The Representative for China, Mr Xiao Jinpeng, recognised the difficulty in providing the estimates. To achieve the Year 2000 Objective tropical countries need time. He highlighted the importance of technology transfer and training and reiterated China's continuing needs in technical and financial resources in sustainable forest management in tropical China.
129. The Delegate for Malaysia, Mr Abdul Hanan Alang Endut, said that the compilation of resource requirements at the global level in achieving the Year 2000 Objective was critical and he urged ITTO to continue to pursue this. One problem not sufficiently addressed was the sources of funds. He said that the Panel had concentrated on activating the Bali Partnership fund but this was not enough. He commented on the budget restrictions of ODA and asked consumer members to accord forests high

- priority. He said that the Panel had concluded that trade could play a big part in providing funds but that it was important to remember that all members of ITTO were partners and questioned the effect when one partner shouldered all the work. He said that the Malaysian delegation agreed with the priority actions identified but said that it was too much to expect instant sustainability. He raised the problem of market access encountered by the trade for timber which was not yet certified. If it was impossible to sell the timber there would be no resources to make improvements towards sustainable management.
130. He said that there appeared to be no green premium. With regard to heli-logging in Sarawak, despite the ecological improvements, the higher operating costs could not be offset by higher prices for logs and the price of logs had gone down. He mentioned carbon offsets as a possible area for exploration for funds. He called on the consumer partners to join in the effort towards sustainable forest management.
  131. The Delegate for Ghana, Mr Alhassan N Attah, suggested that training in further processing should be included in any training activities that are being implemented. With regard to the mobilisation of resources, he said that in trying to increase the price of wood products, this could lead to substitution of products by other materials thereby causing a drop in demand. Support for tertiary processing would do more to contribute to revenues from the forestry sector. He drew attention to the need to develop forest industries, rather than all resources going to management and said that without an efficient forest industry, efficient management had a limited effect. He asked Council to support industries more and agreed with the importance of technology transfer.
  132. The Delegate for the European Union, Mr Enzo Barattini, regretted that the report was not as complete as it might have been but expressed satisfaction that the Panel had come to the conclusion that many of the resources necessary to fulfil the task might be found in the countries themselves. He said it would be important to address projects for priority action. All these efforts would fail if the processes did not go hand in hand with implementation.
  133. The Delegate for Australia, Mr Paul Flanagan, expressed support for the report. He drew attention to the importance of policy and enforcement being included as priorities.
  134. The Representative for New Zealand, Mr Don Wijewardana, drew attention to the importance of this issue to the Organization. He said sustainable forest management should remain the top priority of the Organization, beyond the year 2000. If progress was to be made, he underlined the need for commitment by both producers and consumers.
  135. The Delegate for Cameroon, Mr Batoum Themotio, said that the priority actions should not be restrictive because it was still necessary to see how local potentials can be transformed. In Cameroon the market was not yet completely assured so sustainable forest management should be seen as a continuing dynamic process. He said he would not want the Council to stop its initial commitments to this objective.
  136. The Delegate for the Philippines, Mr Eriberto Argete, emphasised the importance of technology transfer and training. In the Philippines, for every cubic metre of timber extracted from the forest, an equivalent amount remains in waste and residue; and for every cubic metre taken to the mill, only 50-60 per cent is converted into the finished product. Therefore more efficient logging operations and production technologies would assist the Objective.
  137. The Representative for Canada, Mr David Drake, said Canada was supportive of the concerns raised by producer countries, especially that advocating that sustainable forest management be a continuing process. He noted that much work has been done on innovative mechanisms, such as micro-credit banking, and that these might be considered by the Council.
  138. The Delegate for Togo, Mr Agogno Koffi, said that the difficulties found by the Panel are partly due to different capacities in countries in pursuit of the Year 2000 Objective and therefore this should be regarded as a continuing process. Some countries, for example, had very little information on statistics on sustainable development.
  139. The Delegate for Thailand, Mr Pralong Dumrongthai, said that his country was undertaking activities for an increased supply of raw material through the promotion of forest plantations on both public and private land. Both timber and non-timber industries are being promoted and investment in forestry by private companies is being facilitated. The collection of data was being expanded and during 1997-2001 Thailand would implement a forest rehabilitation programme.

140. The Chairman of Council said that a decision would be required on this report and suggested that a small group be formed to consider it.
141. The Vice-Chair of Council requested that two informal working groups be established to prepare draft decisions for consideration by the Council. The first group would consider Item 10 and would be chaired by Dr Kwame Asumadu of Australia; the second group would consider Items 11 and 14. There would also be a small informal working group to address issues to be considered by the Finance and Administration Committee.
142. The Delegate for Brazil, Dr Ivan Tomaselli, presented a report on the resources and costs required to achieve the Year 2000 Objective in Brazil. He said that according to the methodology laid out in Decision ITTC(XVIII)/3, activities had been identified and costs and resources listed. Production was considered as that required to cover timber supply under sustainable yield, based on projected demand for Year 2000. Protection areas would be managed. Forest areas were divided into: production forest 97 million hectares (85 per cent was natural forest and the rest plantation; 80 per cent was privately owned and 20 per cent government owned); and protection forest 152 million hectares. He noted that in Brazil most forests are privately owned and there is no concession system as in other countries. The report estimated that resources required for the Year 2000 Objective totalled US\$14 billion – 52 per cent at national level, 36 per cent for production forest and 12 per cent for protection forest, both at management unit level. After the year 2000 it was estimated that costs would be around US\$1.2 billion per year. Based on these calculations and a 30-year rotation, the total cost per hectare would be around US\$170 (30 per cent of resources allocated for national level; 70 per cent for forest management level). In the evaluation of costs per cubic metre, he said that different scenarios had been considered, depending on the source (natural or plantation) and also the end use. Costs were estimated to vary between \$13.86 (mechanical processing of logs from natural forests) to \$3.00 (plantation logs for pulp or energy production). He noted that the figure in the report of the Expert Panel was 10 times this amount.

**Item 15: CITES Listing Proposals by Members**

143. The Secretariat referred to Council Decision ITTC(VI)/12 and informed Council that the Governments of Bolivia and of United States of America had written to inform ITTC of their joint proposal to include in CITES Appendix II, the neo-tropical population of *Swietenia macrophylla*; this included an annotation specifying that only logs, sawnwood, veneer sheets and plywood be listed.
144. The Representative for Colombia, Dr Antonio Villa Lopera, stressed the importance of this issue for his country. He referred to two regional treaties to which Colombia is party, the Amazon Cooperation Treaty and the Gran Caribe Treaty. The text of the CITES Convention requires that when a species is included in Appendix II, it is necessary for the scientific authority of the exporting country to submit statement confirming that export of the species in question would not be detrimental to the wild population. He said that if Colombia were to request the export of *Swietenia macrophylla*, the required administrative procedures would take two years before a decision could be made. Thus he felt that there might be some potential problems which had not been sufficiently analysed prior to the proposal being made and as a result Colombia was unable to define its position.
145. The Representative for Brazil, Ms Barbara Briglia Tavora, said that this matter should not be discussed in the ITTC forum. She said that any doubts regarding CITES procedures should be dealt with at the forthcoming meeting of the Conference of Parties to CITES (COP) in Harare in June.
146. The Vice-Chair of Council agreed that this was an important point but she said that countries should be given an opportunity to express their views.
147. The Representative for the United States of America, Ms Jan McAlpine, supported the point made by Brazil but acknowledged that the proposed listing might result in technical effects experienced by trader countries. However, she suggested postponing discussion on the possible impact of the proposal until after a decision had been made by CITES, and proposed that the ITTC in Yokohama in December would be a more appropriate time for this.



148. The Representative for Indonesia, Dr I G M Tantra, questioned whether *Swietenia macrophylla* was endangered. He said that at the last meeting of CITES the proposal to list ramin (*Gonostylus banchanus*) was finally dropped because there was insufficient evidence to show that the species was endangered. He expressed concern that if mahogany was listed in Appendix II of CITES, other commercial species would follow, despite the fact that they might not be endangered.
149. The Vice-Chair reiterated that it would be up to the COP in Harare to clarify the issue.
150. The Delegate for Bolivia, Mr Juan Pablo Arce, agreed that ITTC was not the appropriate forum for discussion of the proposal, however he made the following clarifications. The objective of the proposal was to regulate the trade of endangered species; inclusion on Appendix II did not imply a restriction on the legal trade of the species. What was restricted is the illegal trade and trade in those species which were not being managed sustainably. With regard to species such as mahogany, the proposal would not affect timber coming from planted forests or value-added products. Bolivia therefore felt that this could be a positive step within the framework of the forestry law approved in 1996 and that it would enable more efficient control. He stressed that the application had been made in the belief that it would be beneficial for the species.
151. The Representative for the European Union, Mr Enzo Barattini, said that the cooperation agreed between CITES and ITTO should continue, each within its own terms of reference and concurred that the debate was premature.
152. The Representative for Canada, Mr David Drake, said that Canada was still examining the issue but noted that there were serious reservations about the method by which forest products were now being proposed for listing under CITES.
153. The Vice-Chair of Council said that, depending on the outcome of the COP meeting in Harare, the issue might be raised again in Yokohama in December for further discussion on implications for the ITTO.

#### **Item 16      Report on ITTO and Intellectual Property Rights**

154. The Secretariat introduced the report, Document ITTC(XXII)/9, of the independent consultant, Mr Alec Sugden. The report considered a number of categories of intellectual property rights, including copyright, patents for invention, registered trade marks, registered designs, utility models and plant variety rights. The report found that many organisations, especially those financed with public funds, took the view that intellectual property rights should be freely available to their constituent members. The consultant had stressed the point that to take out an intellectual property right provided the right to prevent others from infringing on the owner's right to that patent. The most important recommendation of the report was that ITTO should take a positive approach to the acquisition of intellectual property rights and, as a matter of policy there should be an expectation that rights would be secured in the intellectual property generated in ITTO projects and other activities. The report also recommended that, in project agreements, it must be ensured that claims be made on ITTO's intellectual property rights at the beginning of a project, not retrospectively. Bearing in mind the complex nature of some ITTO project contracts, it was recommended that a small advisory panel be established to advise the Council and that one member of the Secretariat be responsible for this issue.
155. The Delegate for Japan, Mr Toshikatsu Aoyama, recognised the growing importance of this issue and supported the recommendation that ITTO take a positive approach towards the acquisition of intellectual property rights and that all project contracts include this issue from the start. He asked the Executive Director to prepare a document for consideration by the Council at the next Session in Yokohama, incorporating the following points: the document should address possible elements for draft guidelines to secure the intellectual property rights generated in ITTO activities; some policy options should be indicated with regard to the appointment of an exploitation officer who would be responsible for intellectual property management and licensing - for the immediate future it was suggested that this should be an officer in the Forest Industry Division of the Secretariat; a list of possible measures to promote positive acquisition of intellectual property rights by ITTO, e.g. incentive schemes, should be included.
156. He requested that such a document be prepared and circulated at least six weeks prior to the Twenty-third Session of the Council.

157. The Representative for the United States of America, Ms Jan McAlpine, agreed with the suggestion that a document be prepared highlighting the areas on which the Executive Director believes ITTO should focus. She said that the United States of America would have to consider these in the context of the US position and therefore would not be ready at this time to make a decision.
158. The Representative for the European Union, Mr Enzo Barattini, reiterated that the report was very comprehensive but also technical and he supported the proposal for a working document be distributed for discussion at the next Session.
159. The Representative for Canada, Mr David Drake, said there would obviously be budgetary implications for the Organization and he supported the proposal made by Japan.
160. The Representative for Colombia, Dr Antonio Villa Lopera, expressed concern about the position of the host country, the implementing agencies and the people involved with ITTO projects in cases where intellectual property rights were involved. He asked whether these considerations could be highlighted when the issue was discussed in December.

**Item 17**      **Report of the Credentials Committee**

161. The Chairman of the Credentials Committee, Dr Antonio Villa Lopera (Colombia), presented the report. He said that the Committee had included representatives of Colombia, Australia, Canada, Honduras, Papua New Guinea, United Kingdom, Germany and Togo. At a meeting on 26 May 1997 they had examined the credentials of representatives of the 42 member countries and the European Union participating in the Twenty-second Session of the ITTC and the Associated Sessions of the Committees. He said some members had signed the ITTA 1994 but had not quite finalised the admission procedures to the Council in the 1994 Agreement. The Committee recommended that the submitted credentials be accepted.
162. The Chairman of Council noted the recommendation of the Credentials Committee.

**Item 18:**      **Pledges to the Special Account and the Bali Partnership Fund**

163. The Delegate for the United States of America, Ms Stephanie Caswell, announced the U.S. intention to provide a contribution of US\$1 million to support the work of the Organization in 1997, bringing the total contribution by the United States of America to ITTO to US\$7 million. She said that the contribution would be designated to finance projects which support producer country member efforts to manage their forests sustainably and to improve the efficiency of their forest industry. Support would also be given to joint efforts to improve the transparency of the world tropical timber market, which USA considers a priority of ITTO. She said that a healthy tropical timber trade depended on the long-term supply of tropical timber and this could only be ensured by sustainably managing forests.
164. ITTO was unique amongst international organisations in disbursing money to projects with relative speed.
165. Ms Caswell said that the United States of America attached great importance to the policy work of the Organization and therefore intended to continue to provide funding to support expert panels, studies and other non-project activities. She also stressed the importance of collective efforts to improve the efficiency and effectiveness of ITTO. She hoped that ITTO would develop the best guidance to executing agencies in the development of projects.
166. The United States of America had been a regular contributor to the Special Account and it was hoped that this would continue but it was stressed that there was great competition amongst international organisations for available funds. Ms Caswell said that, in the United States of America, ITTO competes for funding with 30 other organisations including UNEP and UNDP, CITES and the Conventions on Climate Change and Biological Diversity.

167. The United States of America was considering making a contribution to the Bali Partnership Fund, once it became operational. She said this would be influenced by the implementation of effective mechanisms for the allocation of funds and by the cooperative spirit which was brought to future discussions and decisions regarding the ITTO Year 2000 Objective.
168. The Delegate for Japan, Mr Toshikatsu Aoyama, announced that Japan had contributed US\$13,852,600 to the Special Account for 1997. He hoped that both this account and the Bali Partnership Fund would be utilised in the most effective way so that the Organization would contribute to the process of sustainable development and to the attainment of the Year 2000 Objective. He reiterated the strong request of the Government of Japan that more consumer countries should take further steps to strengthen the two accounts through financial contributions. Japan wished to continue as one of the main contributors; however, in view of financial constraints and the expected difficulty of maintaining the present level of contributions, he said Japan would appreciate further support from other members.
169. The Representative for Korea, Mr Jin-Pyo Jeon, announced that the Government of Korea pledged US\$100,000 to the Special Account 1997. In the near future he said that it was hoped that Korea's contribution to this account would increase and he reaffirmed his country's commitment to the ongoing activities of member countries to achieve the Year 2000 Objective. He hoped that the progress made so far would encourage members to take a more coordinated approach to the mandate of ITTO. The Government of Korea would make every effort to build the groundwork for the initiation of a contribution to the Bali Partnership Fund.
170. The Delegate for Australia, Mr Paul Flanagan, said that the Government of Australia was committed to encouraging sustainable management of forests globally and was happy to support the work of the Organization. He announced a contribution to the Special Account for 1997 of US\$135,000.

**Item 19: Annual Report of the Organization for 1996**

171. Referring to Document ITTC(XXII)/2, the Secretariat presented an overview of the activities of ITTO during 1996. It was reported that the Twentieth Session of the Council had been held in Manila in the Philippines in May 1996 and had been attended by 43 members and 20 observers. Voluntary contributions to the Special Account had been received from Japan (¥1.6 billion) and the Republic of Korea (US\$10,000). The Twenty-first Session of the Council had been held in Yokohama, Japan and had been attended by 44 members and 22 observers. Voluntary contributions had been received from: Switzerland (SF3 million) and the Netherlands (US\$427,000).
172. During the Twentieth Session in Manila, the Annual Market Discussion had addressed the theme of 'Changing Trade Roles in the Light of Sustainable Forest Management' and it had been organised by trade representatives. During this Session, 13 projects and 8 pre-projects had been approved by Council.
173. At the Twenty-first Session, 12 projects and 8 pre-projects had been approved. 34 Fellowship applications had been approved by the Council in both the Twentieth and Twenty-first Sessions respectively.
174. In the Economic Information and Market Intelligence Division six projects were being funded (total US\$2.6 million); and one pre-project (US\$39,000). In the Division of Reforestation and Forest Management there were 13 projects (US\$13 million) underway and 13 pre-projects (US\$89,000). The Forest Industry Division had 11 projects (US\$3.0 million) and six pre-projects (US\$366,000) funded.
175. Various operational activities had taken place in 1996 which included the bi-annual technical panels for the appraisal of project proposals; the strengthening of the project cycle; planning new ways to organise work under the new Agreement; sponsoring of consultations to examine development of certification of all timber products; discussion of the listing of tropical timber species in the CITES appendices; assessment of resources needed by producer member countries to achieve the Year 2000 Objective; participation in the Intergovernmental Panel on Forests; and planning for the revision of the Action Plan.
176. The Secretariat announced that a new list of ITTO publications had been produced in addition to the regular publications, the *Tropical Timber Market Information* and the *Tropical Forest Update* produced at ITTO headquarters. He noted that Mr Alistair Sarre, former Editor of the TFM had left ITTO in

December 1996 and had been replaced by Miss Catriona Prebble. He went on to summarise the *Annual Review and Assessment of the World Tropical Timber Situation, 1996*, details of which are available in the document itself.

**Item 20: Report on the Intergovernmental Panel on Forests**

177. The Executive Director, Dr Freezailah, referred to Document ITTC(XXII)/5 which gave an overview of ITTO's participation in various fora dealing with forest related issues; he also referred Council to his opening statement. He reported that the ITTO Secretariat had been rapporteur at the IPF-related initiative, the 'International Workshop on Integrated Application of Sustainable Forest Management Practices' co-sponsored by Japan, Canada, Malaysia, Mexico, FAO and ITTO. The thrust of the deliberations had focused on case studies of the application of some of the best practices in sustainable forest management across the world.
178. ITTO's contribution to the IPF process had been in the financing of the functioning of the IPF Secretariat through the secondment of an ITTO official and covering the costs of the coordinator. He expressed thanks to Japan for making this possible and hoped it would be possible for ITTO to continue such funding arrangements should the IPF continue to a next stage.
179. Dr Freezailah said that ITTO had worked actively as a member of the Inter Agency Task Force, the coordinating group for IPF. The agreed text for the IPF proposals for action had been submitted to the Fifth Session of the CSD with the outcome of a further synthesis of the IPF proposal. He noted the following: (a) the ITFF was to collate a strategic plan to show how constituent agencies intend to contribute to implementing the proposals for action, including what can be achieved through inter-agency coordination. This exercise coincided with the current review of ITTO's Action Plan. Terms of Reference for the revision of the Action Plan would be made in the light of the IPF/CSD proposals for action. The ITFF plan was not meant to supersede the Council's approved Action Plan but to be complementary. Each constituent agency of the IPFF was accountable to its governing body for its day to day operations in pursuing its respective mandate; (b) future international dialogue on forestry was likely to focus on the discussions of a legally binding instrument. He said that ITTO should prepare itself to participate in this debate. ITTO had much to offer on the management, conservation and sustainable development of tropical forests; (c) ITTO would be participating in the forthcoming UN General Assembly in June 1997; (d) attention should be given to providing financial assistance to some ITTO developing members to attend the Special Session and the meetings of the proposed Intergovernmental Forum on Forests; (e) donor communities were encouraged to enable ITTO to continue its funding of a post in the IPF Secretariat which would be needed to support the proposed IFF; and (f) funds would need to be made available to ensure the continued participation of the ITTO Secretariat in the work of the IFF, CSD and any other relevant bodies to be established
180. Dr Freezailah concluded by drawing attention to the ITTO presentation scheduled for the World Forestry Congress in Antalya, Turkey in October 1997.
181. Mr Marco Braeken (The Netherlands), representing the European Union, thanked the Secretariat for their participation in the work of the IPF, CSD and in the ITFF. ITTO and individual members had made a significant contribution to the work of IPF. He said that there was unanimous agreement that all countries and international organisations should implement the proposals for action of the report. He said it was important for the Council to recognise the value of ITTO's future work in the IPF proposals for action. ITTO could make a significant contribution to these proposals, particularly in the areas of trade and environment and the relation to forest products and services. He drew attention to this opportunity for ITTO to react quickly to the work of the international community. He specifically suggested that the Council should take note of the IPF report; he also stressed the importance of the work of the Interagency Task Force on Forests to draw up an implementation plan for the IPF proposals for action. The ITTO Secretariat should work to provide a meaningful input to that process.
182. Following further study of the report, he said that the Council should also consider what the best response to the report should be. Bearing in mind the UNGASS declaration in June, the report on progress of the work of the ITFF by the Executive Director, and the ITTO Action Plan review report, he proposed that at the next Session the Council should decide on appropriate steps to contribute to implementation of those proposals for action of the IPF report that are relevant to the work of ITTO.

183. The Spokesperson for the Producer Group, Mr Edward Nsenkyire, expressed thanks for the report presented by the Executive Director and recommended its acceptance by Council. The Producer Group also recommended the continued participation by ITTO in the work of the ITFF, focusing on the proposals for action recommended by the IPF. He said that ITTO should note, in particular, among the recommendations of the Panel, the issues of market access, certification and international organisations and multi-lateral institutions. In the meantime, he recommended that the Council should wait for the outcome of the deliberations of the UNGASS on the report of the IPF process.
184. The Representative for the United States of America, Ms Jan McAlpine, stressed that ITTO had made major contributions to the IPF. ITTO had led in its support of IPF on issues of trade and environment and forest products. She said it was important for ITTO's credibility to acknowledge the Panel's work and recommendations and to continue participation in the ITFF. She said, however, that ITTO should not debate a global forest convention but wait for the outcome from UNGASS. It would be useful now to acknowledge IPF's work and recognise that ITTO may have a useful role in implementing some of proposals within its areas of competence, especially trade and environment. It should not be forgotten that ITTO has its own set of objectives which should steer the activities of the Organization, as laid out in the ITTA 1994.
185. The Delegate for Japan, Mr Toshikatsu Aoyama, supported the statement of the European Union delegation and stressed the importance of the implementation of the IPF proposals and the central role to be played by ITTO in this process. He encouraged ITTO's active participation in the ITFF and expected the Expert Panel on the revision of the ITTO Action Plan to take full account of the IPF proposals for action.
186. The Chairman proposed that the report be discussed further in Yokohama in December. It was agreed that the Executive Director should draft a decision for Council taking into account the comments of the previous speakers.

**Item 21: Market Access**

187. The Representative for Malaysia, Mr Abdul Hanan Alang Endut, requested that the issue of market access be included regularly in the Council agenda in the same way as sustainable forest management. He felt that there had been an unfair balance in Council Sessions towards sustainable management. When ITTA first came into effect, sustainable forestry and tropical timber trade issues had been given equal importance in Council Sessions. Since the Rio Summit, Sessions had become more focused on sustainable forest management. He suggested that trade issues be replaced on the agenda, permanently, or at least until year 2000. He said it was strange for a commodity organisation to concentrate on the supply side while marginalising demand aspects and this was also reflected in project funding. With only three years left to Year 2000, he said there was a need to reprioritise activities if ITTO wanted a chance of achieving the objectives set.
188. Mr Abdul Hanan Alang Endut referred to the report on the costs to achieve the Year 2000 Objective; the estimate for Malaysia was about US\$1 billion. He questioned where this money was expected to come from and who should pay for what, bearing in mind the shared responsibilities of members. He said it was poverty and a lack of economic value that would destroy the forests. The Expert Panel had identified domestic sources as one possible source of funds and all efforts should be made to ensure that the forests would yield enough revenue in terms of sale of timber and timber products to finance sustainable forest management. He said that it was imperative for ITTO to start a dialogue to ensure that forests and forest products do get sufficient value to justify reinvestment for sustainability.
189. At the Twenty-first Session of Council a decision had been made on the issue of market access, principally on the elimination of possible obstacles and the responsibilities of national governments. He said the Council should be informed of the steps taken to follow-up this decision. Timber traders had said that the problems remain, local level governments in Europe and the United States of America were ignoring international commitments by national governments. With pressure from both CITES and the anti-tropical hardwood campaign, he said countering their influence was taking up resources which could be better used elsewhere. Certification needed to be dealt with immediately, including the issue of whether there was a green premium for certified timber. The question of market access for uncertified timber also needed to be addressed – the market for uncertified timber should not be made to suffer before year 2000. It was unlikely that certified timber would be available in large quantities. There was provisionally certified timber from countries which are trying to achieve sustainable forest management

and if this timber cannot be successfully marketed producers might not have sufficient funds to embark on sustainable forest management. All these obstacles threaten tropical timber – NGOs, CITES, bans and restrictions – and all these negative actions against tropical timbers must stop. He questioned the usefulness of a ITTC Decision if there was no follow-up. He quoted the ITTA 1994 objectives 1(b) and 1(c) on non-discriminatory practices and the promotion of expansion and diversification in international trade and improvement in market access, and concluded that market access should be given greater emphasis under the current agreement. If sustainable forest management was to have a chance at succeeding, ITTC must consider market access. He proposed that a study be undertaken examine the facts of the issue and the extent of the problem and monitoring systems should be installed to ensure that the situation improves.

