



**United Nations
Conference
on Trade and
Development**

Distr.
GENERAL

TD/TIMBER.3/3
22 June 2004

ENGLISH
ENGLISH, FRENCH AND
SPANISH ONLY

UNITED NATIONS CONFERENCE FOR THE NEGOTIATION OF A SUCCESSOR
AGREEMENT TO THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994
Geneva, 26–30 July 2004
Item 7 of the provisional agenda

**PREPARATION OF A SUCCESSOR AGREEMENT TO THE
INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1994**

Note by the UNCTAD Secretariat*

The present document contains a review of the work carried out by the International Tropical Timber Organization (ITTO), including, *inter alia*, policy and project work; it considers the results of ITTO work and its achievements under the International Tropical Timber Agreement, 1994, *vis-à-vis* the agreement articles. This document is made available to the Negotiating Conference by the ITTO.

* Prepared for the International Tropical Timber Organization by Stephanie Caswell and Sharahuddin Mohamad Ismail to assist preparations for negotiating a successor agreement to the ITTA, 1994.

TABLE OF CONTENTS

Section A - Introduction.....	1
Section B - Implementation Procedures.....	3
1. Chapter III. Organisation and Administration (Articles 3-5).....	3
2. Chapter IV. International Tropical Timber Council (Articles 6-16).....	3
3. Chapter VI. Finance (Articles 18-23)	9
4. Chapter VII. Operational Activities (Articles 24-27)	13
5. Chapter VIII. Relationship with Common Fund for Commodities (Article 28).....	25
Section C - Objectives: Chapter I, Article 1	26
1. General Objectives: 1(a) and (c)	26
2. Objectives related to trade: 1(b), (e), (h) and (k)	28
3. Objectives related to the resource base: 1(d), (f), (j) and (l).....	31
4. Objectives related to forest industry: 1(i) and (f).....	36
5. Cross-cutting objectives: 1(g), (m) and (n).....	37
Section D - Other Prescribed Action/Work: Chapter IX. Statistics, Studies and Information.....	39
1. Articles 29. Statistics, Studies and Information.....	39
2. Article 30. Annual report and review.....	40
Section E - Other Provisions: Chapters V, X and XI.....	43
1. Chapter V. Privileges and Immunities (Article 17)	43
2. Chapter X. Miscellaneous (Articles 31-36)	43
3. Chapter XI. Final Provisions (Articles 37-46)	44
Section F - Summary	46
1. Notable Achievements under the ITTA, 1994	46
2. Shortfall in Implementation	50
3. Areas for Potential Further Review under a New Agreement	51
4. Technical Questions for Referral to UNCTAD Representative.....	53
Annex 1: Council Decision 6(XXXIV)	54
Annex 2: Distribution of Votes and Member Assessments: 1997 and 2003	57
Annex 3: Report on Measures Pursued in Annexes A and B of ITTC Decision 7(XXX) on the Role of ITTO in International and Regional Organizations and Fora.....	59
Annex 4: List of Observers to ITTO Council Sessions, 1997-2003 (May).....	77
Annex 5: Organizational Chart of the ITTO Secretariat as of July 2003	80
Annex 6: Voluntary Financial Contributions to the Special Account and Bali Partnership Fund, 1997-2003	81
Annex 7: Countries Benefiting from Funding from the Special Account and Bali Partnership Fund, 1997 - 2003	83
Annex 8: Council Decisions on Economic Information and Market Intelligence, Reforestation and Forest Management and Forest Industry, 1997 – May 2003.....	84
Annex 9: Summary of Freezailah Fellowship Fund: 1997 – 2003 (May).....	87

Annex 10: ITTO Governance Structure.....	88
Annex 11: Functions of the Four Committees Elaborated in Article 27 of the ITTA, 1994.....	89
Annex 12: Policy Related Work Initiated by the Technical Committees through Pre- Projects, 1997-2003 (May).....	91
Annex 13: ITTO Projects on Statistical Capacity Commencing since 1997.....	92
Annex 14: ITTO Communication and Outreach Products since 1997.....	93
Annex 15: List of Expert Panels, Working Groups, Seminars, Workshops, Conferences, Side Events, and Exhibits Organized or Arranged by the Secretariat, 1997 – September 2003.....	95
Annex 16: ITTO Projects Supporting Protected Forests, Including Transboundary Conservation Areas, 1997 – 2003 (May).....	97
Annex 17: Status of Accession by Members to the ITTA, 1994, as of June 2003.....	98

BACKGROUND PAPER SUMMARIZING EXPERIENCES IN IMPLEMENTATION OF THE ITTA, 1994

SECTION A INTRODUCTION

By Decision 6(XXXIV), the full text of which is contained in Annex A, the Council requested “the Executive Director to engage Consultants to prepare an overall background paper that summarizes experiences of implementation of the current ITTA, 1994”. Consistent with the terms of reference included in Decision 6(XXXIV), this background paper provides a “review of the work carried out by ITTO, including, *inter alia*, policy and project work,” and considers “the results of ITTO work and its achievements under the ITTA, 1994, *vis-à-vis* the agreement articles, particularly in relation to articles on:

- i. implementation procedures,
- ii. objectives, and
- iii. other prescribed actions/work."

The background paper has been completed in time to be available for the second meeting of the ITTO Working Group on negotiating a successor agreement to the ITTA, 1994, which is meeting 25–29 August 2003 in Curitiba, Brazil.

Since the ITTA, 1994 came provisionally into force on 1 January 1997, the period covered by the background paper is 1997 to mid-2003, which includes the 22nd to the 34th Sessions of the Council. In addition to this introductory section, the background paper is organised as follows:

SECTION B reviews work and achievements undertaken under the ITTA, 1994 under those chapters dealing with implementation procedures. These include Chapter III (Organisation and Administration), Chapter IV (International Tropical Timber Council), Chapter VI (Finance), Chapter VII (Operational Activities) and Chapter VIII (Relationship with the Common Fund for Commodities).

SECTION C of the background paper reviews policy and project work and achievements in relation to Chapter 1, the objectives of the ITTA, 1994.

SECTION D reviews other prescribed action/work, notably in connection with Chapter IX on “Statistics, Studies and Information”.

SECTION E reviews activities under other provisions of the Agreement, including Chapter V (Privileges and Immunities), Chapter X (Miscellaneous) and Chapter XI (Final Provisions).

SECTION F summarizes the above review of experiences in implementing the ITTA, 1994.

The background paper builds on two recent ITTO reports: (1) “Working Paper for the New ITTO Action Plan” prepared by Ivan Tomeselli and Patrick Hardcastle in July 2001 pursuant to Council Decision 11(XXIX) and (2) “Review of Progress toward the Year 2000 Objective (ITTC(XXVIII)/9) prepared by Duncan Poore and Thang Hooi Chiew in November 2000. The paper also draws on a number of Council documents related to the classification of decisions, decisions of the Council itself and summary information prepared by the Secretariat.

The consultants wish to express their deep appreciation to Dr. Manoel Sobral Filho and the staff of the ITTO secretariat for the excellent assistance and support in preparing this background paper.

SECTION B IMPLEMENTATION PROCEDURES

This section reviews work and achievements undertaken under those chapters of the ITTA, 1994 which deal with implementation procedures. These include:

Chapter III	-	Organisation and Administration
Chapter IV	-	International Tropical Timber Council
Chapter VI	-	Finance
Chapter VII	-	Operational Activities
Chapter VIII	-	Relationship with the Common Fund for Commodities

1. CHAPTER III. ORGANISATION AND ADMINISTRATION (ARTICLES 3-5)

Chapter III, Article 3 provides that the ITTO shall function through the Council, committees, other subsidiary bodies and the Executive Director and his staff, and establishes the ITTO headquarters in Yokohama, Japan. Article 4 establishes the two categories of members, “namely producing and consuming” members. Article 5 deals with the membership of the European Community and related voting matters *vis-à-vis* its member states.

To date, the ITTO has functioned through the Council, four permanent committees established under Article 26 of the ITTA, 1994 and a number of subsidiary bodies established by Council or by informal practice, including the producer and consumer caucuses. The headquarters of the Organization has remained in Yokohama throughout the current Agreement. The membership of the European Community has conformed to that set forth in Article 5.

2. CHAPTER IV. INTERNATIONAL TROPICAL TIMBER COUNCIL (ARTICLES 6-16)

Chapter IV includes Articles 6-16, which deal with various matters related to the Council, including its composition, functions, officers, sessions, voting matters, cooperation with other organizations, and the Executive Director and staff.

a. Articles 6 and 7 - Composition, powers, functions

As provided in Articles 6 and 7, the Council has been the Organization’s highest authority under the ITTA, 1994, consisting of all members.

Article 7 provides that the “Council shall, by special vote, adopt such rules and regulations as are necessary to carry out the provisions” of the Agreement. In December 1997 by Decision 6(XXIII), the Council approved revisions to the existing “Rules of Procedure” and the “Financial Rules and Rules Relating to Projects of the ITTO” to reflect provisions under the ITTA, 1994, including establishment of the Bali Partnership Fund and the Committee on Finance and Administration. The Council has since approved other revisions to the rules to reflect its decisions.

The Rules of Procedure cover matters related to representation and credentials, chairperson and vice chairperson of the Council, sessions of the Council, conduct of business, voting, committees and subsidiary bodies, and languages and records. The Financial Rules cover matters related to the Administrative Budget, Special Account, Bali Partnership Fund and project and pre-project rules.