190. The Representative for Colombia, Dr Antonio Villa Lopera, supported the comments of the Malaysian delegation. He said that the issue of markets and processing could not be separated from that of forest management. ITTO should find a way to strengthen the financing and submission of projects in the Committees on Forest Industry and Market Intelligence. He reiterated that responsibility should be shared and that there ought to be a balanced partnership. He noted a domestic example of market access difficulties – in Colombia, the city of Cartagena had decided to close the market for timber coming from the Colombian Atlantic mangrove forests. This area of 12,000 hectares had been managed productively with the involvement of both local communities and authorities who were committed to sustainable management. The result of the ban had been a change in the use of the mangroves because they no longer provided a source of income. He said this was indicative of what could happen internationally and he hoped that market access would be maintained on Council agendas in the future.
191. The Spokesperson for the Producer Group, Mr Edward Nsenkyire, noted that during the negotiations of ITTA 1994, producer countries had expressed concern over practices in the timber trade and this had led to the inclusion of Article 36 in the Agreement, which states that there is no authorisation for the implementation of trade bans. In spite of this, local governments of some major consumer countries had adopted measures which restricted access of tropical timbers to their markets, e.g. in one country tropical plywood attracts a higher import duty than softwood plywood. He said that such conduct was contrary to the ITTA 1994 and ITTA 1983. Furthermore, under the auspices of CITES, 49 timber species had been proposed for listing under Appendices I and II, yet only one of these species was of temperate origin. Most proposals had been based on insufficient scientific data which led to the conclusion that there was a boycott of tropical timber products under the proclaimed pretext of 'sustainable forest management'. The species proposed for listing on CITES in June accounted for more than 70 per cent of the species exploited. He said that successful listing of mahogany would be followed by the listing of others resulting in a complete ban and that these developments would hamper access to markets and prevent adequate returns in the trade of timber products. There would, therefore, be scarce resources for sustainable management of forests and yet no financial resources had been offered in compensation by those places with boycotts and bans.
192. Mr Nsenkyire called on the Council to initiate a study on the whole issue of market access to include a survey of measures which constitute tariff and non-tariff barriers to trade; measures taken by member countries to eliminate such obstacles to market access; measures taken by members to ensure that subnational governments and private sector users of tropical timber become aware of the positive relationship between international trade in tropical timber and sustainable forest management in the context of the Year 2000 Objective; and policies adopted by members on the use of tropical timber in the light of the Year 2000 Objective. He proposed that the Executive Director be authorised to appoint two consultants to undertake such a comprehensive study which would constitute a basis for further discussion.
193. The Representative for Brazil, Ms Barbara Briglia Tavora, supported the comments of the Malaysian Delegate and the suggestion of a study. She stressed the importance of this issue and, as a commodity organisation, said ITTO had not given enough emphasis to market access; it should be permanently on the agenda. She requested that the Executive Director provide updates on information about market access at each meeting.

194. The Representative for Indonesia, Dr I G M Tantra, said Indonesia had experienced similar problems to those outlined by Malaysia. He referred particularly to the issue of CITES and said that this had been used as a ban on the timber trade and he stated the case of the attempt to list ramin, which was not endangered. He said that the proposal to include mahogany in Appendix II would set a precedent for other commercial timbers. A number of timber species had been proposed for which there was no scientific proof to suggest they were endangered and he expressed concern on this issue.
195. The Representative for Honduras, Mr Angel Murillo Reina, questioned whether achievement of the Year 2000 Objective would ensure that sufficient income would be generated through sustainable forest management to allow producer countries to ensure sufficient returns needed for further implementation of sustainable management plans, or whether would they just be documents with no practical application. He said the answer to the question was in market access.
196. The Representative for the United States of America, Ms Jan McAlpine, referred to the decision on market access taken at the previous meeting of Council which, she said, had obviously not addressed all the concerns raised. She said the delegation of the United States of America would welcome the opportunity to discuss the possibility of a study at the next meeting in Yokohama and she affirmed that it was a legitimate topic for ITTO.
197. The Chairman requested that a draft decision be drawn up reflecting these discussions on this issue. He confirmed that the Council would keep this item on the agenda.
198. The Representative for the United States of America, Ms Jan McAlpine, raised the point that the sunset for decisions had already passed.
199. The Representative for Brazil, Ms Barbara Briglia Tavora, said that the decision for IPF had been agreed after this time.
200. The Spokesperson for the Consumer Group, Mr David Drake, pointed out that there had been a clear understanding in the Bureau that there would not be a decision on market access at this stage as there would not be time for a full discussion. He said that the issue of IPF differed because it had been agreed that a decision would be taken on this.
201. The Spokesperson for the Producer Group, Mr Edward Nsenkyire, pointed out that none of the decisions had made the sunset deadline, including that for the IPF. He said it was not too late therefore to adopt a decision on market access.
202. The Representative for Malaysia, Mr Abdul Hanan Alang Endut, said that with only three years before the Year 2000 Objective, if a decision was delayed for another six months it would be too late.
203. The Chairman concluded that this issue should be discussed in Yokohama and he deferred a decision until further consultations had been made.

**Item 22: Reports of the Sessions of the Committees**

204. The Chairman of the Committee on Economic Information and Market Intelligence, Mr Geoffrey Pleydell (UK), presented this Committee report (Document CEM(XX)/8). He said that both the formal functions of the Committee and the relevant articles in ITTA 1994 had been noted at the start of the Committee meeting. This was done in the spirit of the report of the Expert Panel on the organisation of work that had recommended a better balance in committee work between project and policy work.
205. During the Committee meeting, the following had been considered: one completed project, three pre-projects in progress; ten projects in progress; one ITTO activity in progress; three project proposals; one pre-project proposal (subsequently absorbed into one of the project proposals); and one project idea.
206. The Committee asked the Council to consider the project proposals: PD1/95 Rev.4 'Training Development in the Assessment of Sustainable Forest Management in Indonesia'; PD1/97 Rev.1 'Implementation of a National Forest Statistics Information System, Bolivia'; and PD3/97 Rev. 1 'Development of an Export Market Intelligence Monitoring System, Fiji' for funding and implementation.

207. Mr Pleydell reported that the one-day market discussion, which came under the auspices of this Committee, this year had taken the theme of 'The Expansion of Trade in Tropical Timber Products, Domestically and Abroad, with a Special Focus on the Latin American Experience'. He noted that the opportunity for such extended free discussion was invaluable and he thanked the eight speakers and the informal trade group for organising the day.
208. At the next Session of the Council in Yokohama, the Chairman said that the *Annual Review and Assessment of the World Tropical Timber Situation* would be presented. He asked that requests from the Secretariat for statistical information be responded to fully and promptly in order to ensure that the Annual Review is as comprehensive and useful as possible.
209. The Chairman of the Committee on Forestry Industry, Mr Bile Allogho Joachim (Gabon), presented the report of his Committee (Document CFI(XX)/8). The Committee had examined the following during its Session: two completed projects and one completed pre-project. Of those projects in progress, the Chairman drew attention to the projects for the Fellowship Programme, the ITTO Information Network and the Identification and Formulation of Projects; he added that PPD11/92 Rev.2 had been the subject of broad discussion and specific recommendations had been made. The Committee had also considered four project proposals, and two project ideas. The main recommendations of the committee were: that three project proposals be approved; that US\$400,000 be allocated for the Fellowship Programme, PD1/93 Rev.1 (M,F,I); and a further US\$35,000 be given to other activities in relation to that project (check)/ or US\$ 30,000 extra for PD11/92 (he referred to the report of the Fellowship Selection Panel); that supplementary funds be granted for the ITTO Information Network project PD17/93 Rev.3 (M,F,I); and that a project and pre-project which were accepted at the previous meeting of the Committee be funded.
210. The Chair of the Fellowship Selection Panel, Ms Stephanie Caswell (USA), presented its report. The Panel had met twice and comprised the Chairs and Vice-Chairs of each of the Committees on Forest Management, Forest Industry and Market Intelligence. 157 applications from 15 producer countries and 6 consumer countries totalling US\$1.7 million had been considered (84 per cent of these were in the field of reforestation and forest management). In selecting the successful applicants, Ms Caswell said that both the criteria and balance amongst regions and countries had been taken into account, as well as the opportunity to promote gender balance. The Panel recommended that 30 Fellowship applications be approved for a total value of US\$170,700. These would be awarded to individuals (seven of whom were women) from 12 different producer countries and 5 consumer countries for a variety of activities. The Panel also recommended that its membership be extended to include the Chair and Vice-Chair of the Committee on Finance and Administration. In concluding, Ms Caswell urged members to pay greater attention to the Fellowship Programme which, she said, was an asset to the Organization and provided benefits to deserving individuals in member countries at very low cost.
211. Dr Jürgen Blaser (Switzerland), Chairman of the Committee for Reforestation and Forest Management, introduced the report of this Committee (Document CFM(XX)/34 Rev.1). Before the Committee had started its work on the agenda items it had reviewed the articles of the ITTA 1994 relevant to its work; it had also adopted categories of recommendation for projects and pre-projects.
212. Dr Blaser reported that three completed projects had been reviewed, and also three other projects which had been technically completed but for which the financial audits were still pending; technical reports for all six projects were available. The Committee had adopted the final reports of three pre-projects, for one of these the Committee had noted the publication in French and Spanish of the book entitled 'Conservation and Biological Diversity in Managed Tropical Forests' edited jointly by ITTO and IUCN. The Committee had urged its widest possible distribution.
213. A total of 27 projects had been submitted; the Committee had recalled its recommendation made during its Eleventh Session not to review proposals requiring complete reformulation unless they had been technically evaluated by an Expert Panel. As some of these projects had not been fully revised, the Committee had reviewed 14 project documents and four pre-project documents (seven from Latin America, six from Africa, three from Asia and two global). The Expert Panel had recommended essential modifications for all these, excepting two that needed only minor amendments.
214. The Committee had had difficulty assessing the projects in detail and the need to develop new mechanisms to evaluate the large volume of project and pre-project documents that required essential modifications was recognised. It was reported that a total of 61 projects and 20 pre-projects were under



implementation. One project and one pre-project were awaiting implementation agreements, and seven projects and four pre-projects awaited financing. The Committee had discussed the possibility of an external evaluation of two projects experiencing difficulty in implementation. The Committee had also made special reference to those projects that required closer monitoring and those which needed approval of revised workplans and budgets. A number of projects could not be adequately addressed due to a lack of up to date information. The Committee had urged implementing agencies to deliver their progress reports on time.

215. Dr Blaser noted that a couple of pre-projects had already produced remarkable outputs which had been made available to the international community e.g. the publication of the Guidelines on Forest Fire and the report on Biotechnology and the Sustainable Production of Tropical Timber. He also noted two presentations from projects in Peru and the Committee had encouraged the presentation of results of projects at informal meetings during the Council Session.
216. Various members of the Committee had expressed concern about the quality of the work it could deliver regarding project and pre-project work in progress. They had stressed the need to review the work of the Committee on this item.
217. The Committee had welcomed the update of the project catalogue and project management information system by the Secretariat in which a total of 172 projects and 62 pre-projects were listed. The Secretariat was encouraged to use electronic mail to distribute this information.
218. A working group of the Committee had put forward four project ideas submitted by members and the Committee had encouraged such submissions, prior to the elaboration of fully formulated project proposals. Some Committee members expressed their concern in respect of the organisation of work – they felt that the workload was such that technical discussions were limited and the organisation of translations was extremely difficult. Delegates often did not have the relevant background documents. Another point raised was that the working group of the Council on the organisation of work had met at the same time that this Committee had met, thereby excluding Committee members from the discussions on the organisation of its own work. The Committee had expressed its willingness to include more policy items on the agenda.
219. The Committee recommended 11 projects and four pre-projects for approval and financing and, recommended additional funding for the Borneo Biodiversity Expedition to be held in September 1997. A decision on four project proposals had been deferred.
220. It was noted that the Committee on Finance and Administration had dealt with items under Council Agenda Item 12, i.e. procedure and financial rules relating to projects of the ITTO. The Chairman of the Committee, Mr Alejandro Gumucio (Bolivia), presented the report, Document CFA(I)/6 Rev.1. The Committee had considered the assessment of the administrative budget by member countries. The status of the administrative account had shown a surplus of US\$118,302 and a balance in the capital account of US\$1,670,877.95 (24 May 1997). The Chairman noted that, for the first time, no aid was required from the working capital account to cover the foreseen cash flows for the rest of the year. He said that one of the most important issues was to improve the resources of the Special Account and the Bali Partnership Fund; the latter had US\$11.5 million from Japan as an outstanding pledge. The Committee had also reviewed the report of the independent auditors and recommended that this be accepted.
221. The Chairman referred to Agenda Item 12, Revision of Basic Control Documents. As it had not been possible to conclude this work, the Committee had agreed that the most urgent issue was the preparation of the financial rules to cover the Bali Partnership Fund. It had also decided that a new Article 32 for the Rules of Procedure should be drafted and that this be carried out during the next Council Session.
222. The contribution from arrears had been considered and the Committee recommended that no interest be charged after 31 December 1996 and that any arrears still outstanding at that date and later continue to be invoiced to the members concerned.
223. It was proposed that an addition to Rule 3 of the financial rules, giving a discount to members for timely payment of contributions to the Administrative Budget. Those members would earn it as a rebate in the following year's budget; this budget would also bear the cost of the discount. The discount rate for 1997 would be 5.5 per cent and could be varied later by Council.

224. The Committee also recommended that Council should accept the budget for the Evaluation and Communication Officer but that the budget for the revision of the guidelines on manuals should be raised to US\$170,900 to account for additional work by the consultants after the Twenty-third Session.
225. The report was adopted by Council.

**Item 23: Dates of the Twenty-fifth Session of the Council and the Associated Sessions of the Committees**

226. The Secretariat explained the difficulties in changing bookings of the appropriate halls in Yokohama to accommodate the six-day meeting. However the Japanese Delegate requested that the dates of the Session for 1998 also be changed to the beginning of December and asked the Council to consider the period Monday 30 November to Saturday 5 December, 1998. Council deferred the decision.
227. The Delegate for Honduras, Mr Angel Murillo Reina, said that Council members had traditionally received efficiency and attention from the host, Japan, of the November meetings and the Council should take their request into consideration.
228. The Chairman requested that the Secretariat explore the possibility of these new dates with the authorities in Yokohama.

**Item 24: Other Business**

229. The Delegate for Cambodia, Mr Ouk Syphan, expressed pleasure at his country's new membership to ITTO and made a presentation on forestry in Cambodia.
230. The most recent forest resource information for the country was the 1994 Land Cover Atlas prepared by FAO. This estimated the forest area at 11.3 million hectares of deciduous forest, one million hectares of mixed forest, 0.5 million hectares of secondary forest and 0.7 million hectares of edaphic forest.
231. In response to the threat of uncontrolled logging, the Cambodian Government had adopted 23 protected areas covering 3.5 million hectares, including seven national parks and ten wildlife sanctuaries. Management of these sites was not yet underway.
232. The timber needs of neighbouring consumer countries had imposed a serious threat to Cambodia. There was widespread illegal logging in the natural production forests, protection areas and forest concessions. From 31 December 1996, the Government had imposed a ban on the export of logs and sawn timber. The only exception to this was timber from legal concessions under direct supervision of the forest service.
233. A law of forest investment was adopted in 1994. 20 concession companies had been granted forest concessions totalling 5,491,385 hectares for log processing operations and wood industries.
234. An assessment of forest policy had resulted in the following points of action on forestry in Cambodia: legal advice provision on existing concession contracts; technical assistance to improve criteria for evaluation of draft concession management plans; reformulation of ongoing forest inventory projects; preparation of ToR for concession policy and log export controls; preparation of ToR for a National Forest Action Plan.
235. New forest legislation had recently been completed and submitted to the Government for approval.
236. The forest resources in Cambodia during the last two decades had been greatly damaged due to effects of civil war therefore the need for a forest inventory was great. An FAO-UNDP project was underway to strengthen the country's capacity in resources assessment and sustainable management of forests and through this a forest inventory service had been established within the Forest Department. In addition, technical guidelines for concessionaires were being drawn up.

237. The forest vegetation of Cambodia was rich in flora and fauna. In order to conserve this, the Forest Department required environmental impact assessments for all operational concessions. Non-wood forest products provided a rich resource also but there was no clear policy on their sustainable management, though recommendations following a workshop on utilisation of non-wood forest products had been submitted to the Government.
238. Mr Syphan said that a number of constraints inflicted on Cambodia's efforts towards sustainable forest management: the forests still harboured insurgents; the forestry institutional structure was weak; encroachment was widespread and R&D data was lacking; there were insufficient funds to implement the changes to forest activities required; and the land use policy for the country had not yet been formulated.
239. Cambodia had plans to address many of these problems and to promote sustainable forest management. The country had already encouraged rehabilitation of the forest sector and Cambodia recognised the ITTO Guidelines and Criteria for sustainable management. He said that the cost of rehabilitation, upgrading and capacity building to support the enhancement of sustainable forest management in Cambodia would be considerable and both external and internal support in terms of expertise and financing would be greatly needed.
240. The Representative of the Trade Working Group, Mr Barney Chan (Malaysia), read a report which had been endorsed by 22 trade organisations and he spoke on their behalf.
241. Mr Chan said that the existence of the forest ensures a supply of wood. To facilitate understanding of this concept he encouraged ITTO to broaden its communications programme to illustrate to the outside world the numerous advances in sustainable management which have been introduced through ITTO. He also stressed the need for increased north-south and south-south transfer of technology, management skills and forest science. He drew attention to the ITTA 1994 which included the objective of promoting non-discriminatory practices, but he also noted the obstacles to market access experienced by the trade.
242. He said that 'market access', the development of new markets, the development of new products, seeking outlets for lesser known species etc. was what ITTO was all about. Yet there were obstacles in the form of non-tariff barriers, discriminatory import duties and interference by interest groups which want to hamper trade (including bans by local governments).
243. He appreciated the work done by government representatives through ITTO and he asked members to help their respective governments to recognise fully the very real obstacles to tropical timber markets which exist. He highlighted the proposal to list *Swietenia macrophylla* on Appendix II of CITES as an area of primary concern and the implications of such listing on trade in other commercial species. He stressed that ITTO was an appropriate forum for discussion of issues of grave concern to the industry and he noted the following:
- a) The trade was convinced that CITES Appendix II listing of *S. macrophylla* was not warranted for the following reasons: (a) the proposal was not based on sound science; (b) in the report of the ITTO Mission to Bolivia (Document ITTC(XXI)/9) it was concluded that "there is no evidence to support statements made by other parties that this species has suffered genetic erosion". The Mission had made 11 recommendations to ensure its sustainability but no recommendation suggested the inclusion of non-tariff trade restrictions such as CITES listing; (c) the proposal was premature when considering the report of the specially-formed CITES Timber Working Group which had yet to be presented at the Conference of Parties in June 1997; (d) it was also premature to the internal audit on the Convention's effectiveness also to be presented in June; (e) there was no public evidence to indicate that the proposal was supported by all of the range states; (f) impairment to the trade would reduce the economic value of the species, thus threatening the survival of the forests; (g) the recently revised CITES listing criteria were being interpreted very broadly in some cases and in a fashion which would allow almost any commercial tree species to be listed on Appendix I or II.
- b) Experience indicated that if *S. macrophylla* was included on Appendix II of CITES, international trade in the species would be drastically reduced. New species would take over from the niche and no revenue would be forthcoming from the market to support the sustainability of this species.

- c) The trade did not consider CITES the appropriate forum to regulate effectively the trade of timber species in individual member nations.
- d) The trade urged all CITES members present at Council to vote against the proposal to list *S. macrophylla* at the COP10 in June 1997.
244. The Representative of the FAO, Mr Jim Bourke, highlighted some of FAO's current activities which were of relevance to ITTO's own work.
245. He said that, in addition to project work throughout the world, FAO was engaged in a variety of activities at the global level. As part of the input for the IPF, FAO had continued to act as Chair for the informal ITFF, which FAO believed to be a valuable means for international organisations to share information and increase coordination of activities.
246. He noted the following areas which offered scope for closer cooperation between FAO and ITTO: a number of the aspects discussed during the Session on progress towards the Year 2000 Objective related to areas where FAO had been doing considerable work, such as the high priority given to improving harvesting methods, including low-impact logging. FAO's main forestry governing body, the Committee on Forestry (COFO), had met in March 1997 and many of the results of the IPF meetings had served as a basis discussions for this. High priority areas identified had been the Forest Resources Assessment, the criteria and indicators for sustainable forest management, the national forest programmes, and outlook studies and statistics. In many of these areas FAO had worked closely with ITTO in the past and hoped to continue to do so in future.
247. The first meeting of FAO's new Advisory Committee on Paper and Wood Products (ACPWP), comprising 25 representatives of industry, had discussed various issues including sustainable forest management, environmental issues, trade and outlook studies.
248. FAO had three outlook studies underway covering work on the global outlook for forest products; an Asia-Pacific Forestry Sector Outlook study, and one on Global Fibre Supply which was developing projections of future fibre supplies. Mr Bourke said that ITTO would be providing an input to the Asia-Pacific study which was reaching its final stages.
249. An update of data on forest resources had recently been made by the FAO *Global Forest Resource Assessment*, covering 1990-95 and preparations were underway for data to the Year 2000. Some of this data had been reported in the recent FAO publication *The State of the World's Forests*.
250. Mr Bourke reminded members of the World Forestry Congress taking place in Antalya, Turkey on 13-27 October 1997.
251. The Representative of the African Group, Mr Themotio Batoum (Cameroon), said that the Government of Bolivia had made the Session a major success. Each delegate had received personal attention and had much enjoyed much hospitality which had helped everyone to carry out their work and had enabled important decisions to be made. He expressed heartfelt thanks on the part of the African group to ITTO, to the Government of Bolivia, to the people of Bolivia and to the interpreters, to the Chairman, the Executive Director and the Secretariat. He also thanked the community of donors and hoped that they might be encouraged to promote the sustainable development of producer members' forests.
252. The Representative of the Asia-Pacific Group, Dr I G M Tantra (Indonesia), on behalf of the ASEAN group and Asia-Pacific colleagues, thanked the Government of Bolivia for hosting the conference and providing the friendly atmosphere. He thanked the Chairman of Council, the Executive Director, the Secretariat and the translators for their hard work in realising this Session of the ITTC. He congratulated ITTO for having left another indelible mark on the pages of development history by successfully concluding the meeting. For the most part, he said the delegation had been happy with the outcome. With regard to the issue of market access, he urged delegates to endeavour to resolve existing conflicts in order that current efforts towards sustainable forest management could be enhanced. He said that market access was important as it balanced out the efforts of attaining sustainable forest development with the aspect of financing the tropical timber industry. He also referred to the Bali Partnership Fund and said he looked forward to the development of the financing method. He concluded by saying that this Session of ITTC had confirmed the commitment to sustainable development and he looked forward to the Twenty-third Session in Yokohama in December. He hoped that the spirit of cooperation and partnership would be further enhanced there.

253. The Representative of the Latin American Group, Ms Barbara Briglia Tavora (Brazil), expressed her appreciation to the Chairman for taking the Council meetings, to the Executive Director and the Secretariat for their work during the Session, to the interpreters, and specifically to the Government of Bolivia, their neighbour and sister country, which had helped a great deal in the success of the meeting.

**Item 25: Decisions and Report of the Session**

254. The Vice-Chair referred to Document ITTC(XXII)/15 comprising the draft Decisions of the Council at its Twenty-second Session. Editorial corrections were noted. The Council approved all the decisions (these are reproduced in this report as Annex IV). Rule 33 of the Rules of Procedure was to be applied to the circulation of the Decisions and the Council Report to all Members.

**Item 26: Closing Session**

255. The Spokesperson for the Producer Group, Mr Edward Nsenkyire, said that his responsibility as spokesperson could not be taken lightly. However, he assured members that both he and the Spokesperson for the Consumer Group regarded their role as an honour and making closing statements was the least of their ordeals. He said that the two caucuses were part of the mechanism of consultation in the Organization and that it was only common wisdom that could make the group structure serve the purposes of the members well and efficiently. He said that both he and Mr David Drake were keen to work together to advance their common causes and interests. In spite of differences on some matters, they remained friends in their complementary roles.
256. Mr Nsenkyire said that if this Council Session had been successful and productive, it was due to the friendly and hospitable people of Bolivia. On behalf of the Producers group he expressed deep appreciation and gratitude to the people and Government of Bolivia for making their stay a fruitful and happy one.
257. This meeting had marked the first Council Session under ITTA 1994 and he hoped that the dreams and visions of the member countries who had worked tirelessly to forge the agreement were being realised.
258. There had been some disappointments: a draft decision on resources needed by producer members to achieve the Year 2000 Objective was lopsided because it only imposed obligations on one party; reference to the Bali Partnership Fund established to provide resources for this Objective had been slanted – the draft decision was so drab that the Producers Group had had no choice but to reject it in the face of all that was required in the improvement of sustainable forest management. He said the Producers intended to revisit the issue at the Twenty-third Session of the Council in December.
259. The report on the Expert Panel on resource needs and costs incurred in achieving the Year 2000 Objective had identified domestic public financial resources as major sources of funding for sustainable forest management. These resources could only be mobilised if producer member countries had unrestricted access to markets for their timber exports. The issue of market access had been placed on the Council agenda for discussion but the response from Consumer colleagues had been disheartening; they would neither talk about it nor consider a study about it. It was an issue of great concern and he hoped that it would be returned to at the next Session with a will to implement the objectives of ITTA 1994. In spite of having to defer consideration of these two important draft decisions, the Producers believed that policy dialogue, cooperation and consultation would remain the hallmark of the Organization.
260. He reiterated their gratitude to the Government of Bolivia for hosting the Session, to the Prefect of Santa Cruz and to the President and members of the Chamber of Forestry for their hospitality. He also thanked the Chairman of Council and his wife for their hospitality and the Secretariat for their organisation, and the interpreters and translators for their endless hours of hard work. He said they shared the grief of Mrs Manuela Jost Ernst of Switzerland and Mrs Jamaiah Mohamed Yosuf of Malaysia who both lost family members while attending the Session.

261. The Spokesperson for the Consumer Group, Mr David Drake, said it was an honour to speak on behalf of the Consumer countries. He said they had looked forward to progress under the new Agreement, avoiding duplication and seeking active cooperation with other international organisations, notably FAO and any successor arrangement to the IPF. He said the Council had made significant progress on a variety of fronts in Santa Cruz. The process of operationalising the new Agreement had begun, including a first review of basic control documents for the Bali Partnership Fund; and the new Agreement had been put into effective action by the agreement to a revision of project related guidelines and manuals and an expert panel for the appraisal of ITTO project proposals.
262. Of special importance to consumer members had been the issue of the organisation of work and the innovation of the Informal Advisory Group and the streamlining of work of the Committees, including adjusting the length of Council Sessions to six days. These were all welcomed and would lead to major improvements in the work of both Council and Committees. He said the Consumers had wanted more than what had been agreed to but it was seen as an ongoing process.
263. He said that during the two-year IPF process, ITTO had been recognised as a major player and following the meeting of UNGASS in June, the next Council Session would provide an important opportunity for members to decide on further action for ITTO. In the meantime the Council had taken an important step in recognising the results of the IPF.
264. Consumers welcomed the suggestion made by Producer colleagues to hold a discussion on market access at the next Session and the desire to conduct a study was noted. The Council's discussion in December would have the benefit of a related study currently being completed by FAO which could serve as the basis for deliberations.
265. There was a need to strengthen the efficiency of planning, implementation, monitoring and evaluation of projects.
266. There were areas where Consumer members would have liked to have seen more progress: there was deep disappointment shared with Producers that members were not able to come to an agreement on resources for the Year 2000 Objective. He said the importance of the issue to Producers was recognised and it was regretted that the issue had been postponed. The draft decision, he said, contained essential issues, the most important of which was the need to prioritise activities. He noted this as important for all ITTO activities. He looked forward to what was hoped would be the imminent accession of both Producer and Consumer countries to the new Agreement.
267. Mr Drake noted the bi-partisan approach initiated at the last Session of Council and thanked Mr Batoum of Cameroon and Mr Asumadu of Australia for their efforts in this. It was critical that this system should survive. Consumers believed that there was a need to move steadily away from the divisions of the Producer/Consumer divide and to make better use of time by working together. Consumers continued to be concerned about the lack of participation of NGOs and urged the Organization to redouble its efforts to make the ITTO a more attractive place for all observers.
268. Mr Drake said that the Group looked forward to the results of the Expert Panel on the revision of the Action Plan but it was essential that, at the next Session, attention should also be given to how the Organization should better communicate with the global community.
269. He expressed appreciation to the Government of Bolivia and to the city of Santa Cruz for its support and generosity in making the Session possible. On behalf of the Consumer members he recognised the favourable impression of the democratic experience found in Bolivia and he conveyed sincere appreciation for their efforts in obtaining sustainable forest management. The President and other government officials at the opening Session had shown the commitment of Bolivia to this objective.
270. He thanked all those involved with running the Session, the translators and interpreters, the Secretariat, colleagues from Bolivia and those in both Producer and Consumer groups, as well as all the members of the Bureau. Appreciation was expressed to the Chairman for his wisdom in guiding the proceedings and Mr Drake said he owed a debt of gratitude to his Producer counterpart, Mr Edward Nsenkyire.

271. The Executive Director, Dr Freezailah, said that the atmosphere and facilities of the Session had led to a constructive conclusion to a Session which had had a difficult agenda. However, he said ITTO should not be deterred by hurdles. The encouraging feature of work had always been the collective willingness to see the more constructive side of development – discontinuities served to jolt the Organization out of any complacency.
272. He said that at this Session the rationalisation of the functioning of the Organization had been an key issue. The agreements reached so far left a lot still to be done. Real progress was the outcome of thinking, reappraisal and review. He said members had come to expect what was the possible best. Speedy measures could not be expected to put in place and the lesson from this Session was to make haste gradually and with circumspection. The imperative was to continue to talk to create understanding and respect.
273. In spite of the divergence of views expressed at the Session, the Executive Director said that there had been clear indications which provided guidelines to cope with the management of project work and policy dialogue and development. The Secretariat would remain steadfast in its dedication to the work set by the Council. He pledged the assistance of the Secretariat for 'putting our house in order' and showing the way forward, particularly in terms of rationalising working methods, being an active agent for the Council and, ultimately, attaining the commanding height of ITTO's Year 2000 Objective.
274. He acknowledged a debt of gratitude to the translators and interpreters, to all the conference staff who had laboured efficiently during the Session and to the staff of Los Tajibos hotel. He said Bolivia would be remembered.
275. His Excellency, Mr Moises Jarmusz Levy, Minister of Sustainable Development and the Environment, Bolivia, said that at the beginning of the Session there had been in Santa Cruz an atmosphere of happiness and expectation; now there was a feeling of sadness because the delegates were preparing to leave. There had been ten days of hard work shared between 46 different countries but with one common objective, to have a better world through the special efforts to take care of our forest resources. He said that the President of Bolivia, HE Mr Sanchez de Lozada, had wanted to state the importance of this event which he recognised as one of the main achievements of his governmental term. He wanted to pass on his best wishes to the delegates.
276. The Minister drew attention to the donor countries who had brought about projects in Bolivia; these projects would assist in the renewal of the country's economy into the third millennium. The information and technical expertise received from ITTO would lead Bolivia to the sustainable management of its forests and to the balance of ecosystems. He paraphrased Ortega y Gasset, the famous philosopher, "man is a result of him and his circumstances, mankind is the synthesis of harmony with the environment surrounding him. God, history and our people may grant a final judgement on this effort."
277. The Chairman of Council, Mr Wisber Loeis said that, although it had been an exhaustingly tight schedule, all items of the meeting had been covered and the success of the meeting was due to the blend of strong support extended to ITTO by the Government of Bolivia, including the prefectural authorities of Santa Cruz de la Sierra, and the cooperation from all Council members by demonstrating understanding, patience, tolerance and a spirit of compromise in order to progress.
278. He said that this cooperation had enabled the narrowing down of some differences and forging of consensus on a wide range of issues. It had been a significant Session, not only because it had been the first Session after the entry into force of ITTA 1994, but also because it had given the opportunity for a reaffirmation of the value of close consultation and determined pursuit of a common objective, i.e. sustainable forest development as encapsulated in the ITTO Year 2000 Objective.
279. He said there had been difficulties in the transition, especially in membership. He repeated a call to those member countries which had not yet acceded to the Agreement, to take urgent action to accelerate the domestic processes for accession. He noted with appreciation, the efforts made by members to show flexibility by not putting a rigid interpretation on the provisions of the Agreement.
280. He referred to the Agreement at this Session on the improvement of the future organisational work of ITTO. ITTO could be considered as one of only a few successful commodity organisations. All members must maintain flexibility if the Organization was to evolve into an efficient and effective forum with a transparent process of decision making. This, he said, could only take place on the basis of careful

consensus building, drawing constructively on existing achievements and on the mechanisms enshrined in ITTA 1994. As well as being mindful of the increasing needs of members and ITTO's interaction with various like-minded organisations in the areas of sustainable forest development, further consultations were needed and a review of the results of performance. He called on members to remain focused on improving the Organization.

281. The next Session of Council in Yokohama would be distinctive – for the first time it would be a six-day meeting and this new adjustment would demand more efficiency in arranging the working schedule. The Chairman welcomed ideas and thoughts on how best to make the six days as effective as possible.
282. He was pleased to note that at this Session, the Council had approved a total of 17 projects and 5 pre-projects to a total value of US\$15,051,298. Of this, more than half (US\$7,736,010) had been allocated for projects and pre-projects for immediate implementation. Additionally, US\$1,976,937 had been pledged to finance four projects approved at earlier Sessions. In total US\$9,702,947 had been disbursed at this Session. He expressed utmost gratitude to donor members for this and hoped that others would follow this generosity.
283. The Chairman said that several issues which it had not been possible to resolve at this Session had been deferred to the next meeting and these needed to be faced with a spirit of understanding and compromise if new ground was to be broken. He said he had enjoyed chairing this Session in Santa Cruz and reiterated whole-hearted gratitude to all those who had contributed to the success of the deliberations. He paid tribute to the President of Bolivia, HE Mr Gonzalez Sanchez de Lozada, also to the Government of the Republic of Bolivia and especially to HE Mr Moises Jarmusz Levy, Minister of Sustainable Development and the Environment, and the officials of his ministry, and to the local authorities and the mayor and prefect of Santa Cruz and the entire population of Santa Cruz. He thanked all of them for their warm and generous hospitality and the facilities and arrangements that had been made available. He conferred the gratitude of the Council to the Executive Director and the staff of the ITTO Secretariat for their hard work and also thanked the translators and interpreters. He concluded by renewing thanks to all members and wished them a safe journey.



**ANNEX I**

**LIST OF PARTICIPANTS**

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

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TWENTY-SECOND SESSION  
21-29 May 1997  
Santa Cruz de la Sierra, Bolivia

## **PROVISIONAL LIST OF PARTICIPANTS**

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

**Santa Cruz de la Sierra, Bolivia, 21-29 May 1997**

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

Notes: <sup>1</sup> 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.

## MEMBERS

### AUSTRALIA

- \* Dr. Kwame Asumadu Assistant Director, Department of Primary Industries and Energy, Canberra
- \*\* Mr. Paul Flanagan Director, Environment, Agricultural and Physical Infrastructure Section, AUS AID, Canberra

### BOLIVIA

- \* Sr. Moisés Jarmusz Levy Ministro de Desarrollo Sostenible y Medio Ambiente , La Paz
- Lic. Guillermo Justiniano Ministro de la Presidencia
- \*\* Sr. Juan Pablo Arce National Secretary of Natural Resources, La Paz
- \*\*\* Sr. Víctor Hugo García Subsecretario de Recursos Naturales, La Paz
- Sr. Edwin Aguilera Superintendente Forestal, La Paz
- Sr. César Sandoval Subsecretario de Desarrollo Forestal, Recolección y Pesca, La Paz
- Sr. Fernando Antelo Gil Presidente de la Cámara Nacional Forestal
- Sr. Arturo Bowles Olhagaray Gerente General de la Cámara Nacional Forestal
- Dr. Jorge Ernesto Avila Jefe del Departamento Legal de la Cámara Nacional Forestal
- Sr. Heriberto Cabrera Gerente de la Cámara Forestal de la Ciudad de La Paz
- Srta. Alejandra Sánchez de Lozada Directora Nacional de Conservación de la Biodiversidad Biológica
- Sr. Jaime Pantoja Romero Director Nacional de Aprovechamiento Forestal
- Sr. Juan Carlos Gómez Dirección Nacional de Conservación de la Biodiversidad
- Sr. Hugo Raña Dirección Nacional de Aprovechamiento Forestal
- Srta. Lourdes Parrado Coordinadora Nacional del Proyecto SOLFOR
- Sr. Damir Matkovic Gerente PROMABOSQUE
- Sr. Alejandro Gumucio Asesor del Secretario Nacional de Recursos Naturales y Medio Ambiente
- Sr. David Herrera Director del Proyecto "Conservación, Manejo, Aprovechamiento y Uso Integral y Sostenible de la Región Chimanes
- Sr. Juan Carlos Chávez Director de UASPE, Ministerio de la Presidencia
- Lic. Sergio Jáuregui Ocampo Consultor, Encargado de la Coordinación Político-Institucional, Ministerio de la Presidencia, La Paz

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

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**ANNEX II**

**Agenda**

**{Document: ITTC(XXII)/1 Rev.1}**

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29 May 1997

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TWENTY-SECOND SESSION  
21-29 May 1997  
Santa Cruz de la Sierra, Bolivia

### 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. Proposed Distribution of Votes
6. Admission of Observers
7. Appointment of the Credentials Committee
8. Statement by the Executive Director
9. Conditions for Accession by New Members to the International Tropical Timber Agreement, 1994
10. Report of the Expert Panel on the Organization of Work under the International Tropical Timber Agreement, 1994 - Decision 4(XXI)
11. Programme of Work for the Revision of Guidelines and Manuals relating to Project Formulation and Implementation - Decision 7(XXI)
12. Revision of Basic Control Documents - Decision 9(XXI)
13. Reports by Members on Progress towards Achievement of the Year 2000 Objective - Decision 3(X)
14. Report of the Expert Panel on Assessment of the Accuracy and Completeness of Cost Estimates Submitted by Members for Achieving the Year 2000 Objective and Mobilization of Resources to Assist Producing Member Countries to Accelerate Progress in Achieving the Objective - Decision 8(XX)
15. CITES Listing Proposals by Members - Decision 3(XVI)
16. Report on ITTO and Intellectual Property Rights - Decision 3(XIX)
17. Report of the Credentials Committee
18. Pledges to the Special Account and the Bali Partnership Fund
19. Annual Report of the Organization for 1996

20. Report of the Intergovernmental Panel on Forests
21. Market Access
22. Reports of the Sessions of the Committees
23. Dates of the Twenty-fifth Session of the Council and Associated Sessions of the Committees
24. Other Business
25. Decisions and Report of the Session
26. Closing Session

**ANNEX III**

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

DISTRIBUTION OF VOTES FOR 1997

	<u>No. of Votes</u>	
	1996	1997
<b><u>PRODUCERS</u></b>		
<b>Africa</b>		
Cameroon.....	27	29
Central African Republic.....	--	29
Congo .....	27	29
Côte d'Ivoire .....	27	29
Gabon.....	27	29
Ghana .....	27	29
Liberia .....	27	29
Togo .....	27	29
Zaire.....	27	29
<b>Asia &amp; Pacific</b>		
Cambodia .....	--	24
Fiji .....	17	16
India .....	26	30
Indonesia .....	164	180
Malaysia .....	131	139
Myanmar.....	36	38
Papua New Guinea .....	35	45
Philippines .....	19	19
Thailand .....	19	19
<b>Latin America</b>		
Bolivia .....	27	45
Brazil.....	143	--
Colombia .....	29	49
Ecuador .....	18	29
Guyana .....	19	--
Honduras.....	14	24
Panama .....	14	24
Peru .....	34	58
Venezuela .....	26	--
<b>Total:</b>		<u>1,000</u>

	<u>No. of Votes</u>	
	1996	1997
<u>CONSUMERS</u>		
Australia.....	16	17
Canada.....	13	13
China.....	112	148
Egypt.....	15	17
European Union		
Austria.....	10	11
Belgium/Luxembourg.....	21	20
Denmark.....	12	12
Finland.....	10	10
France.....	40	43
Germany.....	30	31
Greece.....	13	--
Ireland.....	12	--
Italy.....	32	--
Netherlands.....	32	32
Portugal.....	17	--
Spain.....	24	25
Sweden.....	11	11
United Kingdom.....	44	45
Japan.....	337	363
Nepal.....	10	10
New Zealand.....	10	10
Norway.....	10	11
Republic of Korea.....	101	110
Switzerland.....	11	11
United States of America.....	46	50
	Total: .	<u>1,000</u>

**Annex IV**

**TEXT OF THE MAIN DECISIONS**

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

**{Documents:**

**DECISION 1(XXII) ITTC(XXII)/15  
DECISION 2(XXII) ITTC(XXII)/16  
DECISION 3(XXII) ITTC(XXII)/17  
DECISION 4(XXII) ITTC(XXII)/18  
DECISION 5(XXII) ITTC(XXII)/19  
DECISION 6(XXII) ITTC(XXII)/20  
DECISION 7(XXII) ITTC(XXII)/21  
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TWENTY-SECOND SESSION  
21 - 29 May 1997  
Santa Cruz de la Sierra, Bolivia

**DECISION 1(XXII)**  
**PROJECTS AND PRE-PROJECTS**

The International Tropical Timber Council,

Having considered at its Twenty-second Session the recommendations of the three Committees on Projects and Pre-Projects, as contained in documents CEM(XX)/8 Rev.1, CRF(XX)/34 Rev.1 and CFI(XX)/8.

1. Decides:

(i) To approve the following Projects:

- |                    |  |
|--------------------|--|
| PD 1/95 Rev.4 (M)  | Training Development on the Assessment of Sustainable Forest Management in Indonesia<br>(\$672,774.00)                                 |
| PD 1/97 Rev.1 (M)  | Implementation of a National Forest Statistical Information System<br>(\$ 839,745.00)  |
| PD 3/97 Rev.1 (M)  | Development of an Export Market Intelligence Monitoring System<br>(\$125,300.00)   |
| PD 1/96 Rev.3 (F)  | Sustainable Forest Management in the Nargana District, Kuna Yala Indigenous Territory, Panama<br>(\$984,772.00)                        |
| PD 30/96 Rev.3 (F) | Project for a 2,500 ha Timber Production Plantation in the Reserved Forest of Haho-baloe (Plateaux Region - Togo)<br>(\$1,400,599.00)  |
| PD 36/96 Rev.3 (F) | Selection and Testing of Clonal Hardwoods in Species Rich Systems: Enrichment Plantings and Multi-strata Agroforests<br>(\$628,671.00) |
| PD 8/97 Rev.2 (F)  | Implementation and Evaluation of Criteria and Indicators for Sustainable Natural Forest Management<br>(\$806,214.00)                   |
| PD 9/97 Rev.1 (F)  | Landowner Education and Training for Sustainable Forest Management<br>(\$418,835.00)   |

- PD 10/97 Rev.1 (F) A Sustainable Management Model in the Iwokrama Rainforest  
(\$780,626.00)
- PD 12/97 Rev.1 (F) Forest, Science and Sustainability: The Bulungan Model Forest  
(\$965,650.00)
- PD 13/97 Rev.1 (F) Dissemination of New Remote Sensing Methodology through a Semi-Expert  
System  
(\$596,075.00)
- PD 14/97 Rev.1 (F) Global Mangrove Database and Information System (GLOMIS) - Phase I  
(\$979,872.00)
- 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 Organizations  
(\$1,354,836.00)
- PD 23/97 Rev.1 (F) Sustainable Forest Management in the Bolson of Rapirran, Bolivian Amazon  
Region  
(\$1,006,031.00)
- PD 7/94 Rev.3 (M,I) Information and Technical Assistance for Production and Trade of Tropical  
Timber  
(\$1,028,625.00)
- PD 46/96 Rev.2 (I) Establishment of a Wood Workers and Craftsmanship Village  
(\$486,355.00)
- PD 7/97 Rev.2(I) III Plywood and Tropical Timber International Congress  
(\$202,560.00)

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

PD 1/97 Rev.1 (M)	(\$839,745.00)
PD 3/97 Rev.1 (M)	(\$125,300.00)
PD 8/97 Rev.2 (F)	(\$806,214.00)
PD 9/97 Rev.1 (F)	(\$418,835.00)
PD 10/97 Rev.1 (F)	(\$780,626.00)
PD 12/97 Rev.1 (F)	(\$965,650.00)
PD 13/97 Rev.1 (F)	(\$596,075.00)
PD 14/97 Rev.1 (F)	(\$979,872.00)
PD 46/96 Rev.2 (I)	(\$486,355.00)

(iii) To authorize financing for immediate implementation of Phase I (\$647,739.00) of the following  
Project approved at an earlier Session and re-phased into two stages at this Session:

PD 13/95 Rev.3 (I) Phase I	(\$647,739.00)
& Phase II	(\$442,261.00)

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

PD 1/93 Rev.1 (M,F,I)	(\$400,000.00)
PD 17/93 Rev.3 (M,F,I)	(\$871,955.00)
PD 106/91 Rev.1 (F) &	(\$85,085.00)
PD 26/93 Rev.1	

- (v) 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 1/95 Rev.4 (M)	(\$672,774.00)
PD 1/96 Rev.3 (F)	(\$984,772.00)
PD 30/96 Rev.3 (F)	(\$1,400,599.00)
PD 36/96 Rev.3 (F)	(\$628,671.00)
PD 22/97 Rev.1 (F)	\$1,354,836.00)
PD 23/97 Rev.1 (F)	(\$1,006,031.00)
PD 7/94 Rev.3 (M,I)	(\$1,028,625.00)
PD 7/97 Rev.2 (I)	(\$202,560.00)

- (vi) To authorize financing for immediate implementation as soon as funds are available in the Special Account, of the following Project approved at an earlier Session and re-phased into two stages at this Session:

PD 44/95 Rev.4 (F) Phase I	(\$667,404.00)
& Phase II	(\$369,872.00)

2. Decides:

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

PPD 11/96 Rev.2 (F) Identification and Planning of Measures for the Sustainable Management of the Kloto Community Forests in the Reserved Forest of Missahoe with the Participation of Rural Communities  
(\$59,204.00)

PPD 1/97 Rev.1 (F) Evaluation of the Impact of Disturbances and Conservation *In Situ* of the Phylogenic Resources of Cameroon's Closed Forest  
(\$82,396.00)

PPD 3/97 Rev.1 (F) Technical Assistance to Develop a Forest Inventory and Monitoring Programme for the Sustainable Management of Bolivia's Forest Resources  
(\$88,198.00)

PPD 5/97 (F) Completion of the Information for Project Proposal Sustainable Forest Management in the North of the Department of La Paz, Bolivia  
(\$46,420.00)

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

PPD 11/96 Rev.2 (F)	(\$59,204.00)
PPD 1/97 Rev.1 (F)	(\$82,396.00)
PPD 3/97 Rev.1 (F)	(\$88,198.00)

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

PPD 11/92 (I) (\$30,000.00)

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

PPD 5/97 (F) (\$46,420.00)

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

- Expert Panel to Appraise Project Proposals - Fourteenth Meeting (25-29 August 1997) (\$110,500.00)
- Working Group to Evaluate Reports on On-going and Completed Pre-projects and Projects (\$29,382.00)
- Consultants to Revise ITTO Project-related Manuals and Procedures and Preparation of New Manuals and Guidelines (\$170,910.00)

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.

7. Affirms that funding of approved projects and pre-projects is subject to the recipient country being a party to the International Tropical Timber Agreement, 1994.

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**DECISION 2(XXII)**

**ESTABLISHMENT OF CONDITIONS FOR ACCESSION TO  
THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994**

The International Tropical Timber Council,

Noting that the International Tropical Timber Agreement, 1994, is open for accession by the Government of all States upon conditions to be established by the Council in accordance with Article 39 of the Agreement;

Decides that for all States acceding to the International Tropical Timber Agreement, 1994, the condition shall be that they accept all the obligations of the Agreement;

Also decides that the time-limit for the deposit of instruments of accession shall be the duration of the Agreement.