Council functions. Beyond this, few functions are elaborated for the Council, other than those regarding projects in Article 25 and establishing subsidiary bodies in Article 26. While it has been assumed in implementing the ITTA, 1994 that the Council as the ITTO governing body maintains all functions not otherwise delegated, it is surprising that so few are mentioned in the current Agreement. It may be useful in a new Agreement to note other key Council functions, such as providing guidance and direction to subsidiary bodies, establishing action plans and work programs, monitoring efficiency and effectiveness, and promoting communication and outreach.

Special vote. The Rules of Procedure and Financial Rules were adopted by Council by consensus. No special votes were taken, even though the language in Article 7 appears to clearly stipulate that a special vote is required. Article 2 of the ITTA, 1994 (which is not specifically addressed by this background paper) defines “special vote” as follows:

“8. “Special vote” means a vote requiring at least two-thirds of the votes cast by producing members present and voting and at least 60 percent of the votes cast by consuming members present and voting, counted separately, on condition that these votes are cast by at least half of the producing members present and voting and at least half of the consuming members present and voting;”

The Council has chosen to interpret the requirement for a “special vote” under Article 7 (and under a number of other articles of the ITTA, 1994) to be one that only needs to be invoked if the Council cannot reach agreement by consensus. It may be useful in a new Agreement to clarify that a special vote (assuming the provision for special votes is retained in a new Agreement) is not a requirement but rather the alternative to be used by Council in certain situations when consensus cannot be reached. In this context, it also may be useful to review why there is a different standard for producer votes (two-thirds of the votes cast by those present and voting) and consumer votes (60% of the votes cast by those present and voting).

Given that no votes have been taken by Council under the ITTA, 1994, a larger question may be whether the provision for a special vote (in addition to a simple distributed majority vote) is needed in a new Agreement. This is discussed further under Article 12.

b. Article 8 - Chairman and Vice-Chairman

Consistent with Article 8, the Council has elected the following member representatives as chair of the Council for a one-year term each.

CHAIRPERSONS OF THE ITTC: 1997-2003

YEAR	CHAIR	COUNTRY
1997	Mr. Wisber Loeis	Indonesia
1998	Ms. Stephanie Caswell	U.S.A.
1999	Mr. Jean Williams Sollo	Cameroon
2000	Mr. Rae-Kwon Chung	Rep. of Korea
2001	Ms. Josephina Takahashi	Peru
2002	Dr. Jürgen Blaser	Switzerland
2003	Dato' Dr. Freezailah bin Che Yeom	Malaysia

As provided in Article 8, the chairmanship has alternated between producer and consumer members. This has had a positive influence in the Council by providing balance between the two categories of members, as well as opportunities for a wide range of members to serve in

the highest Council position. In each case, the incumbent has served as vice chair of the Council in the previous year. Following election of the first woman chair in 1998, the ITTO adopted the practice of referring to the chairman as “chairperson.”

c. **Article 9 – Council sessions**

Article 9 provides that “the Council shall hold at least one regular session a year” and stipulates that “sessions of the Council shall be held at the headquarters of the Organization unless the Council, by special vote, decides otherwise. If on the invitation of any member the Council meets elsewhere than at the headquarters... that member shall pay the additional cost of holding the meeting away from headquarters.”

Although not required, in practice the Council – together with the four permanent committees established in Article 27 – has routinely met twice a year, once at headquarters and once by invitation in a producer country on a geographic rotational basis among the three producer regions (Africa, Asia, Latin America). The costs of these sessions has been as follows:

COSTS OF COUNCIL-COMMITTEE SESSIONS OUTSIDE HEADQUARTERS

SESSION	DATE	VENUE	COST (US\$)
XXXIV	May 2003	Panama City, Panama	492,460.00
XXXII	May 2002	Bali, Indonesia	465,242.00
XXX	May 2001	Yaoundé, Cameroon	552,951.00
XXVIII	May 2000	Lima, Peru	568,629.00
XXVI	May 1999	Chiang Mai, Thailand	400,596.00
XXIV	May 1998	Libreville, Gabon	570,400.00
XXII	May 1997	Santa Cruz, Bolivia	525,820.00
		Total:	3,576,098.00
		Average:	510,899.00

The average cost of these sessions held in producer countries is about the same as the cost of sessions held in Yokohama, which run about \$530,000 per session. The extra costs associated with transporting the core secretariat to a producer country tends to be offset by less expensive conference facilities. While producer hosts usually pay for some representational events (not included in the above figures), the entire cost of holding sessions outside Yokohama has been covered by Japan.

The practice of holding alternate Council sessions outside Yokohama has helped raise the awareness of ITTO in producer countries and has provided important opportunities for members to see the actions being undertaken by producers towards implementing ITTO’s work program.

Requirement for special vote. Again, no “special votes” have been taken by Council in connection with the sessions held outside headquarters, even though the language in the Article appears to stipulate that a special vote is required, not the alternative when consensus cannot be reached. As already mentioned in connection with Article 7, it may be useful in a new Agreement to clarify that a special vote is to be taken under Article 9 only in the absence of consensus or to dispense with the special vote provision entirely in the context of this Article.

Frequency and duration of meetings. The Council has spent considerable time under the ITTA, 1994 looking at ways to improve the effectiveness and efficiency of the ITTO, including as related to the frequency and duration of Council and committee sessions. Pursuant to Decision 11(XXVII), the secretariat prepared cost estimates for three options, which range in annual costs from US\$1.16 million (status quo) to US\$ 730,000 (one annual combined Council/committee session at headquarters).

In developing the schedule of Council/committee sessions, together with the schedule for prepcoms and conferences for negotiating a successor agreement to the ITTA, 1994, the Council has reduced the duration of Council/committee sessions held outside headquarters from 6 to 4 days in 2004 and from 6 to 3 days in 2005.

Special Sessions. Article 9 provides that the Council may meet in special session whenever it so decides or at the request of the Executive Director or a majority of members under certain conditions. To date, no special sessions of Council have been convened under the ITTA, 1994. However, this could arise in the course of negotiating a new Agreement.

d. Articles 10-12 - Voting

Distribution of votes. Articles 10 and 11 outline complex formulas for the distribution of votes between and among producer and consumer categories and members, as well as procedures for voting. One thousand (1,000) votes are allocated to each category of member. Among producers, votes are then distributed based in part on balance among the three producer regions, the extent of each country's "tropical forest resources" (i.e. extent of "productive closed broad-leafed forests as defined by FAO"), and net exports of tropical timber "during the most recent three-year period for which definitive figures are available." Distribution of votes among consumers is based largely on "average volume of net imports of tropical timber" during the same three-year period. **ANNEX 2** shows the annual distribution of votes among producing and consuming members for 1997 and 2003, using the above formulas.

The formulas for distributing votes under the current Agreement is the same as under the ITTA, 1983, when definitions of forest cover and the structure and composition of the tropical timber trade were quite different. For example, neither FAO nor any other body has collected data on areas of "productive closed broad-leafed forests" since the 1980 FAO Forest Resources Assessment. Under the ITTA, 1994 the ITTO secretariat has used total area of "natural closed forest" in calculating producer votes since this category of forest area is reported in the 1990 and 2000 FAO Forest Resource Assessments and most closely approximates "productive closed broad-leafed forests".

The calculation of "average volume of net imports" of consumer countries is also unclear. The secretariat has typically made this calculation by first converting all quantities to round wood equivalents and then summing the quantities of the various products imported.

In a new Agreement, it might be useful to clarify what is meant by "tropical forest resources" for producers, and whether round wood equivalents or actual product volumes should be used in the consumer calculation. More generally, it may be useful to consider whether the formulas for calculating producer and consumer votes as a whole continue to be meaningful in terms of the structure of the current international tropical timber trade.

Consensus-based decision-making. Despite the complex system for distributing votes and procedures for voting set forth in Articles 10 and 11, Article 12 states that "the Council shall endeavor to take all decisions and to make all recommendations by consensus." To date, the

Council has taken all decisions by consensus under the ITTA, 1994, which reflects very positively on the willingness of members and the Council as a whole to find common ground.

Article 12 goes on to state that “if consensus cannot be reached, the Council shall take all decisions and make all recommendations by a simple distributed majority vote, unless the Agreement provides for a special vote.” Article 2 defines this “majority vote” as follows:

“9. Simple distributed majority vote” means a vote requiring more than half of the votes cast by producing members present and voting and more than half of the votes cast by consuming members present and voting, counted separately.”

Thus, a simple distributed majority vote has a lower threshold than a special vote, which requires two-thirds of producer votes cast and 60% of consumer votes cast “counted separately.” Since the Council has taken no simple majority distributed votes, the complex system of vote allocation among members has not been used as a basis for voting.

Relation to the Administrative Budget. In practice, the principal use of the formulas for distributing votes among members has been in determining the amount of each member’s annual assessed contributions to the Administrative Budget. This is discussed further under Section B.3.a on Article 19.

e. **Article 14 – Cooperation and coordination with organizations**

Consistent with Article 14, the Executive Director has been highly proactive under the ITTA, 1994 in cooperating with key international and non-governmental organizations and in raising the international profile of ITTO and awareness of its strengths and comparative advantage.

Based on recommendations contained in the Report of the ITTO Expert Panel on the Role of ITTO in International and Regional Organizations and Fora, the Council by Decision 7(XXX) in June 2001 identified the role of ITTO with respect to a wide range of international and regional organizations, including organisations established or made more fully operational since negotiations on the ITTA, 1994 were concluded in January 1994.

In November 2002 at the request of Council, the Executive Director prepared the report contained in ANNEX 3 on measures pursued in connection with Decision 7(XXX). Both the decision and report indicate that while Article 14 mentions specifically UNCTAD, CSD, GATT and CITES, the most important areas of ITTO cooperation and coordination have been with the following organizations:

IPF/IFF/UNFF. ITTO participates through the Executive Director as a member of the Collaborative Partnership on Forests (CPF), which is supporting the UN Forum on Forests (UNFF) established in 2000. By Decision 7(XXX), the Council authorized the ITTO to serve as the focal point within the CPF on trade related issues where ITTO has a comparative advantage, as well as to advance CPF work on using criteria and indicators for national forest assessment, monitoring and reporting, including in the UNFF context. The Council has agreed to second an ITTO professional to the UNFF secretariat in New York for a two-year period.

ITTO also participated in the CPF predecessor, the “high level Interagency Task Force on Forests,” which was created to support work of the Intergovernmental Panel on Forests (IPF) and Intergovernmental Forum on Forests (IFF). Between 1995 and 2000, the Executive Director with Council approval seconded sequentially two ITTO professional staff to the IPF/IFF secretariats to support work on forest trade related issues.

FAO. FAO is a permanent observer of the ITTC. The Executive Director and his staff have coordinated closely with FAO and the UN-ECE Timber Committee to streamline national reporting related to forests. The FAO Forestry Department and ITTO are increasingly working together on issues of mutual concern, including collection and analysis of information and statistics on forest production, consumption and trade; studies of the impacts of the forest products trade on the environment; implementation of criteria and indicators for sustainable forest management to assess the state of and trends in forest conditions at national and international levels; and issues related to illegal logging

CITES. Spurred by proposed Appendix II listings of selected tropical timber species, the Council has taken a number of decisions on cooperation with the Convention on International Trade in Endangered Species (CITES), including requesting members to inform the Executive Director of their proposed listings of tropical timber species on CITES Appendices. ITTO has been a member of the ad hoc CITES Timber Working Group (now moribund) and the Mahogany Working Group, which next meets in Brazil in October 2003 to follow up on the decision of the 12th CITES Conference of Parties to list big leaf mahogany on Appendix II.

Other organizations. Under the ITTA, 1994, the Council has taken decisions to enhance ITTO cooperation with the African Timber Organization (ATO), World Conservation Union (IUCN) and the Common Fund for Commodities (CFC). ITTO has also worked closely with, contributed positively to, or initiated consultations with ASEAN, CIFOR, ICRAF, INBAR, UN-ECE, UNEP, UNESCO, UNFCCC/IPCC, CCD, WTO, World Bank/Global Environment Facility, and regional and international criteria and indicators processes, as well as a number of international non-governmental organizations (e.g. World Wildlife Fund, Conservational International, World Resources Institute, CAB International) and trade and industry groups.

Key areas of cooperation have included: International policy issues, statistics, capacity building, forest financing, market issues (market access, market transparency, certification), illegal logging and trade, forest monitoring, assessment and reporting, especially criteria and indicators for sustainable forest management, land degradation, forest fires, climate change, improved local wood processing, protected areas and mangrove ecosystem management.

Based on this experience, it may be useful to update the most significant organizations for ITTO cooperation in the new Agreement or, given their number, seek a more general formulation. It may also be useful to bring into Article 14 the provision for the Common Fund for Commodities now contained in Chapter VIII.

f. Article 15 - Observers

Sessions of the International Tropical Timber Council have typically included a number of observer governments and organizations. From 1997 to 2003, 25 governments, 8 UN specialized agencies, 9 intergovernmental organizations and some 67 non-governmental organizations were accredited as observers to Council sessions. This level of participation reflects well on the ITTO and reflects the interest of national, regional and international organizations in the work of the Council. ANNEX 4 lists ITTO observers under the ITTA, 1994.

g. Article 16 – Executive Director and staff

Article 16 provides that “The Council shall, by special vote, appoint the Executive Director”. The Council has appointed two Executive Directors under the ITTA, 1994 as follows:

EXECUTIVE DIRECTOR APPOINTMENTS UNDER THE ITTA, 1994

APPOINTEE	DATE	ACTION
Dato' Dr. Freezailah bin Che Yeom (Malaysia)	December 1997	Extension to March 2000
	March 1999	Resignation
Dr. Manoel Sobral Filho (Brazil)	March 1999	Becomes Officer in Charge
	November 1999	Appointment for four years
	May 2003	Renewal to November 2007

Again, despite the stipulation for a special vote, no such votes were taken by Council in making the above appointments. In May 1998, by Decision 4(XXIV), the Council established transitional rules in the case of a vacancy in the Executive Director position. In 1999, by Decision 3(XXV), the Council adopted procedures for the selection and appointment of new Executive Directors, including limiting the term of appointment to four years, renewable only once. The second term of the current Executive Director will expire in November 2007, which should be after entry into force of a new ITTA.

3. CHAPTER VI. FINANCE (ARTICLES 18-23)

Chapter VI. Finance deals with ITTO's Administrative Account, Special Account and Bali Partnership Fund.

a. Article 19 - Administrative Account

Article 19 provides that "the expenses necessary for the administration of this Agreement shall be brought into the Administrative Account and shall be met by annual contributions paid by members." These contributions cover the ITTO Administrative Budget, which includes expenditures for staff salaries and benefits, official travel, consultants and workshops, data processing, communication and publications, and costs of Council meetings not met by Japan. Annual contributions by members are not voluntary but constitute an assessed financial obligation on the member government.

The level of a member's assessed contribution is based on the number of votes it holds. On this basis, the largest annual assessments have been paid by Japan, China, Brazil, Indonesia, Malaysia and the United States, which alone typically account for close to 50% of the Administrative Budget.

Administrative Budget. To date, the Council has approved the Administrative Budget annually at its November session in Yokohama. The Administrative Budget was US\$3.99 million in 1997 and US\$4.64 million in 2003, reflecting an increase of only US\$650,000 during the ITTA, 1994. Since most of the budget covers staff salaries and benefits, the secretariat has grown only slightly over this six-year period, while its workload has expanded appreciably. The ability of the secretariat to take on increasing work with existing resources reflects its high level of efficiency and productivity. ANNEX 5 shows the current organisational diagram of the ITTO secretariat.

In May 2003, by Decision 9(XXXIV), the Council requested the Executive Director to prepare a proposed biennial Administrative Budget for the 2004-2005 biennium for consideration at its 35th session in November 2003 and to make consequential changes to ITTO's Financial

Rules. A biennial budgeting process is expected to lead to improved and more efficient planning within the ITTO.

Costs met by Japan. In accordance with Article 5 of the 1988 Headquarters Agreement between the Government of Japan and ITTO, Japan “shall ensure that suitable premises, with the fittings, furniture and equipment, as well as conference facilities, shall be made available gratis for the use of the Organization, and that necessary gas, electricity, water and fire protection shall be supplied gratis for the premises of the Organization.” Japan has annually supplemented the Administrative Budget by covering the costs of office space (premises), utilities, equipment, support staff and Council meetings, among other costs. This contribution amounts to about US\$2.2 million annually or a total of about US\$ 12.7 million since 1997.

Members arrears/suspension of votes. Despite the obligation to pay annual assessments, a number of members have repeatedly failed to do so. Article 20 (para 7) provides that “if at the expiry of seven months from the due date of the contribution ... a member has still not paid in full its contribution, its voting rights shall be suspended until such time as it has paid in full...”. Members with voting rights currently suspended are as follows:

Members with Suspended Voting Rights as of June 2003: Bolivia, Central African Republic, Colombia, Congo, Democratic Republic of Congo, Honduras, Liberia, Peru, Suriname, Togo, Venezuela

Typically, 15% of annual assessments are not paid by members when due. After late payments are made and applied to members’ arrears, the average annual budget share not paid by members decreases from 15% to about 10% of annual assessed contributions. Even so, this has placed an additional burden on the Executive Director in managing the work of the already lean secretariat and in providing services to members.

Since no votes have been taken by Council under the ITTA, 1994 to decide issues, the suspension of voting rights provides in practice no disincentive to non-payment of assessments. In order to help address this situation, the Council by Decision 7(XXXIII) decided that “the Secretariat will not process project and pre-project proposals submitted by Members with cumulative arrears to the Administrative Account beginning from 2002 which are equal to or in excess of three times the Members annual assessed contribution in the year proposals are submitted.”

While the benefits of this measure may not be seen until late 2004 when the penalty for three years of non-payment goes into effect, positive results are expected. It may be useful to include this penalty in a new Agreement. It may be useful to specify other penalties as well, such as ineligibility for participation in ITTO expert panels and working groups and the Council decision-making process, which would affect consumers as well as producers.

Arrears write-offs. Also by Decision 7(XXXIII), the Council authorized the Executive Director “to write off, on annual basis, one-fifth of a Member’s arrears” accrued during the period 1986-1996 (i.e. under the ITTA, 1983) “for any Member which has no arrears in its contributions to the Administrative Budget in respect to its obligations related to the year 2002 and beyond.” As of 31 December 2002, the Executive Director had written off such arrears and related interest charges totaling about US\$268,000 owed by Congo, Cote d’Ivoire, Gabon and Togo. Net remaining arrears and interest charges under the ITTA, 1994 total US\$1.98 million or about 40% of the entire Administrative Budget for one year.