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## DECISION 4(XXII)

### ORGANIZATION OF WORK UNDER THE ITTA, 1994 PART II

#### ROLE OF COMMITTEES AND STREAMLINING OF COMMITTEES' WORK

Recalling Decision 4(XXI) 1996 on the establishment of an Expert Panel on the Organization of Work under the ITTA, 1994;

Further recalling Article 24 of the ITTA, 1994, to undertake policy work and project activities in the areas of Economic Information and Market Intelligence, Reforestation and Forest Management and Forest Industry, in a balanced manner, to the extent possible integrating policy work and project activities;

Further recalling Decision 5(XXII) on duration of Council Sessions;

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

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

Decides to:

1. Request Committees to identify issues for policy work and those arising from assessment by Expert Panels and the Secretariat for Council consideration;
2. Propose ways to streamline their work in accordance with the Annex to this Decision;
3. Convene for its Twenty-third Session in Yokohama, beginning three days prior to the Session, an informal working group 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;
4. Adopt the Terms of Reference for the informal working group included in the Annex to this Decision;
5. Review the experience of the informal working group at the Twenty-third Session of the Council and consider further measures of strengthening and streamlining the work of the Committees;
6. 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 project proposals have met the objectives stated in the project proposal 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(XXII)**

**ORGANIZATION OF WORK UNDER THE ITTA, 1994  
PART III**

**DURATION OF COUNCIL SESSIONS**

The International Tropical Timber Council,

Recalling Decision 4(XXI), requesting the Executive Director to convene an Expert Panel on the organization of the Work under the ITTA, 1994;

Recognizing the need to ensure effective and continued participation by members and all invited parties in Council and Committees sessions;

Stressing the need to streamline the work of the Council and Committees in order to improve the efficiency of the organization, in the framework of the overall ongoing efforts undertaken in many international organizations;

Reaffirming the current practice of holding biannual meetings, one of them at the Headquarters of the organization;

Decides to:

1. Establish the duration of the Council and Committee Sessions, commencing with the Twenty-third Session of the Council in Yokohama 1997, for six working days starting on Monday and ending on Saturday;
2. In principle, review the decision to hold Council sessions over a six-day period at the Twenty-ninth Council Session;
3. Request the Executive Director to schedule non-concurrent Committee sessions whenever possible, and to distribute a draft schedule to member official contact points not later than two weeks prior to Council sessions.

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## DECISION 6(XXII)

### INTERGOVERNMENTAL PANEL ON FORESTS

The International Tropical Timber Council,

Recalling Decision 7(XVIII) on the contribution of ITTO to the work of the Intergovernmental Panel on Forests (IPF) of the UN Commission on Sustainable Development (CSD), and Decision 5(XX) on ITTO participation in country-sponsored initiatives related to the IPF;

Welcoming the report of the Executive Director on ITTO participation in the work of the IPF [Document ITTC(XXII)/10], including the participation of ITTO in the informal Inter-Agency Task Force on Forests, as well as the contribution made by members of the ITTC;

Noting the proposals for action of the IPF (E/CN.17/1997/12), particularly those related to Trade and Environment in relation to Forest Products and Services, which were endorsed by the CSD as representing significant progress and consensus on a wide range of forest issues;

Also noting paragraph 144 of the IPF Report, which urges international organisations, in co-operation with countries, to support and implement the proposals for action, and paragraph 145, which calls on appropriate international institutions and organisations to continue their work in the Inter-Agency Task Force on Forests and undertake further co-ordination, focusing on the proposals for action, in accordance with their respective mandates;

Further noting that the UN General Assembly Special Session on Environment and Development will consider how best to implement the IPF proposals for action in June 1997;

#### Decides to:

1. Request the Executive Director of the ITTO to provide for the continued active participation of the ITTO in the deliberations of the Inter-Agency Task Force on Forests on the IPF proposals, including its work to co-ordinate an implementation strategy for participating international organisations;
2. Request the Executive Director to continue to provide resources to support the IPF Secretariat or its successor body, if requested, taking into account the outcome of the Special Session of the U.N. General Assembly;
3. Consider at its Twenty-third Session in Yokohama in December 1997 appropriate actions to take in order to contribute actively to the implementation of those proposals for action in the IPF report that are relevant to the work of the ITTO.

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## DECISION 7(XXII)

### EXPERT PANEL FOR THE TECHNICAL APPRAISAL OF PRE-PROJECT AND PROJECT PROPOSALS

The International Tropical Timber Council,

Recalling Decision 7(XXI) on strengthening the Project Cycle, and recalling Decisions 6(IX) and 2(X) on the establishment and continuation of the Expert Panel for technical appraisal of project proposals;

Stressing the importance of the Expert Panel for the Technical Appraisal of Project and Pre-project Proposals for the work of the organization;

Welcoming the report by the Executive Director "Proposed Terms of Reference for the Expert Panel for the Technical Appraisal of ITTO Project and Pre-Project Proposals," [Document ITTC(XXII)/8],

Decides to:

1. Assign the Expert Panel the task of technically assessing projects and pre-project proposals submitted by members to ITTO, in accordance with the terms of reference contained in the Annex to this Decision;
2. Request producer and consumer member countries, respectively, to identify experts to the Expert Panel for periods of two years, with a possibility of an extension to three, and in accordance with the criteria listed in Decisions 6(IX) and 2(X);
3. Further request member countries to take into account the following criteria in selecting experts:
  - (a) fluency in the Panel language;
  - (b) experience in project formulation and technical assessment of project proposals;
  - (c) expertise in one or more of the three ITTO operational areas (Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry).

## ANNEX

### TERMS OF REFERENCE OF THE EXPERT PANEL

The Panel shall:

- (i) Assess new Project and Pre-project proposals submitted to the organization. The recommendations for amendments to these proposals shall be made by the Expert Panel exclusively for the purpose of ensuring their technical soundness.
- (ii) Screen the Project proposals for their relevance to ITTO's Action Plan and Work Programs (in the areas of Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry), and consistency with ITTO decisions and policy guidelines, but not otherwise prioritize them.
- (iii) If reformulations involving major amendments are recommended, request to carry out a final appraisal of the revised versions of Project and Pre-project proposals, prior to their presentation to the relevant ITTO Committees.
- (iv) Report on the results of the technical assessment of Project and Pre-project proposals to submitting governments and the ITTO Council and Committees, through the ITTO Secretariat.
- (v) The Expert Panel shall take into consideration previous Expert Panels' reports.

The Expert Panel, in assessing Projects and Pre-projects, shall also take into account:

- (a) their relevance to the objectives of the ITTA, 1994 and the requirement that a Project or Pre-project should contribute to the achievement of one or more of the Agreement objectives;
- (b) their environmental and social effects;
- (c) their economic effects;
- (d) their cost effectiveness;
- (e) the need to avoid duplication of efforts;
- (f) if applicable, their relationship and integration with ITTO policy work and their consistency with the ITTO Objective 2000 and ITTO approved guidelines including:
  - ITTO Guidelines for Sustainable Management of Natural Tropical Forests, 1990;
  - Guidelines for the Establishment and Sustainable Management of Planted Tropical Production Forests, 1993;
  - Guidelines for the Conservation of Biological Diversity in Tropical Production Forests, 1993; and
  - ITTO Guidelines on Fire Management in Tropical Forests, 1996.

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## DECISION 8(XXII)

### REVISION OF PROJECT RELATED GUIDELINES AND MANUALS

The International Tropical Timber Council,

Recalling the report by the independent consultants on the strengthening of the ITTO Project Cycle, [Document ITTC(XXI)8];

Recalling Decision 7(XXI) on the strengthening the Project Cycle, in particular the paragraph on revision of guidelines and manuals;

Welcoming the report by the Executive Director, "Proposals for the Revision of Project Related Guidelines/Manuals and Appointment of an Evaluation and Communication Officer," [Document ITTC(XXII)/3];

#### Decides to:

1. Revise the "ITTO Manual for Project Formulation" with the objectives of simplifying and improving the standard format and of further advising project formulators to submit clear, coherent and concise proposals;
2. Revise the Guidelines for the Selection and Employment of Consultants with the objective of providing more flexibility in hiring professionals by the Organization;
3. Revise the "ITTO Manual for Project Monitoring, Review and Evaluation" with the objective of providing instructions for the executing agencies on the elaboration of "Project Technical Reports" and on planning of monitoring and evaluation work;
4. Prepare a comprehensive Manual on ITTO's rules and procedures for project implementation with the objective of providing specific guidance to the executing agencies;
5. Authorize the Executive Director to engage two consultants, one from a producer country, and one from a consumer country, to undertake the above-mentioned revision or preparation of guidelines and manuals for circulation to members by 15 January 1998 and for consideration by the Council at its Twenty-fourth Session in May 1998;
6. Request the Executive Director to arrange an informal presentation by the consultants at the Twenty-third Session of the Council in December 1997;
7. Authorize the Executive Director to arrange for financing the two consultants from the Special Account and invite members to contribute to this ITTO activity;
8. Adopt the Terms of Reference in the Annex to this Decision for the work of the consultants.

## ANNEX

### TERMS OF REFERENCE OF THE CONSULTANTS Decision 8(XXII)

1. The consultants shall produce drafts of the guidelines and manuals by 1 November 1997, and attend the Twenty-third Session of the Council in December 1997. The consultants shall incorporate member comments into a revised draft for presentation at the Twenty-fourth Session of the Council in May 1998;
2. The guidelines and manuals should take into consideration:
  - The ITTA, 1994
  - The revised Action Plan
  - Relevant Council decisions
  - ITTO's experience from workshops on project formulation
  - Other relevant ITTO Guidelines
3. In revising the ITTO Manual for Project Formulation, the consultants should:
  - Eliminate information which is not essential in order to reduce the length of project documents wherever possible;
  - Present more examples on how to formulate the elements of a proposal, e.g., objectives, outputs, activities, logical framework, risk assessment, applied to the three operational areas of the ITTO;
  - Update the instructions for budget presentation;
  - Provide a format and examples for developing Terms of Reference for the key staff;
  - Provide a format and examples for describing the executing agency, e.g. personnel, infrastructure;
4. In revising the ITTO Manual for Project Monitoring, Review and Evaluation, the consultants should:
  - Include guidance to project implementors on how to prepare "Project Technical Reports" with a view to facilitating project results dissemination. "Project Technical Reports", either intermediate or final, should present exclusively technical information related to project results. Administrative and financial information regarding project implementation would be provided only in "Project Progress Reports";
  - Provide instructions to the executing agencies on the elaboration of Yearly Plans of Operation for Projects with relatively complex operations;
  - Provide guidance on monitoring and evaluating projects, preparation of schedules and the organization of meetings with interested parties and key stakeholders;
  - Provide an overview of the ITTC Decisions which govern project evaluation, as well as a description of the actions to be taken by the executing agency for preparing and carrying out project evaluations, e.g. submission of final reports, preparation of field visits, preparation of agenda;
5. In preparing the Manual for ITTO's rules for project implementation, the consultants should:
  - Update and consolidate information about financial rules, rules relating to Projects and Council Decisions related to the Project Cycle;
  - Describe management procedures for the implementation of ITTO projects;
  - Incorporate ITTO's policy on control of expenditures;
  - Describe channels of communication with the ITTO;
  - Give instructions for financial monitoring, reporting and audit;
  - Develop procedures for travel arrangements and authorization, and other travel related issues.

6. The Guidelines and Manuals should be developed in such a way as to facilitate their periodic updating and inclusion of any new decisions reached by the Council on rules and procedures relating to projects.
7. In preparing the revised guidelines and manuals, consultants should examine and report on the feasibility of combining one or more of the manuals into a single document to ensure the continued consistency of all parts of the ITTO Project Cycle.

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**DECISION 9(XXII)**  
**DATES FOR THE TWENTY-THIRD AND TWENTY-FOURTH**  
**SESSIONS OF THE COUNCIL**

The International Tropical Timber Council,

Recalling Article 9 of the International Tropical Timber Agreement and Rules 9 and 10 of the Rules of Procedure;

Noting the reports of the ITTC at its Twentieth and Twenty-first Sessions [Documents ITTC(XX)/18 and ITTC(XXI)/23];

Aware of the Decision 5(XXII) on duration of Council Sessions;

Welcoming the invitations to the Twenty-third and Twenty-fourth Sessions extended by the delegations of Japan and Gabon;

Decides to:

Approve the following dates for these Sessions respectively:

1. The Twenty-third Session to be held in Yokohama from 1 to 6 December 1997;
2. The Twenty-fourth Session to be held in Libreville, the capital of Gabon, from 20 to 28 May 1998.



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**DECISION 10(XXII)**  
**INTELLECTUAL PROPERTY RIGHTS**

The International Tropical Timber Council,

Recalling Decision 3(XIX) on Intellectual Property Rights;

Welcoming the comprehensive report of the independent consultant [Document ITTC(XXII)/9];

Considering the need to adopt a positive approach to intellectual property rights which might arise from projects or other Council activities;

Decides to request the Executive Director to develop a document of possible elements to be incorporated into draft guidelines on intellectual property rights, and to circulate it to members for comments by 15 October 1997 and consideration by the Council at its Twenty-third Session.

**ANNEX V**

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

**{Documents:      CEM(XX)/8 Rev. 1  
                         CRF(XX)/34 Rev. 1  
                         CFI (XX)/8  
                         CFA (I)/6 Rev. 1**

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

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Report

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

Appendix B: Report of the Market Discussion

## REPORT

### 1. Opening of the Session

The Twentieth Session of the Committee was opened on 21 May 1997 at a Joint Session of all three Committees under the Chairmanship of Mr. Geoffrey Pleydell (U.K.). The list of participants is reproduced in document ITTC(XXII)/Info.2 Rev.2

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

The Committee adopted the Agenda of its Twentieth Session as contained in document CEM(XX)/1 Rev.1.

### 3. Admission of Observers

The list of observers admitted by the Committee is reproduced in document ITTC(XXII)/Info.3 and ITTC(XXII)/Info.3 Add.1.

### 4. Market Discussion (Joint Session of Committees)

The theme of the 1997 Market Discussion was "The Expansion of Trade in Tropical Timber Products - Domestically and Abroad with a Special Focus on the Latin American Experience". The Moderator was Ms. Wendy Baer, Executive Vice President, International Wood Products Association (IHPA) and the Rapporteur was Dr. Michael J. Adams, Market Information Services (MIS) Coordinator, Economic Information and Market Intelligence Division of ITTO. The following were the discussion leaders and the topics of their presentations:

Dr. Steven E. Johnson Statistician Economic Information and Market Intelligence, ITTO	"Trade Flow Statistics and Forecasts"
Dr. Michael J. Adams MIS Coordinator Economic Information and Market Intelligence, ITTO	"Market News/Price Trends"
Dr. Fernando Antelo Gil President, Cámara Nacional Forestal (CNF) Bolivia	"Bolivian Experience and Perspective "
Mr. José Franco Asociación Ecuatoriana de Industriales de la Madera (AIMA) Ecuador	"Ecuadorian Experience and Perspective"
Dr. Ivan Tomaselli Director, Brazilian Association of Plywood and Timber Industry (ABIMCI), Brazil	"Brazilian Experience and Perspective"
Mr. Goeran Appelgren UNIDO Country Director for Bolivia	"UNIDO Integrated Programme Approach to Development of the Forestry and Wood Processing Industries in Ecuador and in the Region"
Mr. Carl Gade President, International Wood Products Association (IHPA), U.S.A.	"North American Experience and Perspective"

Mr. Geoffrey Pleydell  
Trade Adviser to U.K. Delegation and Chairman of the  
Committee on Economic Information and Market Intelligence

"Identification and Discussion  
of Additional Issues of  
Interest to the International  
Tropical Timber Trade"

A summary report of the Market Discussion, synthesizing the above presentations and the ensuing discussions, is contained in Appendix B.

5. Report of Completed Project

The Committee took note of the report by the Secretariat [document CEM(XX)/3] containing details of the following completed project.

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

The representative of Brazil gave a summary of the status of the final project report. He informed the Committee that there had been problems with the implementing agency but that the English summary of the final report would be sent to the Secretariat soon. The Committee decided, therefore, to defer consideration of the final report until its next Session.

6. Report of Pre-Project Work in Progress

The Committee considered a report [document CEM(XX)/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 three pre-projects:

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

The representative of Peru gave an update on progress under the pre-project. He noted that the final report had been finished and that this consisted primarily of a project proposal to be submitted to the next Session of the Committee. He noted that the pre-project had confirmed the importance and high potential for the species and expressed thanks for the inputs of the international consultant from China. The Committee looked forward to the submission of the project proposal on management and utilization of Paca at its next Session.

(ii) **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 (Cameroon)**

The Secretariat gave an update on progress under the pre-project, noting that the selection of consultant(s) was underway and that the final report should be available at the Committee's next Session.

(iii) **PPD 6/96 (M,F)          Workshop on Ecological, Social and Political Issues in Certification of Forest Management (Malaysia/Canada)**

This pre-project is still awaiting financing. The Secretariat informed the Committee that it would lapse under the sunset clause following this meeting.

7. Report of Project Work in Progress

The Committee considered a report [document CEM(XX)/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 ten 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 MIS can now be accessed electronically, either by e-mail or via ITTO's home page. Trade associations are cooperating with distribution to members, and new data sources (e.g. Myanmar, Solomon Islands) are being established. Distribution of the reports continues to increase, with many requests for additional information being received. The handling of such requests, as well as the management of a subscription system within the currently available Secretariat resources, requires further investigation.

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

The representative of Ghana provided details of project progress in the past six months. Some hardware has not been delivered as scheduled; this is being followed up with suppliers. The project is nonetheless on schedule, with a monitoring meeting set for July and completion scheduled by year end.

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

The representative of Colombia provided details of project progress in the past six months. 1995 data have been collected for 32 regions and collection of 1996 data is underway. The first project steering committee was held in March 1997, with the second scheduled for August or September when a draft version of the system will be presented for comment. Five regional training workshops have already been concluded, with a further five to be carried out in the second half of 1997.

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

The representative of Papua New Guinea provided details of project progress in the past six months and reported on the outcome of an ad hoc meeting between his government, donors and the ITTO Secretariat during this session. The Committee approved the proposal made by the government of PNG following this meeting to proceed with the second phase of the project, as proposed in CEM(XX)/5, with the following amendments:

- priority be given to carrying out and completing proposed activities 1, 2 and 5 before any work begins on proposed activities 3 and 4;
- the last sentence of proposed activity 2 should be deleted and all work should promote trade of all timber products, especially further processed products;
- proposed activity 4 should be amended to reflect the fact that the purpose of this activity is to improve rent capture, thereby maximizing resources available for sustainable forest management;
- the project duration should be extended to allow the final report to be presented to the Committee at its 22nd Session in May 1998; and
- that a project steering committee meeting (including PNG government, donors and the ITTO Secretariat) be convened in PNG within 2 months, with donors to be notified well in advance of the date of the meeting.

The representative of Japan requested clarification as to why the steering committee scheduled for January 1997 had not occurred. The Secretariat noted that it had proved impossible to schedule the meeting after consultations with PNG. The representative of PNG noted that his government was keen to see this project successfully concluded under the revised workplan, and that this could be carried out within the original budget. The representative of USA stressed the importance of adequate oversight for this project given the delays in implementation and changes of course experienced to date. He requested that every effort be made to ensure that donors received sufficient notice of the steering committee meeting(s) and that the Secretariat provide appropriate expertise to ensure successful project completion.

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

The Secretariat provided details of project progress in the past six months, informing the Committee of the successful completion of the first workshop in Malaysia and the plans for workshops in Latin America and Africa (Abidjan) later this year. Reports on the first workshop will be received within the next month from MTIB (the host agency) and Dr. Graham Whyte (the independent consultant who reviewed ITTO's statistical workshop program in 1996 and who oversaw the workshop). These reports will be used to help finalize the lecture notes for use in subsequent workshops, although there is also a need for editing some of the lecture notes to ensure they adequately reflect the desired curriculum.

(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. Hardware/software installation and training of regional staff are underway in the pilot regions covered under the first phase of this project. Work on the final report has already commenced. As the government of Peru is eager to have a successful transition to the second phase of the project (wherein the system is to be extended throughout Peru), it requested that the Secretariat respond to its request to propose a date for the steering committee meeting as soon as possible. The Secretariat informed the Committee that consultations on this would be undertaken as soon as possible.

(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 noted that the new forestry law that had been enacted recently had given rise to the need for adjustment in the regulations designed to implement it, and that these should be completed through this project by the end of the year.

(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 representative of China provided details of project progress in the past six months, noting that the project agreement had just been signed and that work had just begun following release of the first tranche of funds.

(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. Project work began recently following disbursement of the first tranche. He noted the potential regional impact of the project, pointing out that Gabon had already played host to 3 representatives from Cameroon (one under an ITTO fellowship) who were interested in the system developed under the first phase of this project. The current phase will extend the system to all parts of Gabon, and strengthen the data collection capability in all regions.

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

The Secretariat provided details of project progress in the past six months, noting that a revised workplan had been completed with its assistance in March. Activities are about to commence under this workplan following conclusion of the project agreement and remittance of the first tranche of funds in June 1997.

8. Review of ITTO Activity in Progress

**PPA 10/51 Further Update of "Timber Certification in Transition: Study on Certification of All Internationally Traded Timber and Timber Products"**

The Secretariat noted that the final report of this activity would be submitted in mid-1997 and would be considered at the next Session of the Committee.

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 Thirteenth or earlier sessions (the technical appraisals of these projects/pre-projects are contained in Appendix A).

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

The representative of Indonesia informed the Committee of progress in the establishment of the Indonesian Ecolabelling Institute (LEI). Activities to establish the LEI have been underway for the past three years with support from the government of Indonesia and other sources. The representative of Indonesia informed the Committee of steps that had been taken to address concerns regarding this proposal raised by members at previous sessions. Many members of the Committee strongly endorsed the proposal. The representative of the U.S. reiterated the concern of the U.S. government regarding the linkage of certification and sustainable forest management. These concerns were subsequently addressed in a further revision (Rev.4) to this proposal formulated by Indonesia and the U.S. and distributed to members during this Session. The Committee endorsed the revisions and decided to recommend this revised project for approval and immediate funding.

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

The representative of Bolivia introduced the revised proposal, detailing the revisions made to satisfy the comments and recommendations of the Expert Panel. The representative of the U.S. requested further details on the training to be provided under the project and the Bolivian contribution to the budget. These were provided to his satisfaction by the representative of Bolivia. The Committee decided to recommend this project for approval and immediate funding.

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

The Secretariat provided details of the modifications made in the revised proposal to meet the recommendations of the Expert Panel. The Committee decided to recommend this project for approval and immediate funding.

**(iv) PPD 2/97 (M) Design of a Commercial Information System for Tropical Timber Products in Bolivia (Bolivia)**

The Committee noted that this pre-project proposal had essentially been incorporated in PD 1/97 Rev.1 (M) as per the recommendation of the Expert Panel. It was therefore not considered further by the Committee.

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 157 applications received for fellowships. The Selection Panel's recommendations appear under the appropriate section of the report of the Committee on Forest Industry.



11. Dates of the Twenty-third Session of the Committee

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 1998.

The Twenty-second Session of the Committee will be held in conjunction with the Twenty-fourth Session of the International Tropical Timber Council, scheduled for Libreville, Gabon, from 20 to 28 May 1998.

12. Any Other Business

- (i) Under this item, there was a discussion by the Committee of matters relating to the ITTO Annual Forecasting and Statistical Enquiry and inter-agency cooperation. A proposal for revision of the ITTO Enquiry, in keeping with the recommendations of the Technical Working Group on ITTO's Statistical Functions and Networks, was presented by the Secretariat and endorsed by the Committee. The Committee recommended continued cooperation with the UNECE and FAO in the collection of forestry statistics, with attention drawn to the work currently proceeding under the 2000 Forest Resource Assessment.

The Committee also recommended increased use of ITTO's home page for dissemination of its questionnaires and dealing with queries arising from it. It further recommended that the home page be more widely used for dissemination of all ITTO reports (e.g., project documents, project reports, Committee/Council documents, etc.). The Secretariat assured the Committee that the Information Officer was continuing to make progress in the development of ITTO's home page but that time was required to have all relevant documents available electronically.

- (ii) One project idea was discussed as follows:

**Analysis of Supply and Demand of Plantation and Fast Growing Species of Logs (Philippines)**

The representative of the Philippines provided details on this project idea which arose from the declining supply of natural forest raw materials in his country. The Committee noted that a project idea with similar elements had been submitted to and endorsed by the Committee on Forest Industry. The Committee suggested that a comprehensive proposal incorporating all aspects of this issue be submitted to the next Expert Panel by the government of the Philippines.

13. 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 1/95 Rev.4 (M) Training Development on Assessment of Sustainable Forest Management in Indonesia (Indonesia)
  - (ii) PD 1/97 Rev.1 (M) Implementation of a National Forest Statistics Information System (Bolivia)
  - (iii) PD 3/97 Rev.1 (M) Development of an Export Market Intelligence Monitoring System (Fiji)
- The Committee further recommended that funding be made immediately available for the implementation of the following pre-project approved at an earlier Session:
  - PPD 6/96 (M,F) Workshop on Ecological, Social and Political Issues in Certification of Forest Management (Malaysia/Canada)

## APPENDIX A

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

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

The Indonesian Ecolabelling Institute has already established country specific Criteria and Indicators of Sustainable Forest Management based on the ITTO Criteria. The development objective of this project is to accelerate sustainable forest management in Indonesia through an Indonesian ecolabelling scheme. The project proposes to establish and implement an improved system for certification related to data collection and analysis and a standard system for training sustainability assessors and their trainers. The project will result in a pool of Indonesian assessment trainers and assessors, and will also bring together all concerned stakeholders through a series of workshops to promote acceptance and understanding of the scheme. The proposal follows the format proposed in the ITTO Manual for Project Formulation.