Discounted Assessments. Article 20 (para 7) provides that a member which “has paid its full contribution to the administrative budget within four months after such contribution becomes due ... shall receive a discount ... as may be established by the Council in the financial rules of the organization.” The Council provided for such a discount in the Financial Rules in December 1997 by Decision 6(XXIII). Members earning discounts in their annual contribution to the Administrative Account under the ITTA 1994 are as follows:

Members Earning Discounts in Annual Contributions under the ITTA, 1994:

All years:	Australia, Malaysia
1-plus years:	Brazil, Cameroon, Cote d’Ivoire, Fiji, Gabon, Ghana, Guatemala, Guyana, Indonesia, Myanmar, Papua New Guinea, Peru, Thailand, Trinidad and Tobago, Togo, all consumer countries except Japan

Supplementing the Budget. In addition to the administrative expenses covered by Japan, the Council on occasion has authorized the Executive Director to transfer funds from the Working Capital Account to meet the shortfall in the Administrative Account and to implement the approved ITTO work program. This has occurred as follows:

**Transfers from Working Capital Account
to Administrative Account since 1997**

DATE	DECISION	TRANSFER AUTHORITY US\$
May 2000	6(XVIII)	Up to 200,000.00
May 2001	3(XXX)	Up to 200,000.00
May 2002	6(XXXII)	Up to 100,000.00
November 2002	2(XXXIII)	Up to 300,000.00

While the Executive Director has not needed to transfer the full amount authorized in all years, the Council’s granting of such authority points to the repeated shortfalls in the Administrative Account due to non-payment by members of their annual assessed contributions.

b. Article 20 - Special Account

Article 20 establishes two sub-accounts under the Special Account, one for projects and one for pre-projects; identifies possible sources of finance, including voluntary contributions; and provides for various other matters.

Voluntary contributions to the Special Account from 1997 to June 2003 have totaled nearly US\$ 85 million. Of this amount, \$81.5 million, or 97%, has come from only four donors: Japan, Switzerland, the United States and the Netherlands.

Altogether, other member countries have contributed a combined total of US\$ 2.26 million over the life of the ITTA, 1994. Modest contributions to the Special Account also have been

made by the Common Fund for Commodities, FAO and the private sector, which together amount to about US\$ 1.3 million.

Unused project funds. Article 20 (para 11) provides that “contributions for specified approved projects shall be used only for the projects for which they were originally intended, unless otherwise decided by Council in agreement with the contributor” and that “after the completion of a project, the Organization shall return to each contributor... the balance of any funds remaining ... unless otherwise agreed to by the contributor.”

The Executive Director regularly calculates unused funds from completed and closed projects and pre-projects (e.g. funds not expended by executing agencies or by ITTO for project monitoring and evaluation) and notifies donors accordingly. Most donors, including all major donors, have made unused funds available for allocation to other projects and pre-projects. To date, US\$ 4.8 million has been available for reallocation to projects from completed projects, pre-projects and other activities.

In May 2001, The Council by Decision 3(XXVIII) established “Pooled Sub-Accounts” to support ex post evaluations and requested contributors to transfer any remaining “monitoring and evaluation” funds from completed projects and pre-projects to this pool. To date, US\$ 1.28 million has been transferred to the pool by donors.

c. Article 21 - Bali Partnership Fund

The Bali Partnership Fund was established under Article 21 of the ITTA, 1994 as a “Fund for sustainable management of tropical timber producing forests ... to assist producing members to make the investments necessary to achieve the objective of article 1(d) of the Agreement.” Article 1(d) is “To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000.”

Article 21 (para 4) also provides that “in allocating resources of the Fund, the Council shall take into account: (a) the special needs of members whose forestry sectors’ contribution to their economies is adversely affected by the implementation of the strategy” ... and (b) the needs of members with significant forest areas who establish conservation programs in timber producing forests.”

Sub-Accounts A and B. By Decision 6(XXVI), the Council established two sub-accounts under the Bali Partnership Fund. Sub-Account A is for country specific actions, pre-projects and projects. Sub-Account B is for actions, pre-projects and projects that provide regional benefits or benefit the ITTO membership as a whole.

Japan has been the sole contributor to Sub-Account A, with contributions totaling some US\$ 25 million.

Switzerland and the United States have been the only contributors to Sub-Account B, with contributions totaling about US\$2.2 million. The major source of funding for Sub-Account B is interest earned on the Special Account and interest accrued in the Bali Partnership Fund itself, which now totals \$11.1 million. This amount could be increased significantly if Article 21, subpara 2(b) were amended to provide that 100 percent (instead of 50 percent) of the “income earned as a result of activities related to the Special Account” would be deposited in Sub-Account B, and if more consumer members contributed to Sub-Account B.

Because all funds in Sub-Account B are unearmarked, by Decision 4(XXX) the Council establishes at each session a panel to allocate the funds. The panel is chaired by the chair of the Committee on Finance and Administration and composed of three main consumer contributors to the Bali Partnership Fund, three producer members (one from each geographic region) and the Executive Director.

Year 2000. In view of the fact that the year 2000 has past and a new Agreement is unlikely to come into force until 2006, it may be useful to revisit the provisions contained in Article 21 together with Objective 1(d), with a view to updating and rationalizing the purpose of the Bali Partnership Fund regarding “Objective 2000” in the post-2000 era and reviewing the special needs of certain members under para 4 in this regard.

ANNEX 6 summarizes financial contributions to the Special Account and Bali Partnership Fund under the ITTA, 1994 as of June 2003 – which amount to nearly US\$ 123 million. ANNEX 7 summarizes the distribution of funds to members from the Special Account and Bali Partnership Fund during the same period. This financing has averaged about US\$17 million a year. Typically, the elapsed time from project approval and commitment of financing to disbursements of funds has been six to nine months, which is significantly more rapid than procedures and standards typical of bilateral and multilateral assistance agencies.

d. Articles 22-23 – Payments and audits

Article 22 provides that the Council may “accept other forms of contributions to the Special Account and Bali Partnership Fund, including scientific and technical equipment or personnel, to meet the requirements of approved projects.” To date, the Council has not been offered or accepted such forms of contributions.

Article 23 requires the appointment of “independent auditors” to audit statements of the three ITTO accounts. The Council has reviewed annually the appointment of auditors and audit statements at its November session in Yokohama. Auditors during the ITTA, 1994 have included Deloitte Touche - Tohmatsu & Co. (1997), Price Waterhouse (1998), Arthur Andersen - Asahi & Co. (1999) and Price Waterhouse Coopers (2000–2002).

4. CHAPTER VII. OPERATIONAL ACTIVITIES (ARTICLES 24-27)

Chapter VII, Articles 24-27, provides general guidance for ITTO’s policy and project work, establishes four standing committees subsidiary to the Council, and lays out in great detail the functions of the four committees.

a. Article 24 – Policy and project work

Article 24 stipulates that in order to achieve the objectives set out in Article 1, ITTO will 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.”

Under the ITTA, 1994, ITTO has shown itself to be a valuable policy forum, often in the forefront of the international forest policy dialogue. The Council has taken up a number of important and difficult issues, such as those related to market access, certification of forest management practices and forest law enforcement. In the face of often disparate members’ views on such issues, ITTO has been able to sponsor a constructive debate, find common

ground and move issues forward, including taking steps to implement its policy decisions through projects, workshops and training activities.

Despite ITTO's accomplishments as a policy forum, Article 24 contains the only recognition in the ITTA, 1994 (other than a reference to policy development in Article 1(a)) of the policy role of ITTO. Since the Organization's policy work is no less significant than its project activities, it may be useful in a new Agreement to give greater recognition to the policy component of ITTO's activities.

Balance among the three areas. Article 24 exhorts "balance" among ITTO's three focus areas of economic information and market intelligence, reforestation and forest management and forest industry (which correspond to the names of ITTO's three technical committees). In practice, this has not occurred under the ITTA, 1994 (or under the 1983 Agreement). While both the Libreville Action Plan: 1997-2001 and the Yokohama Action Plan: 2002-2006 give comparable attention to the three areas, balance has not been reflected in either the policy or project work of the ITTO.

On the policy side, a good indication of ITTO's policy work is reflected in Council decisions. While many Council decisions since 1997 have focused on administrative and organizational matters (e.g. Administrative Budget, efficiency and effectiveness, projects and project cycle), the Council has taken 39 decisions since 1997 that deal directly with one of the three focal "areas." These decisions are as follows:

Economic Information and Market Intelligence (6 decisions)

- Market access (2)
- Expansion and diversification of the international tropical timber trade (1)
- Downturn in the international tropical timber market (2)
- Data base statistics on trade in bamboo and rattan (1)

Reforestation and Forest Management (22 decisions)

- Criteria and indicators for sustainable forest management (7 decisions)
- Forest fire (2)
- Mangrove management (3)
- Strengthening sustainable forest management in Indonesia (2)
- Strengthening the Asia Forest Partnership (1)
- Strengthening sustainable forest management in Central Africa (2)
- Guidelines for managing secondary forests, forest restoration and rehabilitation (3)
- Forest law enforcement in Africa (1)
- Civil society/private sector partnerships for sustainable forest management (1)

Forest Industry (1 decision)

- Further processing of tropical timber in Africa

More than One Area (10 decisions)

- Year 2000 Objective (3 decisions)
- Certification (3)
- Forest auditing for criteria and indicators (2)
- Forest law enforcement in the context of sustainable production and trade (1)
- CITES-ITTO cooperation on mahogany (1)

The majority of these Council decisions are related to the area of “reforestation and forest management,” while only one decision deals directly with “forest industry.” ANNEX 8 list the above decisions individually by decision number.

On the project side, funding from the Special Account for approved projects and pre-projects in the three “areas” has been as follows:

**PROJECT AND PRE-PROJECT FINANCING FROM THE SPECIAL ACCOUNT
UNDER THE ITTA, 1994**

AREA	NO. OF PROJECTS	AMOUNT US\$
Economic Information and Market Intelligence	35	11.1 million
Reforestation and Forest Management	126	61.8 million
Forest Industry	66	23.1 million

Project volume and value also show a lack of balance among the three areas, with the great majority of projects submitted and funded being in the area of “reforestation and forest management.”

A main reason for this imbalance seems to be the fact that “forest management” covers a broad range of potential project activities related to managing the tropical timber resource base, including economic, social, environmental and institutional dimensions of forest management. The other two areas are relatively narrowly focused and may even overlap. As a result, producer members submit proportionally a much greater number of projects relevant to “forest management” and, in turn, Council approves and consumers fund more such projects.

Another reason is that producers may find it easier to develop projects related to forest management, as opposed to market intelligence or even forest industry, which are relatively more difficult to formulate. This may be especially true in countries where the government is the principle forest owner and manager and proponent of forest projects. In addition, donor priorities have tended to focus on forest management, which has led producers to formulate projects in this area, believing that such projects have a better chance of attracting funding.

Because the three “areas” identified in Article 24 are inherently unequal in scope, there may be merit in deleting the call for balance in a new Agreement. Alternatively, the new Agreement could identify areas which are more balanced in scope, e.g. by combining the two areas dealing with market intelligence and forest industry into a single area. The Council may also wish to consider ways to give more attention to market and industry issues under a future ITTA.

Integration of policy and project work. The potential to implement policy decisions through project financing is one of ITTO’s strengths. However, the integration of policy and project work has not always been evident under the ITTA, 1994. The Council has approved many projects not encompassed by the above Council decisions.

Typically, projects have been submitted to and considered by ITTO in terms of their relevance to one or more of the many objectives of the ITTA, 1994 set forth in Article 1, rather than in terms of how they relate to Council decisions. Since some of the current ITTO objectives are broad in nature, this has given wide latitude to the types of projects submitted. In some cases,

project proposals have been viewed by one or more members as being inconsistent with or ahead of the ITTO policy dialogue.

b. Article 25 - Projects

Article 25 (para 1) provides that “members may submit pre-project and project proposals to the Council in the fields of research and development, market intelligence, further and increased wood processing in producing member countries, and reforestation and forest management. Pre-projects and projects should contribute to the achievement of one or more of the objectives of the agreement.”

Article 25 (para 2) directs the Council in approving pre-projects and projects “to take into account”: Their relevance to the objectives of the Agreement, their environmental and social effects, geographical balance, interest and characteristics of developing producing regions, equitable distribution among the fields in Article 25.1, cost effectiveness, and the need to avoid duplication.

Areas versus fields. The language in para 1 on “fields” of project work differs from the language in Article 24 on “areas”. In practice, members have submitted and the Council has approved projects through the three technical committees established under Article 26, which are named for the three “areas” in Article 24. The “fields” have had no particular standing in implementing the ITTA, 1994.

One or more objectives. As already mentioned, project proposals submitted to the ITTO identify the objectives they contribute to. The language in Article 25, para 1 stating that projects should contribute to the achievement of “one or more” objectives in Article 1 gives wide scope to allowable project proposals by virtue of the general nature of some objectives, e.g. “(c) To contribute to the process of sustainable development.” Article 25, para 2 takes a somewhat different approach by directing the Council only “to take into account” project relevance to the ITTA’s objectives, among other things.

Geographic balance. Project funding among the three producer regions under the ITTA, 1994 has been as follows:

PROJECT FUNDING: 1997 TO MAY 2003 (US\$000)

REGION	PROJECT	PRE-PROJECT	TOTAL	PERCENT
Africa	\$16,033	\$1,223	\$17,256	18%
Latin America & the Caribbean	\$30,884	\$1,078	\$31,962	33%
Asia	\$23,471	\$1,760	\$25,231	26%
Developing Consumer	\$6,975	\$333	\$7,308	8%
Global	\$13,170	\$1,502	\$14,672	15%
TOTAL	\$90,533	\$5,896	\$96,429	100%

As shown, total funding under the ITTA, 1994 has been US\$ 96.4 million. While all regions have benefited from project funding, the African region has received relatively less total project and pre-project funding. This may be in part due to the quality of project submissions.

Characteristics of developing producing regions. It is unclear what this means. All the producing regions are comprised of developing countries. It may be useful to clarify this in the new Agreement or alternatively drop the language.

Equitable distribution among “fields”. This is the same idea reflected in Article 24, which states that ITTO will undertake policy and project activities “in a balanced manner.” As mentioned above, the “fields” specified in Article 25 are different from the “areas” identified in Article 24. Equitable distribution of project proposals among the fields has not been achieved for the same reason identified for the “areas” – inherently the fields are not equitable in scope.

Under the ITTA, 1994, the “areas” correspond to the names of the three technical committees and typically have been used to categorize project activities. Each project and pre-project submitted by a member is identified as belonging to one of the three “areas” or committees. As noted above, the four “fields” (research and development, market intelligence, further and increased wood processing, and reforestation and forest management) have not been used as an organizing framework for projects under the current Agreement, although there is some overlap between the three areas and the four fields.

In considering a new Agreement, it may be useful for Articles 24 and 25 to use consistent terminology.

Role of Council regarding projects. Article 25, para 1 states that “members may submit pre-project and project proposals to the Council” in the various “fields” listed. In practice, projects are submitted to Council only after a process of review and evaluation. First, projects are submitted by members to the secretariat. Then they are reviewed by the Expert Panel on Technical Appraisal of Projects and Pre-Projects and, if threshold conditions are met, forwarded on to the relevant committee for its review at the next Council session. If the committee approves a project, it is then forwarded to Council with a recommendation for approval. Typically, the Council rubber stamps the committees recommendations by approving Decision 1. Thus, strictly speaking, project proposals are not submitted by members to Council.

Article 25, para 2 is somewhat ambiguous as to the absolute authority of the Council to approve projects. While there may an assumption that Council is to approve projects and pre-projects, the language does not state that Council has the sole authority to approve projects. In interpreting this provision, the ITTO has generally assumed that Council must approve projects, and this has been done at each Council session via Decision 1.

It is interesting to note that under the 1983 Agreement by Decision 5(XXII), Council delegated authority to the Executive Director to approve projects of \$75,000 or less, “with the proviso that these proposals are submitted to the Expert Panel for the Technical Appraisal of Project and Pre-Project Proposals.” Since this language seems to be internally inconsistent (regarding the approval roles of the Executive Director and the Expert Panel), this “delegated authority” has not been utilized under the current Agreement.

Project cycle. Article 25 (para 3) directs the Council to “establish a schedule and procedure for submitting, appraising, and prioritizing pre-projects and projects ... as well as for their implementation, monitoring and evaluation.” The ITTO has spent considerable time developing and improving a workable project cycle under the ITTA, 1994, beginning with Decision 7(XXI) in November 1996 just prior to entry into force of the ITTA, 1994. Since then, the Council has continued to seek improvements in the project cycle by:

- Extending the mandate of the Expert Panel for the Technical Appraisal of Pre-Project and Project Proposals [Decision 7(XXII)]
- Revising project related guidelines and manuals [Decisions 8(XXII) and 2(XXVI)]
- Clarifying rules and procedures applying to ITTO projects [Decision 8(XXVII)]
- Addressing priorities and monitoring for projects funded under Sub-Account B of the Bali Partnership Fund [Decision 9(XXVII)]
- Addressing ex-post evaluation of projects [Decision 3(XXVIII)]
- Improving management of project implementation [Decision 8 (XXXIV)]
- Calling for measures to improve project formulation and appraisal [Decision 11(XXXIV)]

Poor quality projects. Despite steady improvements in the design of what is now a 6-month project cycle, problems remain with projects under the ITTA, 1994. For example, many of the projects submitted through the secretariat to the Expert Panel for the Technical Appraisal of Pre-Project and Project Proposals are still often incomplete, improperly formatted or poor in quality. As a result, the Expert Panel spends inordinate time reviewing poor quality projects. To help address this problem, in November 2002, the Council in Decision 7(XXXIII) urged members “through their ITTO focal points, to critically review the quality of ... proposals prior to submission to the Executive Director, and to limit the number of proposals submitted for a single project cycle.” As yet, this exhortation is having little effect on some members who continue to submit multiple proposals per cycle, often of inferior quality.

At the same time, the Expert Panel bears some responsibility for forwarding proposals to the technical committees that may not be sufficiently well-developed or may not relate to a core priority of the ITTO.