The project meets the objectives outlined under Programme Areas 1 (Information Collection, Analysis and Dissemination) and 4 (Situation, Trends and Prospect Studies) of the EIMI Work Program, plus many of the objectives for RFM and FI contained in the ITTO Action Plan. The project is consistent with and will directly contribute to the achievement of ITTO's 2000 Objective. The project also meets the Objectives (b), (d), (f), (g) and (h) of Article 1 of the ITTA.

#### Comments of the Ninth Expert Panel

The Panel felt that the project is relevant to the objectives and priorities of ITTO. It noted that ecolabelling could be one of a number of tools to assist in the achievement of sustainable forest management and other wider environmental objectives. It felt that within this context the project might be regarded as setting an example for other tropical timber producing countries in Asia. However, in its implementation the project should take due account of the outcome of any work undertaken by ITTO on timber certification and labelling. The Panel noted that whilst the project presentation attempted to follow the format established in the ITTO Manual for Project Formulation, some items of information in the proposal were missing or given in insufficient detail. In particular, the Panel requested that the following information should be incorporated into the proposal:

- i. The Institute's relationship with the Indonesian Government and the latter's view on ecolabelling.
- ii. The Institute's relationship with other national and international ecolabelling schemes and the degree of convergence between the Indonesian ecolabelling scheme and other.
- iii. The Institute's administrative structure, infrastructure and legal status.
- iv. The selection procedures for training.

#### Recommendations

Revision of the proposal should:

- i. Follow the format stipulated in the ITTO Manual for Project Formulation.
- ii. Provide an overview of the Institute's criteria and indicators for sustainable forest management.
- iii. Indicate the degree of convergence of the Institute's criteria and indicators for sustainable forest management with those developed by ITTO and other national and international agencies.
- iv. Provide information on the Institute's relationship and linkages with other agencies working on ecolabelling schemes in Indonesia.
- v. Describe the methodological approach for the field implementation of the criteria and indicators.
- vi. Provide more details on existing human resources and training requirements and describe the selection procedures.
- vii. Include the terms of reference for key personnel involved in the project.
- viii. Present, as an annex, the Indonesian Ecolabelling Institute's objectives, legal status, staffing financing, international support and the criteria and indicators for sustainable forest management.

- ix. Provide for the establishment of a Steering Committee as prescribed in the ITTO Manual for Project Monitoring, Review and Evaluation, in view of the project's importance.
- x. Reformulate the budget to comply with the ITTO Guidelines for the Selection and Employment of Consultants and Guidelines for the Procurement and Payment of Goods and Services Financed from the Special Account and to include the following:
  - presentation of the budget by activities and by components
  - allocation of ITTO monitoring and evaluation costs
  - allocation of 5.5% ITTO programme support costs

#### Conclusion

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

#### Assessment by the Sixteenth Session of the Committee

A revised proposal [PD 1/95 Rev.3 (M)] will be considered by the Committee at its Seventeenth Session.

#### Assessment by the Eighteenth Session of the Committee

The Committee noted that the revised proposal had not been submitted to its Seventeenth Session. The Committee was informed that a revised proposal [PD 1/95 Rev.3 (M)] would be submitted to the Committee at its Nineteenth Session.

#### Assessment by the Twentieth Session of the Committee

The Committee decided to recommend the proposal received and further amended during this Session [PD 1/95 Rev.4 (M)] for approval and immediate funding.

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

This project is aimed at the implementation of a national forest statistical information system, which is considered vital for the consistent formulation of the Forestry Action Plan for Bolivia (PAF-BOL). The project will set up a structure with a central unit which will promote, coordinate and operate the system, and which will disseminate the information to users at different levels. The development objective of the project is thus "to establish a national forest statistical information system that will facilitate the gathering, processing, storage, dissemination and access to all information pertaining to the forest sector, that will be used as the basis for the development of policies and for the decision-making process in the sector".

#### Comments of the Thirteenth Expert Panel

The Panel noted that this was a well-formulated proposal, following the ITTO format, and incorporating many of ITTO's elements for preparing and assessing project proposals on statistical information systems. The project is also consistent with key recommendations of the ITTO Mission to Bolivia. The Panel felt that the project would serve to foster useful collaboration between ITTO, the various Bolivian organizations involved with forestry statistics and the TFAP project for Bolivia. It felt that a steering committee should be convened immediately after project start-up to determine the management structure, ensure inter-agency coordination and finalize the workplan for the project. Budgetary allowance should be made for this, including ITTO Secretariat attendance at all steering committee meetings, which should be convened at least once a year. The Panel also felt that the sustainability of the system after project completion would be enhanced if the Government of Bolivia were to assume a larger share of national staff salaries. More details on the current resources applied to forestry statistical collection, analysis and dissemination should be provided in the proposal, together with justification for the use of GIS software for largely non-spatial data. The risks of poor data of highly variable quality and lack of coordination between agencies should be identified in the proposal, together with any steps that will be taken to overcome these risks. Data collection procedures should be specified in more detail, as should post-project follow-up activities to sustain the system. Some preliminary indication of the type and frequency of statistical reports to be produced should also be given.

In the budget, the line for equipment (US\$148,600.00) needs to be broken down (i.e. unit costs given); provision needs to be made for translation of project reports; and the 5.5% ITTO administrative support line needs to be calculated correctly.

Finally, the Panel felt that the activities proposed under PPD 2/97 (M) "Design of a Commercial Information System for Tropical Timber Products in Bolivia" would be more appropriately carried out under this project and should be incorporated into this project, with consequent revision of its workplan. The Panel felt that including market information aspects in the development of the statistical system would provide an incentive to industry and others (in the form of market information) to cooperate in providing reliable data to the system.

#### Recommendations

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

- provide for a steering committee which should be convened at least annually, with the first meeting scheduled for shortly after project start-up;
- assume a larger share of national staff salaries through in-kind contributions under the project;
- provide more details of current resources, data collection and quality control methods proposed, justification for GIS software, risks to project success and type/frequency of reports;
- carry out the budgetary revisions detailed above;
- incorporate the activities from PPD 2/97 (M) into a revision of this proposal, with appropriate revision of its workplan.

#### Conclusion

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

#### Assessment of the Twentieth Session of the Committee

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

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

The project is specifically designed to set up an export market intelligence monitoring system for the Forestry Department which will be integrated with the forest resource/utilization system so that both the Forestry Department and the timber industry in the country could develop marketing strategies which can promote sustainable forest management.

#### Comments of the Thirteenth Expert Panel

The Panel noted that this proposal was well written, in the ITTO format, and incorporated most of ITTO's elements for preparing and assessing project proposals on statistical information systems. It felt, however, that the risk of problems arising from linking the existing GIS database with the proposed MIS should be recognized and assessed in the proposal, that the follow-up(s) to the proposed 10-month training programme should be spelt out, and that the benefits accruing from the project should be more clearly stated. It requested that more information be provided on the management structure, and that unit costs for personnel be provided. Finally, the Panel suggested that the budget line for ITTO monitoring be increased to US\$8,000.00.

#### Recommendations

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

- recognize and assess the risk of linking the GIS and MIS systems;
- provide details of the follow-up to the training programme;
- enumerate project benefits;
- provide more details on the management structure and terms of reference for key staff;

- provide justification for the number of sub-contracts under the project;
- itemize the unit costs for personnel and increase the budget for monitoring to US\$8,000.00.

#### Conclusion

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

#### Assessment by the Twentieth Session of the Committee

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

#### **(iv) PPD 2/97 (M)                      Design of a Commercial Information System for Tropical Timber Products in Bolivia (Bolivia)**

The development objective of this pre-project is to formulate an overall development strategy to promote a shift from selective logging towards the integrated use of forest resources and further value added processing of raw material in the country. The proposed pre-project is part of a number of related pre-projects and projects which have been prepared as a result of the report submitted by the recent ITTO Mission to Bolivia. These proposals have been developed with a view to achieving sustainable management and utilization of forests in Bolivia. However, their effective implementation may also serve as a model to be used in the addressing similar problems in other tropical timber producing countries. Furthermore, this pre-project will contribute to the achievement of ITTO's Year 2000 Objective.

#### Secretariat Comments for the Thirteenth Expert Panel

The pre-project is well laid out in the ITTO format. The 5.5% administrative support line in the budget is miscalculated - it should be US\$2,448 based on the current ITTO budget. Provision should be made for an ITTO representative to attend the workshop/seminar scheduled under the pre-project.

#### Conclusion

The Panel concluded that the activities proposed under this pre-project should be incorporated into the workplan and activities of the revised PD 1/97 (M) "Implementation of a National Forest Statistical Information System", as described in more detail in the Panel's comments and recommendations for that project.

#### Assessment by the Twentieth Session of the Committee

The Committee noted that the activities proposed here have been largely incorporated in PD 1/97 Rev.1 (M) - see preceding discussion.

**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					
PD 1/95 Rev.4 (M)	b,d,f,g,h		a,b,c,d,e		672,774	2 years	Indonesia	1
PD 1/97 Rev.1 (M)	a,b,d,f,g,h		a,b,c,e		839,745	3 years	Bolivia	1
PD 3/97 Rev.1 (M)	a,b,d,f,g,h		a,b,c,e		125,300	1 year	Fiji	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 B

### REPORT OF THE MARKET DISCUSSION

#### THE EXPANSION OF TRADE IN TROPICAL TIMBER PRODUCTS - DOMESTICALLY AND ABROAD WITH A SPECIAL FOCUS ON THE LATIN AMERICAN EXPERIENCE

Santa Cruz de la Sierra, Bolivia, 22 May 1997

The theme of the Market Discussion for the Twenty-second Session of the ITTC was "The Expansion of Trade in Tropical Timber Products, Domestically and Abroad, with a Special Focus on the Latin American Experience". A total of seven speakers make presentations and the following is a summary of the issues which were raised and discussed:

#### Trade Flows and Market Trends

Two papers by the ITTO Secretariat, one on trade flows and the other on market trends and price movements, set the scene for a discussion of market development. The preparation of statistics on the trade in tropical timber is a fundamental and integral part of ITTO's work. The accuracy of the analysis can only be as good as the accuracy of the data provided by member countries. In the case of South American members the quality of the data varies. It was reassuring to note that in several countries efforts are underway to strengthen data collection. This will add considerably to the analysis that could be provided by the Secretariat. As a wider range of reliable data become available more analysis and interpretation will become possible.

The market opportunities and risks in the U.S., E.U. and Japanese market were explored in several presentations. The U.S. timber market, it was pointed out, is worth about US\$15 billion annually and offers a tremendous opportunity for exporters. It was noted in discussions that the U.S. is firmly committed to the spirit of the World Trade Organization and subscribes to a zero-to-zero tariff regime for world trade.

While the U.S. market may be huge it is challenging and demanding and exporters will face many hurdles. In particular tropical timber products face growing competition, especially from domestic hardwoods on price and quality. Most imported tropical timber products have a limited price elasticity and consumers will readily turn to alternatives. This calls for exporters to have responsive marketing strategies and involve continuous refinement of production technologies to stay competitive.

In the Japanese market, tropical hardwood products are also facing growing competition. Tropical plywood is under attack from softwood plywood and from domestically produced plywood manufactured from imported softwood logs. The panel market has also attracted MDF and OSB, both of which will be taking a growing share of the tropical panel market. On the positive side, the Japanese market is opening to more imported finished products, which will favour those countries who can meet the rigorous market requirements.

#### Investment in Wood Processing

The theme of several presentations and contributions from participants revolved around the importance of the timber industry and trade to the national economies in the region. The region is rich in forest resources and determined efforts are underway to introduce environmentally sustainable forest management.

The trade in forest products in the region contributes greatly to foreign exchange earnings. As export opportunities can be created and as local consumption grows, the timber industries are expanding and providing employment opportunities and contributing to the development of infrastructure.

Bolivia's forest resources are both expansive and diverse. At present only a small proportion of the available sustainable harvest is being utilized. As efforts to utilize a wider range of species are successful, the forest will become of greater value and will make an even greater contribution to national growth.

The forestry sector in Bolivia is, however, facing some serious difficulties. The rapid growth of agriculture in the country and the direct and indirect incentives provided to the agricultural sector have resulted in growing competition for land. At the moment the agricultural sector is winning the race for land. This, it is

believed by industry, is the result of imbalanced treatment of the forestry sector vis-a-vis the agricultural sector. The Bolivian industry readily points out that the State checks and balances for sustainable management and environmental monitoring are more severely imposed on the forestry sector than the agricultural sector. Similarly with regard to investment capital, the agricultural sector is favored.

The issue of investment capital for the timber industries was raised in relation to Brazil where the fibre based industries (such pulp and paper) are favored by national financial institutions over the solid wood processing sector. Since capital is a vital ingredient for industrial development, the forest industries in Brazil have had to seek alternative sources. At present, it is foreign investment that is providing the much needed capital injection into the sawmilling and plywood industries. Off-shore investment into Brazil has come, in the past, and continues to come, from many sources including the U.S., Europe and Asia. One of the oldest foreign owned companies in the timber industry in Brazil is a Japanese company.

The influence of foreign investors and particularly, Asian investors into Brazil, has raised concerns in some quarters. The meeting was provided with data showing that of the largest, fully foreign owned companies operating in Amazonia, 39% are Asian, 39% are European and 22% are North American.

Brazil's forest industry is developing downstream added value industries very rapidly to meet the demands of domestic consumers and to capture export opportunities. A similar situation was described in Ecuador where regional trade in secondary products accounts for some 30% of total timber manufactured goods (i.e. excl. logs and chips). The expansion of environmentally sustainable forest industries in the region have the potential to contribute to economic growth and stability. In recognition of this, UNIDO has developed a five-year wood industries programme to offer guidance and advice to governments in the region and elsewhere, so that they may enable relevant institutions to support enterprises to improve profits and contribute to development.

## CITES

A proposal to have *Swietenia macrophylla* (mahogany) included in Appendix II of CITES is being made jointly by the Governments of Bolivia and the U.S.. This drew a lively debate between the trade and those outside the trade related to the merit, or lack of merit, of the listing proposal.

The Bolivian trade, other producer countries in the region and representatives of the U.S. importer community presented a very forceful argument against the proposal to list mahogany.

The essence of the argument from the trade reflects this complex and multi-faceted issue. The core of the argument is that at home and in the marketplace things are being made tough for the tropical timber trade. The proposal for listing came at a time when tropical timber producers are already incurring additional costs involved with implementing enhanced environmentally sustainable harvesting and management in the forest and environmentally sound processing. At the same time, the markets for tropical timber are being adversely influenced by extremist groups lobbying on the one hand and are being attacked by competitors, on the other.

The possibility that mahogany, the main export timber in the region, is to be included in Appendix II of CITES is perceived as yet another hurdle to the free trade of sustainably produced wood products. The view of most of the producing countries and the U.S. importers is that CITES listing will inevitably have a negative impact on the mahogany market.

The producer industries took the position further by declaring that the potential listing of mahogany will be yet another trade barrier and, because of the devaluing effect on mahogany producing natural forests, will pose a threat to the very integrity of the natural forest estate. Without the contribution of mahogany to the overall value of the forest, then the forest will become more vulnerable to conversion to other land uses.

The argument for CITES listing was put forth equally as forcefully. Those proponents for listing argue that CITES listing in Appendix II will in no way be a trade barrier. Appendix II listing involves only the issuance of a certificate from the country of origin and verification of that by the importing country. The proponents of listing declare that the purpose of listing of mahogany is to provide greater transparency in the trade in this timber by strengthening the monitoring of trade flows.

The debate in the Market Discussion is not intended to lead to a consensus or to the adoption of a resolution. The purpose of the Market Discussion has been well served if all parties with views on the issue of



Appendix II listing of mahogany have been able to present their point of view. The Market Discussion will have served its purpose if those proposing and supporting listing go away with a better understanding of the views of the trade, including the intangible impact such an "Endangered" label will have in an already threatened market.

### **Challenges of ITTA, 1994 - Trade Input**

An ITTO report [document ITTC(XXII)/4] on organization of work under the ITTA, 1994, will come before this ITTC. The report refers to the need for generating policy ideas and strategic planning and it also refers to the need for Committees to generate ideas for Council consideration and to have a balance between projects and policy work. The same report refers to the need for effective participation of environmental NGOs and trade and industry.

In order to stimulate debate, a range of possibly interesting issues was presented. It was suggested that the informal meetings of trade and industry which take place during ITTC sessions may offer a springboard for launching ideas and proposals to ITTO. Some simple mechanism, which allows that group to put forward subjects for consideration within the agendas of ITTO, may be worth exploring. Note was made that the development of an effective communications programme will help to protect markets for industry's products. The panelist suggested that there may be scope for ITTO to study prospects for the mutual recognition of national schemes for authenticating good forest practice. This, and every other positive role which can be identified for ITTO, would help protect the markets for tropical woods.

Trade and industry is central to ITTO's role, and the sector is very pleased to contribute its view to ITTO's thinking, its policies and its strategies.

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**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL  
FROM THE TWENTIETH SESSION OF THE COMMITTEE ON  
REFORESTATION AND FOREST MANAGEMENT**

Table of Contents

Report

Appendix I            Technical Assessment of Project Proposals

**1. Opening by the Chairman**

The Twentieth Session of the Committee was opened, on 21 May 1997 by the Chairman of the Committee on Reforestation and Forest Management, Dr. Jürgen Blaser. The list of Participants is reproduced in Document ITTC(XXII)/Info. 2 Rev. 2.

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

At the first meeting on 21 May 1997, the Committee formally adopted the Agenda of its Twentieth Session as contained in Document CRF(XX)/1 Rev. 1.

**3. Admission of Observers**

A list of observers admitted by the Committee to attend its Twentieth Session is contained in Document ITTC(XXII)/Info. 2 Rev. 2.

**4. Market Discussion (Joint Session of the Committees)**

Joint Session with the Committee on Economic Information and Market Intelligence (CEM) and the Committee on Forest Industry (CFI); to be reported by CEM.

**5. Report on Completed Projects**

The Secretariat informed the Committee that the projects listed in Document CRF(XX)/3, 'Report on Completed Projects,' 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 176/91 Rev. 1 (F) Sustained Management for Production, Conservation, Demonstration, Diffusion and Promotion Activities in Moist Tropical Forests in Ecuador's Northwest (Ecuador)**

The Committee took note that the Final Report of this project, as well as a series of well documented technical reports describing in detail the results of the project's activities, had been submitted by the Executing Agency, and the former circulated as CRF(XX)/27. Furthermore, the audited financial report had been received and accepted by the Secretariat and the capital goods purchased by the project officially transferred to the Fundación Forestal Juan Manuel Durini. This project is therefore completed.

- 2) PD 37/92 Rev. 1 (F) Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest (Gabon)**

The Committee took note of the main achievements of the project introduced by the Secretariat and which are outlined in the completion project report that is being circulated as document CRF(XX)/12. The Committee also noted that the audited financial reports has been received by the Secretariat. The Committee decided to consider this project as completed.

- 3) PD 25/93 Rev. 1 (F) Evaluation of the Progress Made by Ecuador Towards Achievement of ITTO Target 2000 (Ecuador)

The Committee took note that an Executive Summary of 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 PCF(XIX)/26. Furthermore, the audited financial report had been received by the Secretariat. This project is therefore completed.

**B. Completed Projects, Pending Financial Audit**

- 1) PD 104/90 Rev. 2 (F) Studies of the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point-of-View (Malaysia)

The Secretariat informed the Committee on the implementation of the project as previously reported under documents PCF(XVII)/1 and PCF(XIX)/13. The Committee noted that the completion report and the final report have been submitted to ITTO Secretariat, however, the audited financial report has not been finalized. The Committee, therefore, urges the Executing Agency to finalize and submit the audited financial report at its earliest convenience.

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

The Secretariat informed the Committee on the implementation of the project and highlighted the achievements made under the project. The Secretariat further informed that the "Ten-Year Development Plan for the Model Forest Management Area - Sarawak (MFMA) 1996-2006" has been completed and submitted to ITTO. The Committee took note of this and requested interested member countries to contact the Secretariat for obtaining a copy of the publication. The Committee also noted that the audited financial report has not been finalized, therefore, the Committee urges the Executing Agency to finalize and submit the audited financial report at its earliest convenience.

- 3) PD 120/91 Rev. 1 (F,I) Development of Operational Models for Sustainable of Tropical Forests (Malaysia)

The Committee was briefed by the Secretariat on the implementation and achievement of the project. The Committee noted that the completion Report and the final output of the project namely: "Management Plan of the Lingkabau Forest Reserve" have been submitted to ITTO. The Committee also noted that the audited financial report has not been finalized, therefore, the Committee urges the Executing Agency to finalize and submit the audited financial report at its earliest convenience.

**6. Report on Completed Pre-Projects**

The Secretariat informed the Committee that Document CRF(XX)/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 including the audited financial report of the Pre-project's accounts.

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

- 1) PP-F/08-19 Realistic Strategies for the Biological Diversity in Tropical Moist Forest (Global)

The Committee took note of the information from the Secretariat that the main project output, the book 'Conserving Biological Diversity in Managed Tropical Forest' published by ITTO and IUCN had been received in its English version in 1992 and in the French and Spanish versions in 1995. Free copies are available from the Secretariat in Yokohama. The Committee took note of the information and urged the widest possible distribution of this valuable and informative book and accepted the Pre-project as successfully completed.

**2) PPD 3/92 Rev. 1 (F) Integrated Forest Project for the Production of Seedlings in Pará State - Feasibility Study (Brazil)**

The Committee took note that the Final Report, the Project Proposal, as well as a series of well documented technical reports describing in detail the results of the activities of this pre-project, had been submitted by the Executing Agency, and the former circulated as CRF(XX)/29. Furthermore, the audited financial report had been received by the Secretariat. This pre-project is therefore completed.

**3) PPD 11/93 Rev. 2 (F) Evaluation and Diagnosis of Current Forest Harvesting Licensing, Concession and Control Systems within a Framework of Sustainable Forest Resource Management (Colombia)**

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 pre-project, had been submitted by the Executing Agency, and the former circulated as PCF(XVIII)/23. Furthermore, the audited financial report had been received and accepted by the Secretariat and the capital goods purchased by the project officially transferred to the Colombian Ministry for the Environment. This pre-project is therefore completed.

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

In view of the entry into force of the ITTA, 1994, the Committee was informed of a revision proposed by the Secretariat of the Categories of Recommendation to be used by the Committee in its recommendations to the Council concerning Project and Pre-project proposals.

The Committee discussed the proposals, distributed as Document CRF(XX)/2a, at great length and finally agreed to delete alternatives a and b of category 1 whereas categories 2 to 5 remained as proposed. The Categories of Recommendations on Project and Pre-projects from the Committee to the Council as finally accepted by the Committee 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 27 Project proposals originally submitted to the Secretariat, only 14 were considered by the Committee; all 4 Pre-project proposals were considered, including one originating from a Project proposal.