Projects approved but not financed. In addition to problems of project quality, the technical committees have sometimes recommended and Council has approved projects that have not been funded. In some cases, these have been good quality projects directly relevant to ITTO’s mission. While the ratio of project approvals to financing has improved over the course of the Agreement due to an improved screening process, about 40% (or US\$46.9 million) of approved projects have remained unfunded as follows:

**APPROVED PROJECTS & PRE-PROJECTS NOT FUNDED UNDER ITTA, 1994
AS OF APRIL 2003**

	NUMBER SUNSET	NUMBER ACTIVE	AMOUNT (US\$000)
Projects	35		\$37,365
		16	\$7,530
Pre-Projects	15		\$1,034
		17	\$1,016
		TOTAL	\$46,945

Limitations of Administrative Budget. As already mentioned, the ITTO secretariat has grown very little since 1997, while the number of projects under implementation has grown significantly. This trend threatens to outstrip the capacity of the secretariat to handle in a reasonable way its project monitoring and evaluation responsibilities

Project screening. Many of these problems could be addressed if members critically reviewed and prioritized proposals before submitting them, if the number of submissions per member were limited, and if the secretariat were given responsibility for initial project proposal screening before referral to the Expert Panel. It might also be helpful for both the Expert Panel and the technical committees to be more discriminating in the projects forwarded for Council approval, and for Council in approving projects to clearly identify those projects that are not central to ITTO's mission and should therefore be referred to other, more appropriate organizations for financing consideration.

The Council by Decision 11(XXXIV) has authorized further work on “measures to improve project formulation and appraisal.” This will include an assessment of the recommendations made by the Expert Panel in its report prepared pursuant to Decision 7(XXXIII) and the preparation of a further report by the Expert Panel based on comments by members, which will be presented at the 36th session of the Council.

Suspension of disbursements. Article 25 provides that “the Executive Director may suspend disbursements of ... funds to a pre-project or project if they are being used contrary to the project document or in cases of fraud, waste, neglect or mismanagement.” The Executive Director has utilized this authority to delay or suspend funding for selected projects, which were not being executed as approved.

Termination of ITTO sponsorship. Article 25, para 5 provides the “the Council may. By special vote, terminate its sponsorship of any pre-project or project. “ This has not occurred under the ITTA, 1994. Regarding the continuing issue of a special vote, it should be noted here that the word used is “may” rather than “shall” (as in Articles 7, 9 and 16), suggesting that a special vote is in some way optional – although the reason for the distinction is unclear. Again, it may be useful in a new ITTA to clarify that a special vote is invoked in the absence of consensus only, as well as to give some thought to the reason for the distinction between “may” and “shall.”

Based on the above review, Articles 24 and 25 of the ITTA, 1994 contain a number of provisions that are internally inconsistent, confusing or not operational in practice. Under a new Agreement, it may be helpful to members to better harmonize and clarify the language, with a view to facilitating practical implementation.

c. Articles 26 – Committees and other bodies

Committees. Article 26 establishes four committees open to all members, authorizes the Council to establish other subsidiary bodies as needed, and provides that such bodies are responsible to and work under the direction of the Council. The four committees explicitly established under Article 26 are the:

Committee on Economic Information and Market Intelligence
 Committee on Forest Management and Reforestation
 Committee on Forest Industry
 Committee on Finance and Administration

The first three committees were also established under the ITTA, 1983. These three “technical” committees take their names from the three focal areas identified in Article 24.

Other subsidiary bodies. Article 26 provides that “Council may, be special vote, establish such other committees and subsidiary bodies as it deems necessary and appropriate.” The

Council has – without special vote – established, either by practice or by decision a number of subsidiary bodies over the course of the ITTA, 1994 to assist in carrying out its work. These include:

Producer and Consumer Caucuses (started under ITTA, 1983)

Bureau (started under ITTA, 1983)

Informal Advisory Group (mandate renewed June 1999)

Expert Panel for the Technical Appraisal of Project and Pre-Project Proposals (started under ITTA, 1983)

Fellowship Panel (started under ITTA, 1983)

Trade Advisory Group (authorised May 2000)

Civil Society Advisory Group (authorised May 2000)

Caucuses. The Producer and Consumer Caucuses, which reflect the two categories of members established under Article 4, have been the principal form of informal intra-caucus consultations on matters before the Council. Each caucus has a spokesperson named by respective caucus members. The spokespersons chair caucus meetings and represent caucus interests in the Bureau and the Informal Advisory Group. There are differing views on the effectiveness of the caucuses in facilitating operational activities of the ITTO.

Bureau. The Bureau is composed of the Council and committee chairs and vice-chairs, caucus spokespersons and the Executive Director. As with most bureaus, the principal function of the ITTO Bureau is to advise the Council chair on scheduling and logistical matters during Council and committee sessions.

IAG. The Informal Advisory Committee (IAG) was first established on a pilot basis by Council Decision 3(XXII) in May 1997 to provide advice to Council on various matters related to reviewing and sunsetting decisions, public relations and ITTO cooperation and coordination with other organizations. In practice, the IAG has operated more broadly and proved a useful body for advising the Council chair on upcoming issues and members' priorities prior to the opening of Council sessions. The IAG is composed of the same members as the Bureau plus Japan, less the committee vice-chairs. In view of its proven utility, it may be useful to formalize the IAG in a new Agreement, perhaps as a permanent subsidiary body.

Expert Panel for project appraisal. The Expert Panel for the Technical Appraisal of Project and Pre-Project Proposals was originally established on a pilot basis under the ITTA, 1983 to undertake an initial review of the relevance and quality of projects submitted by members and make recommendations to ITTO's three standing technical committees. Recognizing the contribution of the Panel to improving the efficiency and effectiveness of the Organization's project review and approval process, the Council maintained the Panel as an integral part of the ITTO project cycle under the current Agreement. The Panel is composed of six experts, six from producer countries and six from consumer countries, who serve for a two-year term, with a possible third year at the discretion of the caucus. In view of its proven utility, it might be useful to establish the Expert Panel as a permanent body under the new Agreement.

The ITTO Fellowship Panel. The Fellowship Panel meets during each Council session, where it reviews all fellowship applications that have been screened by the secretariat as being complete and valid and makes final award decisions. The ITTO Fellowship Programme was first established through PD 1/93 Rev 1 (M,F,I) under the 1983 Agreement to promote human resource development and institutional strengthening in the forestry sectors of member countries.

Under the ITTA, 1994, the Freezailah Fellowship Fund was established in honor of the first ITTO Executive Director. The Programme was revamped and improved in November 1999 when by Decision 4(XXVII), the Council clarified its objectives, eligible activities, priority areas, selection criteria and screening process and revised the advertisement and application form. The program now focuses on supporting participation in short term training courses, internships and study tours; technical document preparation, publication and dissemination; and post graduate studies.

Based on contributions from Japan, the United States, Australia and Sweden, the Freezailah Fellowship Fund has awarded 189 fellowships totaling nearly US\$1.1 million since 1997. ANNEX 9 summarizes the fellowships awarded to date under the ITTA, 1994.

TAG and CSAG. By Decision 9(XXVIII) in May 2000, the Council invited “trade and industry representatives and environmental organizations to establish open-ended Advisory Groups to contribute to the work of the Council.” The Trade Advisory Group (TAG) formalized existing participation by the trade in annual market review and was therefore operational by November 2000. The Civil Society Advisory Group (CSAG) became operational in May 2001.

ANNEX 10 illustrates the governance structure of ITTO, including the relationship among the Council, standing committees and ad hoc subsidiary bodies.

Special vote: As in Article 25, the language in Article 26 states that Council “may” establish subsidiary bodies by special vote, rather than stating that it “shall” do so. This implies that a special vote, rather than a simple distributed majority vote, is an option.

d. Article 27 – Committee functions

Article 27 outlines in great detail the functions of the four permanent committees established under Article 26, including functions common to the three technical committees (paras 4 and 5). ANNEX 11 displays the functions for the four committees as elaborated in the ITTA, 1994.

Common functions of technical committees. Article 27, paras 4(a), (b), (c), (e) identify common functions of the technical committees related to projects. All three committees have reviewed projects and pre-projects referred to them by the Expert Panel for the Technical Appraisal of Projects and Pre-Projects and recommended projects and pre-projects to Council for approval. All three committees have also routinely reviewed project implementation, monitoring and evaluation reports provided by the secretariat.

Recommending projects and pre-projects to Council for approval has been the main way for the three committees to advance policy ideas to the Council [para 4(d)], strengthen capacity building and human resource development in member countries [para 4(g)], and promote research and development (para 5). Indeed, the committees themselves have initiated proposals on policy matters. ANNEX 12 provides a list of pre-projects initiated by the committees and approved by Council on policy related matters.

While projects have consumed a great deal of the time of all three committees, the project-related workload of the Committee on Reforestation and Forest Management has been nearly twice that of the other two committees combined, as shown in the project funding table in Article 24 above. This has hampered the ability of the committee to perform non-project functions. A better balance in the work of the committees would likely be desirable in future.

As a general matter, it is unclear what the benefits are of elaborating committee functions related to projects and pre-projects in a new Agreement. It is the responsibility of Council under Article 25, para 3 to establish a schedule and procedure for all aspects of project submission, review and approval, monitoring and evaluation (i.e. the project cycle), including by implication the role of the committees. Therefore, it follows that Council would have the flexibility to determine and revise as needed the specific project-related roles and responsibilities of the three technical committees, rather than having these stipulated in detail in the ITTA.