**Project List**

***Projects Assessed by the Committee***

PROJECT NUMBER	TITLE
PD 1/96 Rev. 3 (F)	Sustainable Forest Management in the Nargana District, Kuna Yala Indigenous Territory, Panamá (Panamá)
PD 5/96 Rev. 1 (F)	(resubmitted as PPD 5/97 (F))
PD 26/96 Rev. 3 (F)	Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View - Phase II (Malaysia)
PD 30/96 Rev. 3 (F)	Project for a 2,500 ha Timber Production Plantation in the Reserved Forest of Haho-Baloe (Plateaux Region - Togo)
PD 36/96 Rev. 3 (F)	Selection and Testing of Clonal Hardwoods in Species Rich Systems: Enrichment Planting and Multi-Strata Agroforests (Cameroon)

PD 8/97 Rev. 2 (F)	Implementation and Evaluation of Criteria and Indicators for Sustainable Natural Forest Management (Colombia)
PD 9/97 Rev. 1 (F)	Landowner Education and Training for Sustainable Forest Management (Fiji)
PD 10/97 Rev. 1 (F)	A Sustainable Management Model in the Iwokrama Rain Forest (Guyana)
PD 12/97 Rev. 1 (F)	Forest, Science and Sustainability: The Bulungan Model Forest (Indonesia)
PD 13/97 Rev. 1 (F)	Dissemination of New Remote Sensing Methodology through a Semi-Expert System (Regional, Asia and Pacific)
PD 14/97 Rev. 1 (F)	Global Mangrove Database and Information System (GLOMIS) - Phase I (Global)
PD 18/97 Rev. 1 (F)	National Forest Inventory (Zaire)
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 (The Central African Republic)
PD 23/97 Rev. 1 (F)	Sustainable Forest Management in the Bolsón of Rapirán, Bolivian Amazon Region (Bolivia)
PD 24/97 Rev. 1 (F)	Project for Sustainable Forest Management in Pando (Bolivia)

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

**Projects Not Assessed by the Committee**

PD 9/96 Rev. 1 (F)	Institutional Capacity Strengthening for Sustainable Forest Management (Liberia)
PD 16/96 Rev. 2 (F)	<i>Ex Situ</i> Conservation of <i>Shorea Leprosula</i> , and <i>Lophopetalum multinervium</i> and Their Use for Future Breeding and Biotechnology (Indonesia)
PD 43/96 Rev. 1 (F,I)	Establishment of Tropical Timber Research Directorate and Manpower Development in Tropical Forest Management (Nepal)
PD 2/97 (F)	Establishment of a Demonstration Area for the Sustained Utilization of Timber, Based on a Forest Enterprise in the Nlobo Reserve, Phase I (Cameroon)
PD 4/97 (F)	Development and Promotion of Afforestation Activities in Egypt (Egypt)
PD 6/97 (F)	Pilot Project of Recuperation of Damaged Areas of the Cerrado (Brazil)
PD 16/97 (F)	Integrated Buffer Zone Development for Sustainable Management of Tropical Forest Resources in Thailand (Thailand)
PD 17/97 (F)	Integrated Reforestation Project (Ecuador)
PD 19/97 (F)	Support for Forest Allocation Using the Geographic Information System (Zaire) {Included in PD 18/97 Rev. 1 (F)}
PD 20/97 (F)	Forest Zoning of National Territory (Zaire)

PD 21/97 (F)	Developing Tropical Forest Resources through Community-based Forest Management, Nueva Vizcaya, Philippines (The Philippines)
PD 25/97 (F)	Integrated Forest Resource Management and Rehabilitation Project in the Multi-Ethnic Indigenous Territory (Bolivia)

### Pre-Project List

#### *Pre-Projects Assessed by the Committee*

PROJECT NUMBER	TITLE
PPD 11/96 Rev. 2 (F)	Identification and Planning of Measures for the Sustainable Management of the Kloto Community Forests in the Reserved Forest of Missahoe with the Participation of Rural Communities (Togo)
PPD 1/97 Rev. 1 (F)	Evaluation of the Impact of Disturbances and Conservation <i>in situ</i> of the Phytogenic Resources of Cameroon's Closed Forest (Cameroon)
PPD 3/97 Rev. 1 (F)	Technical Assistance to Develop a Forest Inventory and Monitoring Program for the Sustainable Management of Bolivia's Forest Resources (Bolivia)
PPD 5/97 (F)	Sustainable Tropical Forest Management in the North of the Department of La Paz, Bolivia (Bolivia)

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

#### *Pre-Projects not Assessed by the Committee*

None

### 8. Review of Project Work in Progress

The Committee took note of a status report (Document CRF(XX/5) by the Secretariat on the 69 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 (61), b) awaiting the signing of an Agreement (1), c) pending finance (7), 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-Bakundu (Cameroon)
- 2) PD 68/89 Rev. 1 (F) Management of 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), Phase II (Operational), Phase III (Pending Finance) (Indonesia)

- 5) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest Phase I (Completed), Phase II (Completed), Phase 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. 1 (F) Management, Conservation, and Development of Mangrove Forests in Panamá (Panamá)
- 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 Forests (Papua New Guinea)
- 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), Phase II - 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 186/91 Rev. 2 (F) Tree Flora of Sabah and Sarawak (Malaysia)
- 18) PD 202/91 Rev. 1 (F) Sustainable Forest Management Through Collaborative Efforts (Thailand)
- 19) PD 8/92 Rev. 2 (F) Study on the Growth of Native Species of Commercial Interest in Honduras (Honduras)
- 20) PD 9/92 Rev. 1 (F) Forest Management in Islas de la Bahia, Honduras, Central America (Honduras)
- 21) PD 11/92 Rev. 1 (F) Development and Dissemination of Re-afforestation Techniques of Mangrove Forests (Global)
- 22) 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)
- 23) PD 18/92 Rev. 2 (F) Determination of Forest Typology Related to Silvicultural Systems (Côte d'Ivoire)



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|-----|-----------------------|--|
| 24) | PD 26/92 Rev. 2 (F,I) | Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon (Cameroon)  |
| 25) | 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)                                       |
| 26) | PD 2/93 Rev. 1 (F)    | Integrated Pilot Management of the Ngoua II Forest North - Phase I: Preparation of the Management Plan (Congo)   |
| 27) | PD 6/93 Rev. 2 (F)    | Manual and World Natural Mangrove Atlas for Mangrove Ecosystem Restoration (Global)  |
| 28) | PD 11/93 Rev. 1 (F)   | A Strategy for the Sustainable Management and Harvesting Forest Resources Leading to the Consolidation of the Indigenous Territories in the Colombian Amazon (Colombia)                              |
| 29) | PD 12/93 Rev. 3 (F)   | Integrated Forest Fire Management in Indonesia - Phase I: National Guideline on the Protection of Tropical Forests Against Fire (Indonesia)  |
| 30) | PD 20/93 Rev. 1 (F)   | Development of National Guidelines for the Sustainable Management of Natural Tropical Forests in Cameroon (Cameroon)   |
| 31) | PD 22/93 Rev. 4 (F)   | Forest Management, Community Participation and Sustainable Utilization in Si-Kop Forest Area, Coastal Province, Cameroon (Cameroon)  |
| 32) | PD 24/93 Rev. 2 (F)   | Forest Management of Natural Forest in Malaysia Phase II (Malaysia)  |
| 33) | PD 26/93 Rev. 1 (F)   | Development of Bentuang Karimun Nature Reserve as National Park - Phase I (Indonesia)  |
| 34) | PD 32/93 Rev. 2 (F)   | Rehabilitation of Logged-over Forests in Asia/Pacific Region (Sub Project III) (Asia Pacific)  |
| 35) | 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)                 |
| 36) | 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 Panamá - Phase I (Completed), Phase II (Operational) (Panamá) |
| 37) | PD 4/94 Rev. 3 (F)    | East New Britain Balsa Industry Strengthening Project (Papua New Guinea)   |
| 38) | PD 8/94 Rev. 2 (F)    | Evergreen Club of Ghana/ITTO Youth in Forestry Project (Ghana)   |
| 39) | PD 16/94 Rev. 1 (F)   | Reforestation for Production of Valuable Timber and Non Timber Products (Peru)   |
| 40) | PD 18/94 Rev. 1(F)    | Participatory Forest Development in the Alto Mayo Region for the Sustainable Management of Moist Tropical Forest - Phase I (Operational), Phase II (Pending Finance) (Peru)                          |
| 41) | PD 27/94 Rev. 2 (F)   | Women and Tropical Forest Development Program (Ghana)  |
| 42) | 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)  |

- 43) PD 31/94 Rev. 1 (F) Planning Practical and Cost Effective Strategies for Genetic Resource Conservation of Commercial Tree Species in Tropical Asia (Asia Pacific)
- 44) 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)
- 45) 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)
- 46) 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)
- 47) PD 8/95 Rev. 1 (F) Multiple Resources Stratification, Mapping and Inventory for the Management of the First Forest Zone in Gabon (Gabon)
- 48) PD 9/95 Rev. 2 (F) Reforestation Using High Value Tropical Species in Agroforestry Systems of the Province of Tambopata (Peru)
- 49) PD 14/95 Rev. 2 (F) Model Forest Management Area - Phase II (Malaysia)
- 50) PD 15/95 Rev. 3 (F) Development of the Lanjak Entimau Wildlife Sanctuary (LEWS) as a Totally Protected Area (TPA) - Phase II (Malaysia)
- 51) PD 16/95 Rev. 2 (F) Forest Health Monitoring to Monitor the Sustainability of Indonesian Tropical Rain Forest (Indonesia)
- 52) PD 30/95 Rev. 1 (F) Dissemination and Training on ITTO Guidelines and Criteria - Phase II - Stage I (Operational), Phase II - Stage II ( Pending Finance) (Brazil)
- 53) PD 31/95 Rev. 3 (F) A Model Project for Cost Analysis to Achieve Sustainable Forest Management (Malaysia)
- 54) PD 37/95 Rev. 2 (F) Management of Cativo Forests and Non-Timber Products with the Participation of Rural and Indigenous Communities, Darien, Panamá (Panamá)
- 55) PD 39/95 Rev. 1 (F) Institutional Strengthening for the Sustainable Management of Forest Plantations (Colombia)
- 56) PD 41/95 Rev. 1 (F) Piloting Collaborative Forest Management Systems for Off Reserve Areas in Southern Ghana (Ghana)
- 57) PD 12/96 Rev. 2 (F) Development of a Sustainable Management Plan for the Souanke-Sembe-Kelle Area (Phase II) (Congo)
- 58) PD 13/96 Rev. 1 (F) Multiple Use Management in the Macaua National Forest Based on Rubber Estates - Phase I: Development of Master Plan to Support Community Organization (Brazil)
- 59) PD 28/96 Rev. 1 (F) Inventory and Preparations for the Management of the Minkebe Forest Area of Gabon (Gabon)
- 60) PD 35/96 Rev. 2 (F) Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production (Philippines)
- 61) PD 42/96 Rev. 1 (F) Support for the Development of a Forestry and Wildlife Law (Peru)

**B) Projects awaiting implementation agreement**

- 1) PD 43/95 Rev. 2 First Latin American Workshop on Tropical Forests Within the Framework of (M,F,I) the International Tropical Timber Agreement (Peru, Venezuela)

**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. 4 (F) Management and Conservation of Mangrove Forests in the Gulf of Fonseca, Honduras (Pending Finance) (Honduras)
- 3) PD 8/96 Rev. 1 (F) Conservation and Pest Management for Realizing the Potential of Mahogany as a Sustainable Crop (Pending Finance) (Bolivia & Honduras)
- 4) PD 17/96 Rev. 2 (F) Technical Assistance to the National Forest Inventory (NFI) (Pending Finance) (Indonesia)
- 5) PD 18/96 Rev. 2 (F) Validation of Studies, Development of Management Plans and Proposal for Province of Satipo (Pending Finance) (Peru)
- 6) PD 19/96 Rev. 1 (F) Forest Plantations for Commercial Purposes in Areas of "Chaca-Chacales" in the Province of Satipo (Pending Finance) (Peru)
- 7) PD 27/96 Rev. 1 (F) Forestry and Genetic Improvement of the Okoume (*Aucoumea Klaineana, Pierre*) - Phase II (Pending Finance) (Gabon)

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

The Committee took note of the information on the implementation of this Project - which is one of the oldest ongoing ITTO projects - that it is finally progressing satisfactorily and that most of the obstacles, that have hampered the progress of this Project, have been cleared, and the time has come where the logging companies are actually interested in bidding for the timber harvesting contracts. In order to accommodate the actual situation of the practical and financial implementation of the project the Implementing Agency IBAMA has submitted a completely updated and revised set of objectives, output, activities, work plan and budget which is distributed as document no. CRF(XX)/28. This work plan covers the five-year period from 1997 to 2001, the budget has been detailed and specified according to the activities of the work plan and is kept within the original allocation adjusted for the funds already disbursed. The new budget provides for the engagement of a full time Project Coordinator to ensure the smooth implementation of the project. The Brazilian delegation provided the following additional information to the Committee:

During the Twenty-first Session of the ITTC, the Government of Brazil informed the Committee of the need to prepare a new work plan, in order to accomplish the outputs of the Tapajós Project.

It was also said that it was necessary to present a new budget, with no additional funds, and a new time table extending the project time for 5 years.

I...

The new work plan and budget were sent to ITTO in January 1997.

#### Activities Implemented in 1997

- 1) Conclusion of the Environmental Impact Assessment GIA/RIMA;
- 2) Public announcement of the Public Hearing for the GIA/RIMA;
- 3) Reallocation of 2 professionals (one engineer/one sociologist) to the Tapajós National Forest;
- 4) Preparation of the tender of the contract for the commercial exploitation of timber;
- 5) Preparation of the minutes of the contract to be signed by the winner timber company;  
and,
- 6) Public Hearing was held on 16 May 1997 in Santarem/Para State.

#### Next Steps

- 1) A Steering Committee Meeting will be held on June 9th;
- 2) The timber sales tenders will be called by public advertising. 30 days will be needed according to the Brazilian Legislation;
- 3) Analyses and judgment of the selected proposals;
- 4) The contract for the commercial implementation signed by July 9th.

#### Final Considerations

- 1) Simultaneously to the actions described above, the project will have its activities being carried out normally;
- 2) The administrative constrains have been overcome;
- 3) The implementation of the Projects is being considered irreversible by the Brazilian Government because it will be the first national experience related to a commercial exploitation of timber in a national forest under the Brazilian Government administration.

The delegation from the United Kingdom, the donor to this project, responded that they were indeed satisfied with this new development. They have been in continuous close contact with the Government of Brazil and assured them of their long term interest in the Project. They were, however, worried about the serious delays in the implementation of the project and welcomed the report given by Brazil on the ongoing activities in respect to the approval of the management plan for the 5000 hectares of Tapajos National Forest and the preparations for the early signature of the contract for commercial implementation which was indispensable for the success of the project. They further expressed their acceptance of the new work plan and budget which seemed realistic, and were supportive of the new time frame expressed therein.

With this information the Committee approved the new work plan and budget as documented in CRF(XX)/28 to be added as an addendum to PD 68/89 Rev.1 (F), and endorsed the extension of the Project's implementation without additional funds until December, 2001.

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

The Committee noted that the project is in its final year of implementation and project activities are being implemented smoothly. The research plots have been established and the construction of the living camp is completed. Current activities focus only on data collection and analysis. The Committee decided to grant the project an extension until December 1997 in order to compile the final reports.

- 3) **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 Government of Malaysia and the Government of Indonesia jointly submitted a proposal to conduct a joint trans-boundary scientific expedition of the two projects supported by ITTO. The cost incurred for the expedition was proposed to be covered by the remaining funds of project PD 106/90 Rev. 1 (F) and of PD 26/93 Rev. 1 (F). The proposal has been distributed to the Committee as document CRF(XX)/13. The Committee established an informal working group comprising representatives of Indonesia, Malaysia, Japan, Switzerland and Denmark to discuss the proposal.

The Working Group reported to the Committee that they fully support the proposal for the Expedition, and further to their deliberations the proposal has been revised as contained in document CRF(XX)/13 Rev.1.

The Committee decided to approve the proposal and authorized utilization of the unspent budget under project PD 106/90 Rev. 1 (F) and modifications of budget for PD 26/93 Rev. 1 (F) as contained in the document CRF(XX)/13 Rev. 1.

The Committee also recommends to the Council to grant additional funds of US\$ 85,085 for ITTO participation as appears under Table 2 of document CRF(XX)/13 Rev. 1.

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

The Committee noted the information from the Secretariat on the progress achieved in the implementation of the project. The Malaysian delegation requested an extension of the project without additional cost, in order to complete the remaining activities. The Committee decided to grant the project an extension without additional funds, until June 1998.

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

The Secretariat informed the Committee on the works in progress under the project, and suggested that an extension of project duration is required, in order to complete additional studies and to conduct a final technical workshop. The Committee agreed to grant the project an extension without additional funds until February 1998.

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

The Committee noted that the project is facing problems resulting in delays in its implementation. The Committee took note that these problems stem from differences between the Head of the Executing Agency and the Project Director with regard to the conduct of the project, and to delays in selecting the forest concessionaire and operationalizing forest management activities, specially forest harvesting operations.

Noting that until recently this project was successfully implemented and that the problems currently impeding the success of the project have been clearly identified, and are being dealt with by the Government of Cameroon, the Committee decided:

- (i) to request the Executing Agency to submit a progress report to the ITTO Secretariat as soon as possible, and to present a special report to the Committee regarding the implementation of the project at the Twenty-first Session of the Committee in December 1997;
- (ii) to grant the project an extension until December 1997;
- (iii) to request the Secretariat to closely monitor developments regarding the project;
- (iv) to commission an external evaluation of the project if by next December the implementation of the project is still facing difficulties.

The Committee also agreed that the procedures to handle projects facing major problems, as well as the type of recommendations to be made to the Council in this connection, should be discussed under the Agenda item "Other Business" of the Committee.

**7) PD 162/91 Rev.1 (F) Intensification of Growth and Yield Studies in Previously Logged Forests (Papua New Guinea)**

The Committee took note of the information from the implementing agency of the delays experienced in appointing the technical consultant due to factors beyond the control of the project. The Committee further took note of the revised work plan and budget and the timing for the international workshop on growth and yield studies for 1998. The Committee, therefore, approved the extension of the project without additional funds until December, 1998.

**8) PD 172/91 Rev.2 (F) The Recovery of Natural Systems of the Hillside of Caqueta - Phase II (Colombia)**

The Executing Agency requested a budget reallocation and referred the Committee to the details on budget line items contained in Document CRF(XX)/25. The Committee approved the modified budget.

**9) PD186/91 Rev. 2 (F) Tree Flora of Sabah and Sarawak (Malaysia)**

The Secretariat informed the Committee that the Project Completion Report has just been submitted to ITTO Secretariat during this Session. The Committee noted this information and advised the Secretariat to report on the completion of this project for the next Session of the Committee.

**10) PD 26/92 Rev. 1 (F,I) Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon (Cameroon)**

The Committee took note that a mid-term evaluation of the project took place in December 1996 and its findings are included in document CRF(XX)/9. The Committee also noted the importance given to the training component of project.

The Committee further noted the contribution from the representative of the Tropenbos Foundation (Netherlands), partner in this project, highlighting difficulties to establish and ensure the smooth functioning of an interdisciplinary group of researchers, involving researchers from the North and the South and from various institutions and research areas. The selection of researchers in this connection should then take into account, not only the scientific knowledge of the researcher, but also his ability to work in an interdisciplinary group. Another point highlighted by the representative of the Tropenbos Foundation was the need for the project's results to have a concrete impact on forest policy and forest management activities. In this connection, the Committee was informed that a set of criteria and indicators is being developed with the view to assessing the impact of the project on forest policy and sustainable forest management activities.

**11) PD 9/92 Rev. 2 (F) Forest Management in Islas de la Bahia, Honduras, Central America (Honduras)**

The Committee noted that by AFE-COHDEFOR needs to approve the management plans for the three main islands of the Islas de la Bahia, and the Secretariat needs to receive the final audit financial statement, before this project can reported as complete.

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

The Committee noted that while most activities were implemented, the activities related to harvesting and processing of timber are not on schedule. The Peruvian Delegation mentioned that this was due to national legislation banning logging in the region. Furthermore, they mentioned that the government is currently seeking a resolution to allow the project to harvest according to the management plans being implemented.

**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 informed the Committee that the Indonesian Government has submitted a workplan of the project as document CRF(XX)/30. The workplan convert one-month of international consultancy into three-month of national consultancy in order to address issues of land-use fire and sociology aspect of forest fire. These issues were recommended by the first Steering Committee of the project. The Indonesian Delegation stated the importance of addressing such issues in order to have a comprehensive national guidelines. The Committee noted the information and approved the workplan as contained in CRF(XX)/30.

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

The Committee took note of the intention of the ITTO Secretariat to commission an independent review of the National Guidelines that have been developed. The Committee agreed to grant an extension to the project until December 1997, in order to complete the remaining project activities.

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

The Committee took note of the information to clarify the specific output relating to the 'Guidelines for Sustainable Forest Management and Silviculture of Natural Production Forest'. Therefore, the Committee agreed to include Document CRF(XX)/26 as an addendum to the Project Document.

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

The Secretariat informed the Committee on the status of the project with regard to the proposal of a scientific expedition to be conducted jointly with project PD 106/90 Rev. 1 (F). The Secretariat further informed on the link of the proposed expedition with the final output of the project. It was also clarified that to accommodate the implementation of the expedition, the current project financial plan needs to be modified without affecting the total budget, as appeared in Table 3 under document CRF(XX)/13 Rev. 1. The Committee noted this information and decided to approve the revised budget as contained in document CRF(XX)/13 Rev.1.

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

The Committee took note of the challenges involved in the implementation of this project and, after the conformation of an informal working group to deliberate this issue and in receipt of its findings, further recommended that the Project's Steering Committee, at its' upcoming meeting in June of this year, pursue the following: assess the progress achieved to date; analyse the delays in the implementation of certain activities; prioritize the crucial activities to be carried out for completion of phase I; and outline actions to be taken to ensure the implementation of these. It further emphasized that, if necessary, a new workplan and budget be drawn up extending the project's timeframe for phase I without additional funds. Donor countries also expressed their need to be informed of the project's progress during this strengthening period in order to pave the way toward the Committee's consideration of the project's second phase.

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

The Committee took note of the information that the consultant's progress report had been received and the additional information provided by the implementing agency on the timely implementation of the project.

**19) PD 27/94 Rev. 2 (F) Women and Tropical Forest Development Program (Ghana)**

The Committee noted that the project is being implemented successfully, but experienced some delays mainly due to delays in securing the lands needed for the establishment of nurseries. Noting that a revised workplan, taking into account all belated activities, has been developed, the Committee decided to grant the project an extension until December 1997, at no extra cost, in order to allow the completion of project activities.

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

The US Delegation recalled that one of the objectives of this project was to become sufficient as far as auto-financing is concerned. The Peruvian Delegation affirmed that the project was emphasizing on this aspect but had not yet achieved this.

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

The Executing Agency requested a budget reallocation and referred the Committee to the details on budget line items contained in Document CRF(XX)/16. The Committee approved the modified budget.

**22) PD 35/96 Rev. 2 (F) Conservation and Maintenance of Biological Diversity in Tropical Forests Managed Primarily for Timber Production, Surigao del Sur, Philippines (Philippines)**

The Committee noted that the Government of the Philippines submitted a Revised Project Work and Financial Plan as document CRF(XX)/19, in order to accommodate re-allocation of consultancy needed to address sociological and anthropological aspects of the project, as requested in the Addendum project document. The Committee agreed with the modification and approved the Revised Work and Financial Plan as contained in the document CRF (XX)/19.

**C) Projects awaiting financing**

**1) PD 44/95 Rev. 4 (F) Management and Conservation of Mangrove Forests in the Gulf of Fonseca, Honduras (Honduras)**

The Committee noted the submission of a reformulated proposal for a phased implementation of this project as outlined in document CRF(XX)/11. The Committee agreed with the changes entailing the breakdown of project implementation into two phases. The Committee recommended to the Council to endorse these changes and approve the associated total ITTO contribution amounting to US\$ 1,037,276 with the financing of Phase I requiring an ITTO contribution of US\$ 667,404 and Phase II requiring an ITTO contribution of US\$ 369,872.

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

20 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(XX)/6.

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

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

The Committee acknowledged the declaration made by the representative of Liberia informing that elections are scheduled in the country on 19 July 1997. However, although some improvements are observed, the situation has not yet been settled in so far as to initiate any field activities under this pre-project. Therefore, it is requested that funds that have been made available for this pre-project still be put on a hold while waiting for further improvement of the situation.

**2) 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 progress in preparing the publications of the Guidelines in three official languages of ITTO, as ITTO Policy Development Series No. 6. The English version of the publications has been completed and distributed during the Committee's Session, while the French and Spanish versions are still in the printing process. The Committee took note of this information.

**10. Decision on Fellowship Applications under Project PD 1/93 Rev. 1 - Phase II (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.



**11. Dates and Venue of the Twenty-third Session**

The Committee decided that the dates and venue of its Twenty-third Session, which will take place in Yokohama (Japan), will be determined in relation to the Council's decision on the dates of its Twenty-fifth Session.

**12. Any Other Business**

**A) *Recommendation for Pre-projects and 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 number 8 and 9.

**B) *Presentations of Project Results***

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

- 1) **PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest - Phase III**
- 2) **PD 18/94 Rev.1 (F) Participatory Forest Development in the Alto Mayo Region for the Sustainable Management of Moist Tropical Forests – Phase I**

**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, was running under the new database system, and that the Secretariat would do its best to answer queries from members regarding the information available.

**D) *Update Project Catalogue and Project List***

The Secretariat referred the Committee to document CRF (XX)/7, which includes a list of all the projects the Committee had approved to date, containing basic information on all projects and a summary and categorized as per the ITTO Action Plan. The aforementioned document also contained an updated project catalog of projects approved during ITTC XX, 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) *Discussion on Improvement in the efficiency of the work of the Committee***

In view of the large number of projects to be dealt with in this Committee and in view of the possible future shortening of the time available, the Committee raised concern on how to deal satisfactorily with the monitoring aspects of the Committee's work.

The Committee discussed different suggestions to improve the efficiency of its work and the following suggestions were briefly discussed:

- To bring to the Committee Session only those projects that needed special attention and where specific actions and decisions need to be taken. Other projects to be reviewed by a small working group under the Committee.
- To use more external evaluation for projects showing problems in their implementation.

- To discuss more policy matters arising from project implementation in the Committee in order to strike a better balance between the project work and the policy work of the Committee.
- The Committee should concentrate more on discussing substantial matters and highlight specific issues.
- Improve project document handling by electronic means to the members, who would be able to disseminate the documents widely and get important feedback from other sources.
- Improve dissemination of results, findings, lessons learned etc. from completed projects. It was strongly stressed that dissemination and public relation activities in general leaves a lot to be desired from ITTO, that the good stories need to be told.
- Supported the idea of establishing small working groups/expert panels to review revised project proposals and project work in progress some weeks before the Session of the Committee.
- Identify completed projects where an 'ex post' evaluation would be beneficial in accordance with Decision 7 (XXI).

Some of the issues raised above are taken up in the working group on the Organization of Work of the ITTO. The electronic mail capabilities of the Secretariat are being up graded and its use will be subject to further streamlining. Actions taken and progress achieved on the above issues will be reported to the Committee at its next Session in Yokohama.

#### **F) *Project Ideas***

In order to deal with project ideas forwarded from member countries, the Committee established a small working group to advise on their relevance to ITTO and the Committee's work. The recommendations of the working group can be summarized as follows:

##### **1) International Conference on Timber Plantation Development (Philippines)**

The Working Group viewed that the project idea is interesting and merits ITTO support. It was also suggested that the Conference should focus on the dissemination of technical information, appropriate technologies and the necessary recommendations for policies and programme to promote timber plantation. It would be more effective if the Conference be conducted at regional level (Asia Pacific), although speakers can be invited from other regions.

The Committee encourages the Government of the Philippines to develop the full proposal based on this project idea.

##### **2) Financial and Economic Analysis of Mangrove Plantation Development and Utilization: A Case Study, Aklan, Philippines (Philippines)**

The Working Group found the project idea is laudable and suggested that the available studies conducted by ISME and other mangrove institutions should be consulted in preparing the proposal.

The Committee encourages the Government of the Philippines to develop a full proposal based on this project idea.

##### **3) Submitted by the Ecuadorian Association of Forest Industries (AIMA)**

The Committee took note of document CRF(XX)/10 which described a project idea submitted by the Ecuadorian Association of Forest Industries (AIMA) related to the sustainable forest management of community forests in Northwestern Ecuador. The Committee considered the idea to be directly linked to ITTO's year 2000 objective and therefore merited to be developed into a project proposal. Furthermore, it recommended that: a participatory approach be used in the development of the management plan; aspects of sustainable management, low-impact harvesting and biodiversity conservation be addressed; the benefits accrued by local populations be mentioned; and if the revenues are to be reinvested in the project area. In addition, care should

be taken in order to formulate the project proposal following ITTO's format and to follow ITTO's submission procedures.

**4) Submitted by the National Chamber of Forestry of Peru (CNF)**

The Committee took note of document CRF(XX)/10b which described a project idea submitted by the National Chamber of Forestry of Peru related to the provision of sustainably-originated timber for industry, local commerce and export. The Committee considered the idea to be directly linked to ITTO's year 2000 objective and therefore merited to be developed into a project proposal following ITTO's format. Furthermore, the committee reminded the submitting agency to follow ITTO's submission procedures.

**13. Recommendations to the International Tropical Timber Council**

**A) *The Committee made the following recommendations regarding Projects:***

1. The Committee recommended that the Council approve PD 1/96 Rev. 3 (F) and allocate US\$ 984,772 for its implementation.
2. The Committee recommended that the Council approve PD 30/96 Rev. 3 (F) and allocate US\$ 1,400,599 for its implementation.
3. The Committee recommended that the Council approve PD 36/96 Rev. 3 (F) and allocate US\$ 628,671 for its implementation.
4. The Committee recommended that the Council approve PD 8/97 Rev. 2 (F) and allocate US\$ 806,214 for its implementation.
5. The Committee recommended that the Council approve PD 9/97 Rev. 1 (F) and allocate US\$ 418,835.00 for its implementation.
6. The Committee recommended that the Council approve PD 10/97 Rev. 1 (F) and allocate US\$ 780,626.00 for its implementation.
7. The Committee recommended that the Council approve PD 12/97 Rev. 1 (F) and allocate US\$ 965,650 for its implementation.
8. The Committee recommended that the Council approve PD 13/97 Rev. 1 (F) and allocate US\$ 596,075.00 for its implementation.
9. The Committee recommended that the Council approve PD 14/97 Rev. 1 (F) and allocate US\$ 979,872 for its implementation.
10. The Committee recommended that the Council approve PD 22/97 Rev. 1 (F) and allocate US\$ 1,354,836 for its implementation.
11. The Committee recommended that the Council approve PD 23/97 Rev. 1 (F) and allocate US\$ 1,006,031 for its implementation.

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

1. The Committee recommended that the Council approve PPD 11/96 Rev. 2 (F) and allocate US\$ 59,204 for its implementation.
2. The Committee recommended that the Council approve PPD 1/97 Rev. 1 (F) and allocate US\$ 82,396 for its the implementation.
3. The Committee recommended that the Council approve PPD 3/97 Rev. 1 (F) and allocate US\$ 88,198 for its implementation.

4. The Committee recommended that the Council approve PPD 5/97 (F) and allocate US\$ 46,420 for its implementation.

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

1. The Committee recommends that the Council approve additional funds under PD 106/90 Rev. 1(F) and PD 26/93 Rev. 1 (F) for the ITTO Trans-Borneo Biodiversity Expedition 1997 with the amount of US\$ 85,085,00.

**14. Report of the Session**

The Committee accepted this Report for submission to the Council.

## Appendix I

### TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

- 1) PD 1/96 Rev. 3 (F) Sustainable Forest Management in the Nargana District, Kuna Yula Indigenous Territory, Panamá (Panamá)

#### Conclusion of the Twentieth 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 1/96 Rev.3 (F) and recommended the Council to allocate US\$ 984,772 for its immediate implementation.

- 2) PD 26/96 Rev.3 (F) Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View - Phase I (Malaysia)

#### Conclusion of the Twentieth Committee

The Committee decided to establish an informal group consisting of France, China, Cameroon, Japan and Malaysia to examine the revised proposal. The Working Group reported to the Committee that there is no significant difference between Rev. 2 and Rev. 3 version of the project proposals. It was, however, recognised that there are significant changes made in addressing the Expert Panel comments between Rev. 1 and Rev. 3 of the proposal. The Group unanimously concluded that, under the Rev. 3 of the proposal, there is still many inconsistencies, for instance between the proposed activities and outputs of the project; while the budget continue to contain errors in the calculations. Nevertheless, the Group praised the laudable objective of the project and therefore suggested the submitting country to revise the proposal and present it to the next Committee Meeting.

In view of these, the Committee recommends to the ITTC that the proposal be revised and resubmitted directly to the relevant Committee for the next Session.

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

#### Conclusion of the Twentieth Committee

The Committee recalled that the project proposal was positively assessed during its last Session as PD 30/96 Rev. 2 (F), but the Government of Togo requested to withdraw the proposal in order to strengthen the social component of the project. The Committee noted and praised the submitting country for the amendments made and reiterated its support for the project.

Therefore, the Committee approved the project PD 30/96 Rev. 3 (F) and recommended the Council to allocate US\$ 1,400,599 for its immediate implementation.

- 4) PD 36/96 Rev. 3 (F) Selection and Testing of Clonal Hardwoods in Species Rich Systems: Enrichment Planting and Multi-Strata Agroforests (Cameroon)

#### Conclusion of the Twentieth Committee

The Committee noted that the revised proposal and the additional explanation provided by the representation of the Government of Cameroon adequately addressed the Thirteenth Panel's comments and recommendations.

Therefore, the Committee approved PD 36/96 Rev. 3 (F) and recommended the Council to allocate US\$ 628,671 for its immediate implementation.

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

Conclusion of the Twentieth Committee

The Committee noted that the revised project proposal adequately addressed the Expert Panel's comments and recommendations. Furthermore, it also noted that the submitting government had provided an addendum modifying the budget and requested it be incorporated into a second revision of the project proposal. As this was accomplished, the Committee approved the project PD 8/97 Rev.2 (F) and recommended the Council to allocate US\$ 806,214 for its immediate implementation.

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

Conclusion of the Twentieth Committee

The Committee noted that this was the first project submitted by the Government of the Republic of Fiji within Reforestation and Forest Management. The Committee was informed that most of the relevant recommendations of the 13th Expert Panel have been adequately addressed taking into account that the land ownership, social structure and traditional conditions in Fiji are unique and related to Melanesian culture with which the Expert Panel had no specific knowledge. Provision for ITTO monitoring and evaluation had been included and the budget adjusted accordingly. The Committee commended the relevance of the Project Proposal to the objectives of ITTA 1994.

Therefore, the Committee approved the project PD 9/97 Rev.1 (F) and recommended the Council to allocate US\$ 418,835.00 for its immediate implementation.

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

Conclusion of the Twentieth Committee

The Committee noted that this was the first project submitted by the Government of Guyana within Reforestation and Forest Management. The Committee was informed that this proposal had originally been submitted as a Pre-project proposal and the 12th Expert Panel had requested a reformulation of the Pre-project proposal. However Guyana had decided to reformulate the proposal as a full Project proposal and the 13th Expert Panel had accepted this development. The delegation from Guyana was invited to present its views and provided a detailed explanation of how each of the comments and recommendations of the 12th and 13th expert Panels had been addressed. The delegation gave valuable background information on the forest situation in Guyana in relation to Iwokrama and the linkages with the other parts and activities of the Iwokrama International Centre for Rain Forest Conservation and Development. The Committee welcomed the detailed information and commended the objectives of the proposal.

Therefore, the Committee approved the project PD 10/97 Rev.1 (F) and recommended the Council to allocate US\$ 780,626.00 for its immediate implementation.

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

Conclusion of the Twentieth Committee

The Committee noted that the revised proposal adequately addressed the Expert Panel's comments and recommendations.

Therefore, the Committee approved the project PD 12/97 Rev. 1 and recommended the Council to allocate US\$ 965,650 for its immediate implementation.

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

Conclusion of the Twentieth Committee

The Committee took note of the information that this Project proposal is a follow-up of the Project PD 32/93 Rev.2 (F) 'Rehabilitation of Logged-over Forest in Asia/Pacific Region, Sub-project III', which again was a follow-up of one of the very first ITTO projects PD 2/87 (F). The Committee further took note of the information that the recommendations of the 13th Expert Panel have been adequately addressed and highlighted in the revised proposal. The submitting Agency, JOFCA of Japan, then provided background information on the origin of the proposal particularly from the success of workshops carried out under PD 32/93 Rev.2 (F) and the linkages between the cooperating countries. The committee commended the Project proposal for its scope in cooperating with different member countries in the region.

Therefore, the Committee approved the project PD 13/97 Rev.1 (F) and recommended the Council to allocate US\$ 596,075.00 for its implementation.

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

Conclusion of the Twentieth Committee

The Committee noted that the revised proposal adequately addressed the Expert Panel's comments and recommendations.

Therefore, the Committee approved the project PD 14/97 Rev. 1 (F) and recommended the Council to allocate US\$ 979,872 for its immediate implementation.

**11) PD 18/97 Rev. 1 (F) National Forest Inventory (Zaire)**

Conclusion of the Twentieth Committee

The Committee noted that major changes have occurred in the country which is now called Democratic Republic of Congo. The Committee also considered that the manner in which the new authorities will deal with forest policy and activities is still unclear. The Committee decided to defer the full consideration of this proposal until the next Session in December 1997.

**12) 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 (The Central African Republic)**

Conclusion of the Twentieth Committee

The Committee noted that the revised proposal and the additional explanation provided by the representative of the Government of the Central African Republic adequately addressed the Thirteenth Panel's comments and recommendations.

Therefore, the Committee approved the project PD 22/97 Rev. 1 (F) and recommended the Council to allocate US\$ 1,354,836 for its immediate implementation.

- 13) PD 23/97 Rev. 1 (F) **Sustainable Forest Management in the Bolsón of Rapirrán, Bolivian Amazon Region (Bolivia)**

Conclusion of the Twentieth 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 23/97 Rev.1 (F) and recommended the Council to allocate US\$ 1,006,031 for its immediate implementation.

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

Conclusion of the Twentieth Committee

The Committee noted that the Government of Bolivia wished to further review this proposal. Therefore it recommended to the ITTC that a decision on the proposal be deferred until the next session.

**TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSALS**

- 1) PPD 11/96 Rev. 2 (F) **Identification and Planning of Measures for the Sustainable Management of the Kloto Community Forests in the Reserved Forest of Missahoe with the Participation of Rural Communities (Togo)**

Conclusion of the Twentieth Committee

The Committee noted that comments and recommendations of the Thirteenth Panel of Expert have been satisfactorily addressed in the revised project proposal.

Therefore, the Committee approved the pre-project PPD 11/96 Rev. 2 (F) and recommended the Council to allocate US\$ 59,204 for its implementation.

- 2) PPD 1/97 Rev. 1 (F) **Evaluation of the Impact of Disturbances and Conservation *in situ* of the Phytogetic Resources of Cameroon's Closed Forest (Cameroon)**

Conclusion of the Twentieth Committee

The Committee noted that the revised proposal adequately addressed the Thirteenth Panel's comments and recommendations.

Therefore, the Committee approved the pre-project PPD 1/97 Rev. 1 (F) and recommended the Council to allocate US\$ 82,396 for its implementation.

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

Conclusion of the Twentieth 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 3/96 Rev.1 (F) and recommended the Council to allocate US\$ 88,198 for its immediate implementation.



**4) PPD 5/97 (F) Sustainable Tropical Forest Management in the North of the Department of La Paz, Bolivia (Bolivia)**

Conclusion of the Twentieth 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 5/96 (F) and recommended the Council to allocate US\$ 46,420 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 TWENTIETH SESSION OF THE COMMITTEE**

PROJECT DOCUMENT	ITTA, 1994 OBJECTIVES ARTICLE 1	AREA OF ACTIVITY	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Years)	RECOMMENDATION(*)	
		Art. 27 Para. 2				EP	CRF
PD 1/96 Rev. 3 (F)	c, d, f	a (iii)	984,772	Panamá	5	2	1
PD 26/96 Rev. 3 (F)	c, d, f, l	a (iii), b, e	632,149	Malaysia	2	(2)	2(a)
PD 30/96 Rev. 3 (F)	c, j, l	a (i, ii), c, e	Phase I: 1,400, 599 Phase II: 1,000,000	Togo	Phase I: 3 Phase II: to be determined	2	1
PD 36/96 Rev. 3 (F)	c, f, j, l, m	a (i), b, c, e	628,671	Cameroon	3	2	1
PD 8/97 Rev. 2 (F)	c, d, f, l	a (iii)	806,214	Colombia	2	2	1
PD 9/97 Rev. 1 (F)	c, j	a (iii), c	418,835	Fiji	2	2	1
PD 10/97 Rev. 1 (F)	c, d, f, j, l	a (iii), b, c, e, f	780,626	Guyana	3	2	1
PD 12/97 Rev. 1 (F)	c, d, f, l	a (iii), b, e	965,650	Indonesia	3	1	1
PD 13/97 Rev. 1 (F)	f, i, m	a (ii), b, c, e	596,075	Asia/Pacific	2 yrs. & 8 mo.	2	1
PD 14/97 Rev. 1 (F)	c, f, l	a (i) (ii), b, e	979,872	GLOBAL	3	2	1
PD 18/97 Rev. 1 (F)	c, f, j, l	a (iii), c, e	673,834	Zaire	2	2	4
PD 22/97 Rev. 1 (F)	d, f, j, l, m	a (iii), b, c, e	1,354,836	CAR	2	2	1
PD 23/97 Rev. 1 (F)	c, d, f	a (iii)	1,006,031	Bolivia	4	2	1
PD 24/97 Rev. 1 (F)	c, d, f	a (iii)	946,652	Bolivia	2	2	4

\* For Categories of Recommendations see Table C.

TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS  
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT  
CONSIDERED DURING THE TWENTIETH SESSION OF THE COMMITTEE  
(Cont.)

PRE-PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Years)	RECOMMENDATION(*)	
		Art. 27 Para. 2				EP	CRF
PPD 11/96 Rev. 2 (F)	c, f, j, l, m	a (iii), c, e	59,204	Togo	5 months	2	1
PPD 1/97 Rev. 1 (F)	c, d, f, j, l	a (iii), b, c, e	82,396	Cameroon	4 months	1	1
PPD 3/97 Rev. 1 (F)	c, f	a (iii)	88,198	Bolivia	4 months	2	1
PPD 5/97 (F)	c, f	a (iii)	46,420	Bolivia	4 months	4a	1

\* For Categories of Recommendations see Table C.

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 TWENTIETH SESSION OF THE COMMITTEE

PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY	BUDGET ITTO CONTRIBUTION (US\$)	GEOGRAPHICAL COVERAGE	DURATION (Years)	RECOMMENDATION(*)	
		Art. 27 Para. 2				EP	CRF
PD 9/96 Rev. 1 (F)	e, f, i, j, k, l, m	a (i) (ii) (iii), b, c, e	805, 104	Liberia	3	4a	
PD 16/96 Rev. 2 (F)	c, f	a (l), b, e	652,240	Indonesia	3	3	
PD 43/96 Rev. 1 (F)	f, j, l	a, b, e	2,091,234.50	Nepal	4	4a	
PD 2/97 (F)	c, d, f, j, i	a (iii), c, e	980,000	Cameroon	3	3	
PD 4/97 (F)	c, j	a (ii), b, e	1,271,143	Egypt	3	6	
PD 6/97 (F)	c, d, j	a	948,600	Brazil	2	4b	
PD 16/97 (F)	c, f	a (l), e	954,300	Thailand	3	3	
PD 17/97 (F)	c, d, j	a	1,452,823	Ecuador	2	3	
PD 19/97 (F)	c, f, j, i	a (iii), c, e	141,950	Zaire	15 months	2	
PD 20/97 (F)	c, d, f, j, i	a (iii), c, e	1,150,901	Zaire	3	4a	
PD 21/97 (F)	c, j	a (l) (ii), c, e	1,780,072	Philippines	4	3	
PD 25/97 (F)	c, d, f	a	821,340	Bolivia	2	2	

\* For Categories of Recommendations see Table C.

TABLE C

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

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Santa Cruz de la Sierra, Bolivia

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL  
TWENTIETH SESSION OF THE COMMITTEE  
ON FOREST INDUSTRY**

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Report

Appendix I Technical Evaluation of Project Proposals

Appendix II List of Approved Fellowships

## REPORT

### 1. Introduction

The Twentieth Session was opened on 21 May 1997 by Mr. Bilé Allogho Joachim (Gabon) the Chairman of the Committee. The list of Participants is reproduced in Document ITTC(XXII)/Info.2 Rev.2.

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

At its first meeting on 21 May 1997 the Committee adopted the agenda of its Twentieth Session as contained in Document CFI(XX)/1.

### 3. Admission of Observers

The list of Observers admitted by the Committee is contained in Documents ITTC(XXII)/Info.3 and ITTC(XXII)/Info.3 Add.1.

### 4. Market Discussion (Joint Session of Committees)

The theme of the 1997 Market Discussion was "The Expansion of Trade in Tropical Timber Products - Domestically and Abroad with a Special Focus on the Latin American Experience". The Moderator was Ms. Wendy Baer, Executive Vice President, International Wood Products Association (IHPA) and the Rapporteur was Dr. Michael J. Adams, Market Information Services (MIS) Coordinator, Economic Information and Market Intelligence Division of ITTO. The following were the discussion leaders and the topics of their presentations:

Dr. Steven E. Johnson Statistician Economic Information and Market Intelligence, ITTO	"Trade Flow Statistics and Forecasts"
Dr. Michael J. Adams MIS Coordinator Economic Information and Market Intelligence, ITTO	"Market News/Price Trends"
Dr. Fernando Antelo Gil President, Camara Nacional Forestal (CNF) Bolivia	"Bolivian Experience and Perspective"
Mr. Jose Franco Ecuatoriana de Industriales de la Madera (AIMA) Ecuador	"Ecuadorian Experience and Asociación Perspective"
Dr. Ivan Tomaselli Director, Brazilian Association of Plywood and Timber Industry (ABIMCI), Brazil	"Brazilian Experience and Perspective"
Mr. Goeran Appelgren UNIDO Country Director for Bolivia	"UNIDO Integrated Programme Approach to Development of the Forestry and Wood Processing Industries in Ecuador and in the Region"
Mr. Carl Gade President, International Wood Products Association (IHPA), U.S.A.	"North American Experience and Perspective"

Mr. Geoffrey Pleydell  
Trade Adviser to U.K. Delegation and Chairman of the Committee  
Economic Information and Market Intelligence

"Identification and Discussion of  
Additional Issues of Interest to the  
International Tropical Trade"

A summary report of the Market Discussion, synthesizing the above presentations and the ensuing discussions, is contained in Appendix B of the report of the Committee on Economic Information and Market Intelligence.

5. Report on Completed Projects

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

PD 3.a/87 Rev.2 (I)	ENHANCING LOCALLY THE VALUE OF LESSER KNOWN SPECIES (MANUFACTURE OF BLOCKBOARDS FROM LESSER KNOWN SPECIES IN CAMEROON)
PD 60/89 (M,F,I)	FELLOWSHIP AND RELATED ASSISTANCE PROGRAM TO PROMOTE TROPICAL FOREST SECTOR DEVELOPMENT

The Committee expressed its satisfaction with the successful completion of these projects. A summary of the work completed under these projects is presented in Document CFI(XX)/3.

Also, in compliance with Council Decision 7(XXI) on strengthening the project cycle (item 6 on project evaluation and results dissemination), the Committee reviewed a list of completed Forest Industry projects, and decided on the ones for which ex-post evaluation is recommended. Subject to availability of funds, the Committee recommended ex-post evaluation of completed project PD 4/87 Rev.1 TRAINING IN PLANNING AND MANAGEMENT OF FOREST INDUSTRIES IN DEVELOPING COUNTRIES, which is the larger project completed under the Committee supervision. The Committee agreed to discuss this issue further in its next Session, taking into account the desirability of also effecting ex-post evaluation of completed projects which were designed to continue on a self-financing basis or once ITTO funding ceased.

6. Report on Completed Pre-Projects

The Committee reviewed the work completed under the pre-project entitled: GHANA SEMINAR TO PREPARE AND APPROVE PROJECTS FOR NETWORKED RESEARCH INTO THE PROCESSING, UTILIZATION AND MARKETING OF SMALL DIAMETER TIMBER FROM PLANTATIONS IN AFRICA [PPD 15/95 Rev.2 (I)].

The Committee noted that this pre-project was successfully implemented by the Forest Research Institute of Ghana and allowed the preparation of three projects designed to promote utilization and marketing of African plantation wood. The Committee expressed its satisfaction with the work carried out under this pre-project and encouraged ITTO African members to consider and follow-up on the project proposals prepared under the project.

7. Review on Project Work in Progress

The Committee reviewed the work underway in twenty-two ITTO approved and financed projects in the field of Forest Industry. The full report on project work in progress is reproduced in document CFI(XX)/4.

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

PD 12/87 (I)	RESEARCH ON UTILIZATION OF TROPICAL TIMBER IN CONSTRUCTION
PD 47/88 Rev.3 (I)	UTILIZATION OF LESSER USED SPECIES AS ALTERNATIVE RAW MATERIALS FOR FOREST-BASED INDUSTRIES
PD 73/89 (M,F,I)	ASSISTANCE FOR PROJECT IDENTIFICATION AND FORMULATION



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
PD 109/90 Rev.4 (I)	ASSISTANCE TO MODERNIZATION, RESTRUCTURING AND DEVELOPMENT OF WOOD-BASED INDUSTRIES IN COTE D'IVOIRE
PD 143/91 Rev.2 (I)	NON-WOOD TROPICAL FOREST PRODUCTS: PROCESSING, TRADE AND COLLECTION
PD 179/91 Rev.1 (I)	INDUSTRIAL UTILIZATION AND IMPROVED MARKETING OF SOME GHANAIAAN LESSER-USED TIMBER SPECIES FROM SUSTAINABLY MANAGED FORESTS
PD 209/91 Rev.2 (I)	STUDY OF ZAIRIAN TIMBER WITH A VIEW TO PROMOTING CERTAIN SPECIES
PD 17/92 Rev.4 (I)	TECHNOLOGY TRANSFER/COMMERCIALIZATION OF SELECTED COCOWOOD UTILIZATION TECHNOLOGIES
PD 1/93 Rev.1 (M,F,I)	ITTO FELLOWSHIP PROGRAMME - PHASE II
PD 17/93 Rev.3 (M,F,I)	ITTO NETWORK FOR INFORMATION SHARING AND PROJECT SUPPORT
PD 20/95 Rev.2 (I)	CHEMICAL MODIFICATION OF BAMBOO CULMS AND THEIR RESISTANCE TO WEATHERING
PD 21/95 Rev.2 (I)	COMPREHENSIVE STUDIES OF THE STRUCTURE AND PROPERTIES OF RATTANS FOR EFFECTIVE UTILIZATION
PD 33/95 Rev.3 (M,F,I)	IMPACTS OF INCREASED UTILIZATION OF LESSER-USED SPECIES (LUS)
PD 24/95 Rev.1 (I)	THE IDENTIFICATION, PROPERTIES AND USES OF THE TROPICAL TIMBER IMPORTED TO CHINA FROM LATIN AMERICA
PD 3/96 Rev.2 (I)	DEVELOPMENT AND EXTENSION OF RUBBERWOOD PROCESSING AND UTILIZATION TECHNOLOGY
PD 15/96 Rev.2 (I)	UTILIZATION, COLLECTION AND TRADE OF TROPICAL NON-WOOD FOREST PRODUCTS IN THE PHILIPPINES
PD 31/96 Rev.2 (M,F,I)	INTRODUCING MYANMAR'S LESSER-KNOWN TIMBER SPECIES TO THE WORLD MARKET

The Committee considered and deliberated on further extending project PD 1/93 Rev.1 (M,F,I) "ITTO Fellowship Programme - Phase II". In its efforts to promote human resources development and institutional strengthening in the forestry sectors of producing member countries, the project has already financed 214 fellowships, granted to recipients from 28 ITTO member countries. The Committee restated its full confidence in this project as an efficient mechanism to facilitate training, technology transfer and cooperation among members, both south-south and north-south, and decided to recommend to Council a further one-year project extension with an additional allocation of US\$400,000.