Other functions of the technical committees. Article 27, para 1 outlines additional functions of the Committee on Economic Information and Market Intelligence. Many of these functions duplicate functions outlined in Chapter IX of the ITTA, 1994 on Statistics, Studies and Information. Market studies carried out under the current agreement are listed in Section D. Projects and pre-projects designed to build the statistical capacity of members are listed in **ANNEX 13**.

Article 27, para 2 outlines further functions of the Committee on Reforestation and Forest Management. The Committee has carried out the functions in subparas 2(a) and (b) on cooperation and technical assistance through project and pre-project recommendations to the Council. Subpara 27.2(d) deals with the regular review of the international trade in industrial tropical timber. Under the ITTA, 1994, the range of issues related to the international tropical timber trade have been reviewed primarily through the Annual Review and Assessment of the International Timber Situation prepared by the secretariat and the Annual Market Discussions held in joint sessions of the three technical committees. Subparas (c), (e) and (f) deal with cooperation with other organizations. Under the current agreement, it is the Council, not the committees, that authorizes the Executive Director to cooperate with other “competent” organizations on issues of mutual interest. Cooperative activities pursued under the current agreement are briefly reviewed in Section B under Article 14.

Article 27, para 3 outlines further functions of the Committee on Forest Industry. Here again, the additional functions are carried out primarily through project and pre-project work. Of particular note here is a project which led to the Joint ITTO-ATO Conference on Further Processing of Tropical Timber in Africa convened in Libreville in March 2003. The conference declaration was signed by 12 ministers responsible for forests.

Duplication with Functions of Council and Chapter IX. Experience suggests that the extensive list of technical committee functions, other than project related function, have not really been carried out by the committees. In some cases the functions are carried out as projects, not as separate activities. In other cases, Council has taken the lead on issues, not the committee. In still other cases, the functions itemized are duplicative of the scope of work and member obligations contained in Chapter IX on Statistics, Studies and Information.

Indeed, the attention given in the ITTA, 1994 to committee functions (as compared to Council functions) is striking. In a new Agreement, it may be useful to outline technical committee functions in a more streamlined way in order to avoid duplication and confusion between Council and committee functions and provide flexibility to Council respond to changes in the international tropical timber economy and elaborate detailed committee functions as appropriate based on the needs of members and the ITTO. A simple statement to the effect that the technical committees will make recommendations to Council on projects and pre-projects and provide other advice to Council on relevant technical issues as needed or requested may suffice.

Committee on Finance and Administration (CFA). Established by Article 27, para 6, the CFA, which is new under the ITTA, 1994, has functioned differently from the technical committees, primarily because it does not deal with projects. It has routinely performed the functions outlined in subparas 6(a)-(f) related to the Administrative Budget, Rules of Procedure and Financial Rules, independent auditing, Working Capital Account and financing needed to carry out the ITTO work program. In doing so, the CFA has greatly streamlined the administrative work of Council, which is too large to address administrative details easily, and in turn improved ITTO's efficiency and effectiveness.

With respect to the annual work program mentioned in para 6(c), the Council by Decision 7(XXXIII) decided to adopt a biennial (rather than annual) work program for the 2004-2005 biennium, with a view establishing a more effective programmatic horizon for action. If committee functions are specified in detail in the new Agreement, the language here regarding the work program should be revised to reflect current practice or provide flexibility to Council to decide the work program horizon as it deems appropriate.

Number of committees. Based on experience to date, it is unclear whether three technical committees are needed or best serve ITTO interests. Typically, the three committees compete for limited available time during Council sessions, since no more than two groups can effectively meet simultaneously. The workload distribution among the committees is also an issue. The Committee on Reforestation and Forest Management has a considerably greater workload during Council sessions than the Market Intelligence and Forest Industry committees combined.

In addition, separate committees have made it difficult to integrate ITTO's work. The Council has dealt with this in part by convening joint committee sessions, for example, for the annual market discussions and the general recommendations of the Expert Panel for the Technical Appraisal of Project and Pre-Project Proposals. At the 34th Council Session, the Committee on Economic Information and Market Intelligence and the Committee on Forest Industry met in joint session only. The results of this approach appeared to be highly positive.

It may be useful to revisit the benefits of specifying the number of separate committees in the new Agreement. ITTO's future interests may be better served if the Council has the flexibility to decide what and how many committees are needed. Council has the authority to establish committees under the current Agreement. (The UNCTAD representative noted at Prepcom I in May 2003 that committees do not need to be specified in a new ITTA.)

e. Article 27, paras 4(e), 4(f) and 6(c) – Action plan and work program

Article 27, para 4(e) identifies a common function of the three technical committees to be to “review regularly the results of project and policy work and make recommendations to the Council on the future of the Organization's programme.” Para 6(c) also mentions the CFA's role in an “annual work programme.” Para 4(f) identifies a further common technical committee function to “review regularly the strategies, criteria and priority areas for programme development and project work contained in the Organization's Action Plan and recommend revisions of the Council.” These references to “Action Plan” and “programme” with reference to committee functions appear to be the only such references in the ITTA, 1994.

In practice, it is the Council that has taken decisions on action plans and work programmes under the ITTA, 1994. The ITTO has made considerable progress in the areas of strategic

planning and program development under the ITTA, 1994. The Libreville Action Plan, 1998-2001, and the Yokohama Action Plan, 2002–006 represent major steps forward in elaborating a strategy for advancing ITTO’s objectives and providing overall guidance to the members and committees on ITTO’s policy and project activities, including guidance for developing a work program, as well as in communicating the objectives and work of ITTO to other organizations and to policy makers and interested publics in member countries. The Action Plans contain the first ITTO Mission Statement, which seeks to capture concisely the essence of ITTO for a wide range of audiences, including members, and provide the basis for the functions of the three permanent committees.

In November 1998, the Council adopted its first annual work program to operationalize the Libreville Action Plan and provide guidance to the Executive Director. ITTO’s annual work programs have become increasingly effective as a program management tool. As mentioned above in November 2002 [Decision 7(XXXIII)], the Council decided to adopt a biennial work program for the 2004-2005 biennium, with a view to establishing a more effective programmatic horizon for action.

Given the fundamental importance of strategic planning and program development to ITTO effectiveness and the role of Council in taking such decisions, it may be worthwhile in a new Agreement to expand Article 24 or establish a new article under Chapter VII that recognizes the benefits of and the role of Council (rather than the committees) in developing an ITTO mission statement, action plan and work program to provide guidance to members, committees and Executive Director on policy and project work and to communicate ITTO’s mission and priorities to a range of interested parties. The Council would develop the content and timeframe of these guidance documents based on the needs and desires of members and in light of wider global conditions.

f. Organizational efficiency and effectiveness

The Council has taken several decisions to improve ITTO’s operations and organization of work under the ITTA, 1994. Most recently by Decision 7(XXXIII), the Council instituted a series of measures to “reduce costs and improve the effectiveness and efficiency of the ITTO”, including measures related to the work program and budget, project cycle, streamlining committee work and Council decision-making, servicing costs associated with Council sessions and frequency and duration of Council sessions. In view of the benefits of having a well-run organization, it may be useful under Chapter VIII of a new Agreement to provide for the Council taking actions as necessary to ensure efficient and effective ITTO operations.

g. Communication and outreach

Under the ITTA, 1994, the ITTO has increased its efforts to communicate ITTO’s purpose, priorities and accomplishments to policy makers, practitioners and the public through a variety of publications, including the quarterly ITTO Tropical Forest Update, whose circulation in English, French and Spanish has increased from about 7,700 to 11,000 since the ITTA, 1994 came into force. Other publications include forest management guidelines, the ITTO policy series, the comprehensive update of the ITTO criteria and indicators and related manuals, and various promotional materials, such as brochures and posters. Of special note is Duncan Poore’s new book, “Changing Landscapes,” which was published in 2003 and traces the development of the ITTO and its influence on tropical forest management.

In other activities, ITTO has established and regularly updated an excellent web-based home page. The Organization has hosted “side events” at important international forest meetings,

including the IUFRO Congress (2000), the UN Forum on Forests (2003), World Forestry Congresses in Antalya (1997) and Quebec City (2003) and the World Parks Congress (2003). ITTO also maintained an exhibit and hosted a side event at the World Summit on Sustainable Development in Johannesburg in 2002. In 2002, the Executive Director established a Communications Unit within the secretariat, which reports directly to him. ANNEX 14 provides a list of ITTO publications and promotional events since 1997.

Given the importance of communication and public outreach to advancing ITTO objectives, it may be useful to note these as operational activities under Chapter VII of a new Agreement.

5. CHAPTER VIII. RELATIONSHIP WITH COMMON FUND FOR COMMODITIES (ARTICLE 28)

Article 28 deals specifically with the Common Fund for Commodities (CFC), which is not specifically included under Article 14 on “Cooperation and coordination with other organizations.” Under the ITTA, 1994, the ITTO has submitted a number of projects from producer members to the CFC for financing. CFC pledges to date total about US\$2.5 million (although not all these funds have yet been obligated to projects). In May 2002, the CFC Managing Director and ITTO Executive Director established a CFC-ITTO Joint Task Force “to explore ways to identify potential proposals to submit to the CFC for possible funding.” The Joint Task Force completed its first report in September 2002.