On its review of implementation of project PD 17/93 Rev.3 (M,F,I) "ITTO Network for Information Sharing and Project Support", the Committee recalled that, at its Eighteenth Session, it urged the Secretariat to increase the participation and contribution of the regional services to project evaluation and monitoring work, particularly in the Africa and Asia Pacific regions, where very few projects had benefitted from assistance of the regional services in the evaluation and monitoring work. The Committee was pleased to note that the regional services are now being more fully used for project monitoring and evaluation, having participated in 15 such missions from November 1996 to April 1997.

While praising the Secretariat's work related to the project newsletter component (publication of the quarterly *ITTO Tropical Forest Update*), the Committee noted that the newsletter production and publication costs are relatively high. The Committee requested that efforts be made to improve the newsletter benefits in relation to its costs. The Committee further noted that this may be effected by increasing the number of copies printed and distributed to readers.

The Committee agreed on the need to continue to pursue the project objectives of publishing the newsletter and of strengthening ITTO in the three producing regions, and decided to recommend to Council its one-year extension, with an additional allocation of funds amounting to US\$871,955.

The Committee also discussed in detail project PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation". The Committee noted that the project provided funds for the organization of eight training workshops on the use of the "ITTO Manual for Project Formulation".

The Committee expressed its satisfaction with the information that in response to its decision, a more comprehensive evaluation of the project is being effected, covering also the project expert facility available on an *ad hoc* basis to enhance members' ability to identify and formulate project proposals. The Committee took note of the Secretariat's information that the report of the review and evaluation being carried out by an independent consultant will be available at its Twenty-first Session in November 1997.

The Committee also discussed a proposal presented by the Government of Finland to phase the implementation of approved project PD 13/95 Rev.3 (I). The Committee decided to recommend to Council that the project be implemented in two separate phases. The details on the activities, outputs and costs of the two recommended phases are presented in document CFI(XX)/7 Rev. 1.

#### 8. Review on Pre-project Work in Progress

The Committee took note and reviewed the progress of work under the following pre-projects:

PPD 50/91 (I)	PROVISION OF ASSISTANCE FOR REASSESSMENT AND REFORMULATION OF ZAIRIAN PROJECT PROPOSALS PD 205/91 (I) "NATIONAL SAW MAINTENANCE CENTRE" AND PD 209/91 (I) "STUDY OF ZAIRIAN TIMBER WITH A VIEW TO PROMOTING CERTAIN SPECIES"
PPD 2/92 Rev.1 (I)	SUSTAINABLE DEVELOPMENT OF THE PLYWOOD INDUSTRY IN LATIN AMERICA
PPD 11/92 (I)	REVIEWING AND PREPARING SUPPORTING DOCUMENTS FOR WORK ON GUIDELINES FOR THE DEVELOPMENT OF SUSTAINABLE FOREST INDUSTRIES
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
PPD 7/94 Rev.2 (I)	PRE-PROJECT FOR THE ESTABLISHMENT OF THE AIMA FOREST CORPORATION - CORFOAIMA
PPD 2/96 Rev.1 (I)	DEVELOPMENT OF THE INDIAN RUBBERWOOD INDUSTRY
PPD 7/96 Rev.1 (I)	UPGRADING PRODUCTION EFFICIENCY IN FURNITURE MANUFACTURING
PPD 12/96 Rev.1 (I)	DEVELOPMENT AND IMPLEMENTATIONS OF STRESS GRADING RULES FOR TROPICAL TIMBERS
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

When reviewing the pre-project on the "Guidelines for the Development of Sustainable Forest Industries" [PPD 11/92 (I)], the Committee recalled its previous decision to approve further consultancy work under the pre-project to allow preparation of a report meeting its recommendations on Guidelines scope, coverage and target audience. Consultants Mr. Geoffrey Pleydell and Dr. Hector Cisneros kindly agreed to assist ITTO in the work and prepared a report entitled: SUPPORTING DOCUMENT OF WORK FOR AN EXPERT PANEL ON GUIDELINES FOR THE DEVELOPMENT OF SUSTAINABLE FOREST INDUSTRIES [PRE-PROJECT PPD 11/92 (I)] [CFI(XX)/5]. The Committee discussed in detail the report which refocused the Guidelines on the wood products industry (prioritizing policy guidelines to encourage and promote increasing processing of tropical timber in producing member countries) as well as on market access and facilitation of investment and access to financing.

The Committee commended the Consultants report and expressed its satisfaction with the work effected to appropriately focus the Guidelines on the development of further processing capability of tropical timber industries of producing countries. However, the Committee expressed the view that further consideration of the Consultants report is still required, particularly in relation to the wording of Principles and Recommended Actions identified in the report.

Recalling its earlier decision to consider the study and review of the consultants' report in a Working Group, the Committee decided that a Working Group with experts from six producer and six consumer members should be convened to this effect. To this end, the Committee decided to recommend to Council an additional allocation of US\$30,000 to the pre-project budget. The Committee requested members wishing to provide comments and views to contribute to the working group task to do so by 31 July 1997.

#### 9. 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 7/94 Rev.2 (M,I)	INFORMATION AND TECHNICAL ASSISTANCE FOR PRODUCTION AND TRADE ON TROPICAL TIMBER	GOVERNMENT OF BRAZIL
PD 46/96 Rev.2 (I)	ESTABLISHMENT OF A WOOD WORKERS AND CRAFTSMANSHIP VILLAGE	GOVERNMENT OF GHANA
PD 7/97 Rev.1 (I)	III PLYWOOD AND TROPICAL TIMBER INTERNATIONAL CONGRESS	GOVERNMENT OF BRAZIL

The Committee considered in detail the results of the evaluation of these projects effected by the Panel of Experts for Technical Appraisal of Project Proposals, as contained in document CEM,CRF,CFI(XX)/1.

These three project proposals were reformulated or amended taking into account the Expert Panel recommendations, and were thoroughly evaluated by the Committee. The detailed results of the Committee's evaluation and appraisal of these three project proposals are presented in Appendix I.

The Committee also considered two project ideas presented by the Government of the Philippines:

- (i) NATIONAL SEMINAR-WORKSHOP ON PLANTATION TIMBER PROMOTION; and
- (ii) INDUSTRIAL UTILIZATION AND MARKETING OF LOGS HARVESTED FROM COMMUNITY-BASED FOREST MANAGEMENT AGREEMENTS (CBFMA□S).

These project ideas are related to the need to promote plantation development in the Philippines. The Committee agreed on the importance of plantation development to contribute to the country's wood supply and encouraged the government of Philippines to formulate project proposals based on the ideas discussed.

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

The Fellowship Selection Panel met twice during the Twenty-Second Session to evaluate fellowship applications submitted in time and select successful candidates. The Selection Panel was composed of:

Ms. Stephanie Caswell	United States of America	Vice-Chairperson ITTC
Mr. Geoffrey Pleydell	United Kingdom	Chairman CEM
Dr. Roszehan Mohd. Idrus	Malaysia	Vice-Chairperson CEM
Dr. Jürgen Blaser	Switzerland	Chairman CRF
Mr. Anoh Emile Jean Claude	Côte d'Ivoire	Vice-Chairperson CRF
Mr. Bilé Allogho Joachim	Gabon	Chairman CFI
Ms. Aulikki Kauppila	Finland	Vice-Chairperson CFI

The Selection Panel considered a total of 157 applications and recommended to the Committee that 30 applicants be approved, subject to the availability of funds at a total cost of approximately US\$170,704. The approved applications are listed in Appendix II. The Panel also recommended that the chair and Vice-Chair of the Committee on Finance and Administration be included on the Selection Panel at future Sessions.

11. Dates and Venue of the Twenty-third Session

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

12. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. To approve for implementation the following project proposals:

PD 7/94 Rev.3 (M,I)	INFORMATION AND TECHNICAL ASSISTANCE FOR PRODUCTION AND TRADE ON TROPICAL TIMBER GOVERNMENT OF BRAZIL
PD 46/96 Rev.2 (I)	ESTABLISHMENT OF A WOOD WORKERS AND CRAFTSMANSHIP VILLAGE GOVERNMENT OF GHANA
PD 7/97 Rev.2 (I)	III PLYWOOD AND TROPICAL TIMBER INTERNATIONAL CONGRESS GOVERNMENT OF BRAZIL

2. To approve a phased implementation of project PD 13/95 Rev.3 (I) CAPACITY BUILDING IN TRAINING IN PLANNING AND MANAGEMENT OF FOREST INDUSTRIES IN ITTO PRODUCER MEMBER COUNTRIES [ Phase I US\$ 647,739 and Phase II US\$ 442,261], as detailed in document CFI (XX)/7 Rev.1.

3. To allocate supplementary funds amounting to US\$400,000 to allow continuation of the fellowship program implemented under project PD 1/93 Rev.1 (M,F,I) "ITTO FELLOWSHIP PROGRAMME - PHASE II".

4. To allocate supplementary funds amounting to US\$30,000 to allow continuation of implementation of pre-project study "Guidelines for the Development of Sustainable Forest Industries" [PPD 11/92 (I)].

5. To allocate additional funds amounting to US\$871,955 to finance a one-year extension of project PD 17/93 (M,F,I) "ITTO Network for Information Sharing and Project Support".

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

- |                     |   |
|---------------------|---|
| PD 13/95 Rev.3 (I)  | CAPACITY BUILDING IN TRAINING IN PLANNING AND MANAGEMENT OF FOREST INDUSTRIES IN ITTO PRODUCER MEMBER COUNTRIES   |
| PD 5/92 Rev.4 (I)   | ESTABLISHMENT OF A CENTER FOR THE PROMOTION OF LESSER-KNOWN TROPICAL HARDWOOD SPECIES IN EUROPE   |
| PPD 11/95 Rev.2 (I) | INTERNATIONAL CONFERENCE ON VALUE-ADDED HARDWOOD PROCESSING AND UTILIZATION   |
| PD 11/96 Rev.2 (I)  | STRENGTHENING AND DEVELOPMENT OF NON-CONVENTIONAL JOINERY TECHNOLOGY WITHIN THE CORPORATION FOR TIMBER PRODUCTION DEVELOPMENT IN THE COLOMBIAN PACIFIC REGION (CDP) |
| PD 33/96 Rev.2 (I)  | WORKSHOP ON NONDESTRUCTIVE TESTING OF TROPICAL TIMBER   |

13. Report of the Session

The Committee adopted this report for submission to the Council.

## APPENDIX I

### Technical Evaluation of Project Proposals

**PD 7/94 Rev.2 (M,I) INFORMATION AND TECHNICAL ASSISTANCE FOR PRODUCTION AND TRADE ON TROPICAL TIMBER GOVERNMENT OF BRAZIL**

The Committee agreed that the technical assistance, training and information development activities to be implemented under this project are important to promote international trade on sustainably produced mahogany. The Committee noted that the submitting country revised the proposal to include the amendments recommended by the expert panel for the technical appraisal of project proposals. The revised proposal included provisions to strengthen the participation of the private sector, provided detailed terms of reference for consultancy sub-contracts, and has amended the budget. The Committee decided to recommend to Council the approval of the proposal, further revised [PD 7/94 Rev.3 (I)] to include minor budget amendments to appropriately reflect the ITTO administrative support costs.

**PD 46/96 Rev.2 (I) ESTABLISHMENT OF A WOOD WORKERS AND CRAFTSMANSHIP VILLAGE GOVERNMENT OF GHANA**

The Committee supported the Expert Panel's view that the project's goal of providing Common Service facilities to small furniture industries is relevant and consistent with ITTO objectives. The Committee was also satisfied with the comprehensive revision of the project proposal, effected by the government of Ghana in response to recommendations made by the Expert Panel. However, the Committee sought more clarifications on the completeness of consultations with local communities and on the provision of mechanisms to ensure their participation in the project implementation and benefits. The Committee also inquired about the private sector willingness to relocate to the proposed craftsmanship village.

The government of Ghana reiterated to the committee that villagers were widely consulted during project formulation and are very supportive of the project, which will bring infrastructure development and job opportunities to the area. Ghana also informed that the proposed relocation is fully supported by the wood furniture industry, whose association is in fact the main agency in charge of project implementation. Nevertheless, to ensure effective participation of the local community, this issue will be further considered during project implementation to ensure the local community actively participate and benefit from the project. The Committee decided to recommend to Council the approval of this revised proposal.

**PD 7/97 Rev.1 (I) III PLYWOOD AND TROPICAL TIMBER INTERNATIONAL CONGRESS GOVERNMENT OF BRAZIL**

The Committee agreed that this revised project proposal appropriately met the recommendations made by the Expert Panel, particularly by providing further details on the conference agenda, and on subcontracts, by clarifying the implementation framework, and by adjusting the budget to reduce the ITTO contribution while reallocating some funds to support participation of small local producers.

The Committee discussed also the appropriateness of ITTO financing a conference of this nature, primarily directed at the timber industry and trade. The Committee recalled that ITTO has already financed two international conferences on plywood, and this third one, which will focus on policies and measures to promote sustainable timber production and trade, similarly meets and is consistent with the objectives of the International Tropical Timber Agreement 1994.

The Committee decided to recommend to Council the approval of the proposal, further revised [PD 7/97 Rev.2 (I)] to include minor budget amendments to appropriately reflect the ITTO administrative support costs.

## 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 7/94 Rev.3 (M,l)	c,d,e,f,i,m,n	Further Processing/ Forest Management	1,028,625	4 years	Brazil and Selected Consumer Countries	1
PD 46/96 Rev.2 (l)	c,f,i,m	Further Processing	486,355	5 years	Ghana	1
PD 7/97 Rev.2 (l)	l,c,d,m	Further Processing/ Forest Management	202,560	6 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)

#### COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

App. No.	Name	Nationality	Subject
065/97S	Ona, Amos	Papua New Guinea	Short Training Course on Marketing of Tree and Forest Products Course at RECOFTC, Kasetsart University, Bangkok, Thailand

#### COMMITTEE ON FOREST INDUSTRY

011/97S	Apetorgbor, Mary Mamle	Ghana	Short Training Course in International Course on the Identification of Fungi of Agricultural and Environmental Significance at International Mycological Institute, U.K.
153/97S	Bello, Emmanuel Dario	Philippines	Deliver Conference Paper at IUFRO All Division 5 International Conference on Forest Products for Sustainable Forestry, Pullman, U.S.A.
019/97S	Bhat, Kathila Mahabala	India	Deliver Conference Paper at International Academy of Wood Science Meeting, Vancouver, Canada & IUFRO Div. 5 Conference, Pullman, Washington, U.S.A.
064/97S	Frimpong-Mensah, Kwasi	Ghana	Deliver Conference Paper at IUFRO All Division 5 International Conference on Forest Products for Sustainable Forestry: Working Party 5.04-12 Finishing and Surfacing of Wood, Pullman, U.S.A.
003/97S	Gourlay, Ian David	U.K.	Deliver Conference Paper at International Tropical Wood Conference, Kuala Lumpur, Malaysia
093/97S	Gyamfi, Charles Kumi	Ghana	Deliver Conference Paper at the 13th International Wood Machining Seminar in Vancouver, Canada
009/97S	Hadi, Yusuf Sudo	Indonesia	Deliver Conference Paper at XI World Forestry Congress, Antalya, Turkey
046/97S	Jiang, Mingliang	China	Short term research at Forest Products Laboratory, USDA Forest Service, Madison, U.S.A.
084/97S	Soriano, Florence Pascua	Philippines	Study Tour on the manufacture, performance tests and marketing of prefabricated houses with wood/wood-based modular components: Fleetwood Enterprises, Inc, Riverside, California & Structural laboratory of the Engineering Data MGMT, Colorado, U.S.A.



044/97S	Tay, John	Malaysia	Ph.D. Oral Exam at the University College of North Wales, Bangor, U.K.
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### COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

086/97S	Andrewartha, Ross K.	Australia	Study Tour to Malaysia: "Investigation of Reduced Impact Logging Techniques and Developments in Malaysian Tropical Forests"
092/97S	Apan, Armando A.	Philippines	Technical Document Preparation on writing a Book/Monograph entitled "GIS Applications in Tropical Forest Management"
101/97S	Bentes, Michelliny Pinheiro de Matos	Brazil	Post Graduate Degree Program Magister Science Program at CATIE, Turrialba, Costa Rica
07/97S	Fantini, Alfredo Celso	Brazil	Short Training Course on Tropical Dendrology at Tropical Science Center, San Jose, Costa Rica
039/97S	Gautam, Krishna Hari	Nepal	Deliver Conference Paper at XI World Forestry Congress, Antalya, Turkey
085/97S	Hummel, Susan Stevens	U.S.A.	Deliver Conference Paper: Tropical Diversity Origins, Maintenance and Conservation: Symposium and Annual Meeting organized by Organization for Tropical Studies, San Jose, Costa Rica
124/97S	Kollie, Esther	Liberia	Diploma Course in Agroforestry at Kumasi Institute of Tropical Agriculture, Kumasi, Ghana
060/97S	Kyereh, Boateng	Ghana	Research on Regeneration studies of <i>Pericopsis elata</i> Harm and endangered timber species
054/97S	Long, Rithirak	Cambodia	Short Training Course on Management for Sustainable Natural Resource Development and Environmental Protection, University of Tennessee, Knoxville, U.S.A.
156/97S	Mar, Khyne U	Myanmar	Short Training Course on Computers for Data Management and Business Applications (CDMBA) at the University of Reading, U.K.
083/97S	Nepal, Sunil K.	Nepal	Technical Document - Preparation of Forest Mensuration Laboratory Manual at Institute of Forestry in Nepal
155/97S	Ocampo Pizarro, Miguel Angel	Peru	Study Tour on Community Forestry at Institute for International Forest - und HOLZWIRTSCHAFT, Technical University of Dresden, Germany
010/97S	Paralkar, Vijay Kesharao	India	Technology Transfer from New Forests Project, Washington D.C. to Academy for Agro-Medical Sciences- VAVAR, Dhamangaon, India
148/97S	Phillips, David Theophilus	Liberia	Long-term Training Program at School of Forestry, Sunyani, Ghana

077/97S	Riquelme, Lenin S.	Panama	Post Graduate Degree Program (Masters) in Latin American Studies with concentration in Tropical Resource Conservation and Rural Community Development at the Center for Latin American Studies Master's Degree Program, the University of Florida at Gainesville, U.S.A.
071/97S	Sharma, Ashita	Nepal	Short Training Course on Integrated Forestry Planning: Community Needs and Sustainable Management, ANUTECH, Canberra, Australia
002/97S	Tiwari, Bachcha	Nepal	B.Sc Programme (B.Sc.) in Forestry at Forest Education Division , Pakistan Forest Institute, Peshawar, Pakistan
119/97S	Wreh, Myer Konowroh	Liberia	Long-term Training Program at School of Forestry, Sunyani, Ghana
058/97S	Zakaria, Maziah	Malaysia	Deliver Conference Paper at XI World Forestry Congress, Antalya, Turkey

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FIRST SESSION  
21-29 May 1997  
Santa Cruz de la Sierra, Bolivia

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**  
**FIRST SESSION OF THE COMMITTEE ON**  
**FINANCE AND ADMINISTRATION**

**1. Opening by the Chairman**

The First Session was opened on 23 May 1997 by Mr. Alejandro Gumucio (Bolivia), the Chairman of the Committee. The list of participants is reproduced in Document ITTC(XXII)/Info.2/Rev.2. However, the meeting was restricted to Member delegations.

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

At its first meeting on 23 May 1997 the Committee adopted the agenda of its First Session as contained in document CFA(XX)/1.

**3. Review of Contributions to the Administrative Budget**

The Executive Director introduced document CFA(I)/2. In addition to contributions listed in the document, the Secretariat had just received a payment of \$45,050 from Panama. The Committee took note of the document and of this later contribution. Document CFA(I)/2 Rev.1 presented the situation as it would apply after the accession of expected new Members.

**4. Current Status of the Administrative Account**

The Executive Director introduced document CFA(I)/3. The current forecast of revenue and expenditure showed a surplus at the close of the 1997 financial year of \$118,302 and a balance in the Working Capital Account as at 24 May 1997 of \$1,670,877.95. Assistance from the Working Capital Account to meet expected cash flows during the remainder of the year was therefore not required. The Secretariat explained the nature of assumptions made in projecting the financial situation. Colombia indicated her 1997 contribution was imminent. The Committee took note of the document.

**5. Resources of the Special Account and the Bali Partnership Fund**

- a) Pre-Project Sub-Account
- b) Project Sub-Account
- c) Bali Partnership Fund

The Secretariat introduced document CFA(I)/4. The Committee noted that the Bali Partnership Fund had an outstanding pledge of \$11.5 million from Japan, subject to certain qualifications, but with no transfer of funds pending establishment of the Fund. The Committee took note of the document.

**6. Auditor's Report on the 1996 Accounts**

The Secretariat introduced document CFA(I)/5, the Report of the Independent Public Accountants, and the Committee recommended that Council accept this report.

**7. Revision of Basic Control Documents**

The Committee noted that the basic control documents were as follows:

- Rules of Procedure (Document ITTC(I)/14)
- Headquarters Agreement between the Government of Japan and the International Tropical Timber Organization
- Financial Rules and Rules relating to Projects of the International Tropical Timber Organization
- Staff Regulations and Rules

The Committee agreed that in principle the urgent issue was the preparation of financial rules to cover the Bali Partnership Fund in accordance with article 21(6) of the Agreement. It recommended that the Council accept a set of proposed rules with further proposals on the remainder of the Financial Rules to be made by the Executive Director for consideration at the Second Session. In general minor editorial changes were needed in the Rules of Procedure except for a new rule 32, where China had requested that the Chinese language be included among the working languages of ITTO. The Committee agreed to defer this issue for discussion at the next Session. The Headquarters Agreement did not require amendment. However, an issue under Article 15 was raised by China in which concern was expressed regarding the

difficulty experienced by Chinese delegates attending ITTC Sessions in Japan in obtaining visas for that country. The Committee noted that Japan had given assurances she would make the utmost effort to resolve the problem. The Executive Director was also requested to prepare cost data on the conduct of Council Sessions using one, three, or more languages. The Staff Regulations and Rules would also require more time for consideration.

**8. Treatment of Arrears Accumulated under the International Tropical Timber Agreement, 1983**

The Committee noted these arrears as recorded in document CFA(I)/2. It was agreed to recommend to Council that no interest be charged on these arrears after 31 December, 1996, the expiry date of the ITTA, 1983, and that the principal of the debt accumulated, plus any arrears accumulated in 1997 or later years, continue to be invoiced to the Members concerned. This would also apply, under article 43(3) of the Agreement, to States which had not acceded to the ITTA, 1994.

**9. Treatment of Discounts which may be granted under the International Tropical Timber Agreement, 1994**

The Committee proposed to Council an addition to Rule 4 of the financial rules which would give the discount to Members who had earned it as a rebate in the following year's budget. This budget would also bear the cost of paying the discounts. The discount rate for 1997 would be 5.5% and could be varied later by Council.

**10. Other Business**

The budgets for the expenditure items listed in Document ITTC(XXII)/3 were referred to the Committee by the Council. The Committee recommended that Council accept the budgets for the Evaluation and Communication Office in Annexes II - IV, but that the budget for the revision of the Guidelines and Manuals (Annex I) should be raised to \$170,910 to account for additional work by the consultants after the Twenty-third Session.

**11. Dates and Venue of the Second, Third, and Fourth Sessions**

The Committee noted that these would be identical to those chosen by the Council for its Twenty-third, Twenty-fourth, and Twenty-fifth Sessions.

**12. Recommendations to the International Tropical Timber Council**

These are recorded in this report under agenda items 6, 7, 8, 9, & 10.

**13. Report of the Session**

The Committee adopted this report of the Session.

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