SECTION C
OBJECTIVES: CHAPTER I, ARTICLE 1

Chapter 1, Article 1 sets forth 14 objectives for the ITTA, 1994: Articles 1(a)-1(n). The policy and project activities undertaken during the life of the Agreement do not neatly relate to the 14 objectives. These objectives are a mix of objectives, strategies and means to achieving objectives (rather than objectives themselves). As such, they contain a number of overlapping and repetitious elements and vary from the over-arching to the highly specific and from the hortatory to the concrete.

As mentioned earlier, ITTO's overall strategy for advancing its objectives is currently elaborated in the Yokohama Action Plan: 2002–2006. The Action Plan does an excellent job of laying out the Organization's priorities in terms of cross cutting activities and activities related to the three focal areas set forth in Article 24 and embodied in the three technical committees: Economic information and market intelligence, reforestation and forest management, and forest industry.

Drawing on the Yokohama Action Plan, an impression of ITTO's experience in moving forward its objectives through policy and project work can be formed by looking at the 14 objectives in five clusters as follows, recognizing that the clusters also contain overlapping elements:

1. General objectives: 1(a) and (c)
2. Trade related objectives: 1(b), (e), (h) and (k)
3. Objectives related to the resource base: 1(d), (f), (j) and (l)
4. Objectives related to forest industry: 1(i) and 1(f)
5. Cross-cutting objectives: 1(g), (m) and (n)

1. GENERAL OBJECTIVES: 1(A) AND (C)

There are two objectives under Article 1, which are broad in nature. These are subparas:

- (a) To provide an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy, and
- (c) To contribute to the process of sustainable development

a. Objective 1(a) - framework for consultation

Objective 1(a) is essentially the overarching objective of the ITTO, encompassing all of the other objectives. As such, it also encompasses all the policy and project work of the Council and all the supporting work of the secretariat.

International cooperation. Under the ITTA, 1994, the ITTO has been a very effective framework for consultation, international cooperation and policy development. In terms of international cooperation, the ITTO has attracted during this time US\$ 123 million in financing for 218 projects and pre-projects. This is a substantial amount of funding for an organization with an annual Administrative Budget of only US\$ 4.64 million, a ratio unmatched by other international organizations except perhaps the multilateral development banks, which are primarily lending, not grant giving, institutions. Even the GEF, which is the project financing arm of the CBD, UNFCCC and increasingly the CCD and includes UNDP,

UNEP and the World Bank as joint implementing agencies, cannot compare to the ITTO in terms of a staff-project ratio.

The ITTO has sought continuous improvements in the project cycle, with a view to enhancing project quality, technical appraisal and monitoring and evaluation, including through the Expert Panel for the Technical Appraisal of Projects and Pre-Projects. The time elapsed from project approval and financing commitment to disbursement of funds in ITTO is only about six to nine months – considerably less than that of most bilateral and multilateral assistance agencies.

The ITTO has also been successful in operationalizing the Bali Partnership Fund. The establishment of Sub-Account B for unearmarked funds is notable, although the amount of funds available is still limited.

One implementation “shortfall” on the project side has been the number of projects approved but not financed. While this has been reduced over recent years, about 40% (or US\$ 46.9 million) of projects and pre-projects approved by Council remain unfunded. Also, the ITTO funding base has been relatively narrow within its membership (only four major donors) and from external sources.

At the same time, the secretariat through voluntary contributions from donors has organized or arranged no less than 75 expert panels, working groups, seminars, workshops, conferences, side events and exhibits since 1999. These activities have provided training, international exchanges, cooperation, policy development and improved understanding of the mission and work of ITTO involving many thousands of individuals worldwide. As can be seen in **ANNEX 15**, these activities of the secretariat have increased substantially over the last four years.

Policy development. On the policy side, the Council has taken 138 decisions under the ITTA, 1994. As shown in Annex 8, 39 of these decisions have addressed important substantive policy issues, including contentious issues related to market access, certification and forest law enforcement. While some issues have taken time to work through, the Council has in the end found common ground, showing itself to be an effective forum for policy dialogue and debate. A look at the pace of the policy dialogue of other international forest-related organizations (e.g. UNFF, FAO, CBD) clearly demonstrates that ITTO is able to deal with tough issues relatively rapidly and constructively.

The other 101 Council decisions have sought to improve the organization, management and administration of the ITTO in various ways. As discussed in other sections of this paper, major accomplishments in this area include:

- Development of the Libreville and Yokohama Action Plans to guide and communicate ITTO’s work and priorities, including the formulation of the first-ever ITTO mission statement
- Institution of an annual work program process, subsequently improved as a biennial work program
- Numerous measures to reduce costs and improve the efficiency and effectiveness of the Organization (Council, committees, secretariat), including through the establishment of the IAG
- Greatly enhanced cooperation with international and regional organizations, such as UNFF, FAO, ATO, CITES, IUCN and many others

- Greatly enhanced communication and public outreach activities through the TFU, the ITTO policy series, promotional events and publications, and development of the ITTO website, as well as new opportunities for involving key constituencies in ITTO through the TAG and CSAG
- Establishment of the Freezailah Fellowship Fund, which expanded the initial Fellowship Programme and since 1997 has supported 189 fellowships totaling nearly US\$ 1.1 million awarded to nationals of ITTO member countries (see Annex 9).
- Streamlined administrative and financial deliberations through the Committee of Finance and Administration

Efficiency of the Secretariat. The secretariat has been highly efficient in supporting the work of the Council as the ITTO forum for consultation, international cooperation and policy development. There has been little more than a 15% increase in the Administrative Budget between 1997 and 2003, while during the same time the project and policy workload of the secretariat has expanded appreciably. The ability of the secretariat to take on increasing work with existing resources reflects its high level of efficiency and productivity.

b. Objective 1(c) – Contribute to sustainable development

Objective 1(c) is very general in nature and more preambular than operational. Since the Rio Earth Summit in 1992, sustainable forest management has been recognized as the forest sector's contribution to sustainable development. Therefore, it follows that all of ITTO's project and policy work associated in some way with improving the management of the resource base (see Section C.2) has contributed to the "process of sustainable development."

In addition, ITTO through its projects has provided temporary employment at any given time since 1997 for an estimated 500 forestry professionals, thereby continually building capacity and know how in member countries. ITTO projects and other activities have also provided training for more than 6,000 professionals, forest users, communities and villagers in all three producer regions and developing consumer countries over the last six years.

2. OBJECTIVES RELATED TO TRADE: 1(B), (E), (H) AND (K)

There are four ITTO objectives that relate primarily to trade. These are subparas:

- (b) To provide a forum for consultation to promote non-discriminatory timber trade practices;
- (e) To promote the expansion and diversification of international trade in tropical timber from sustainable sources by improving the structural conditions in international markets, by taking into account, on the one hand, a long term increase in consumption and continuity of supplies, and, on the other, prices which reflect the costs of sustainable forest management and which are remunerative and equitable for members, and the improvement of market access;
- (h) To improve market intelligence with a view to ensuring greater transparency in the international timber market, including the gathering, compilation, and dissemination of trade related data, including data related to species being traded;
- (k) To improve marketing and distribution of tropical timber exports from sustainably managed forests;

a. Council decisions

As noted in the discussion of Chapter VII. Operational Activities, the Council has taken nine decisions related to market and trade issues under the current Agreement:

- Market access (two decisions)
- Downturn in the international tropical timber market (two decisions)
- Expansion and diversification of the international tropical timber trade (one decision)
- Data base statistics on trade in bamboo and rattan (one decision)
- Certification (three decisions) – Also relevant to objectives related to the resource base in Section C.2

The Council references and titles of these decisions can be found in Annex 8.

b. Annual review, market discussions, training

Under the current agreement, ITTO has undertaken additional policy and capacity building work related to international trade in connection with implementing Chapter IX on Statistics, Studies and Information. These activities, which are discussed in greater detail in Section D, include:

- Joint Forestry Sector Questionnaire and statistical training workshops
- Annual Review and Assessment of the World Timber Situation
- Annual Market Discussions
- Market Information Service

Joint questionnaire and related training. ITTO has collaborated with FAO, UNECE and Eurostat to develop and implement the Joint Forestry Sector Questionnaire (JQ) to streamline data collection on production and trade in forest products globally. While the JQ has significantly reduced country reporting burdens, only a few ITTO members have consistently provided reliable, timely responses, and a number have provided no data at all. ITTO has sponsored seven regional workshops during the ITTA, 1994 to build members' statistical capacity. ITTO is also working with seven members to develop case studies on assessing export and import data on tropical timber and timber products, and has encouraged all members to submit projects to address forest law enforcement and illegal trade in tropical timber. Another six case studies are planned.

Annual review. The “Annual Review and Assessment of the World Timber Situation” is considered the best annual report on the international tropical timber situation by members, the private sector and other international organizations.

Annual Market Discussion. The Annual Market Discussions are held during May-June Council sessions as joint sessions of the three technical committees. The discussions typically attract the active engagement of members and the trade and are considered very useful by both. Each discussion has a topical theme, ranging from the “Expansion of Trade in Tropical Timber Products” (Santa Cruz, 1997) to “World Trade and Business Developments” (Panama City, 2003).

Market Information Service. Under the ITTA, 1994, ITTO has expanded the Market Information Service (MIS) initiated under the ITTA, 1983. The MIS now delivers bi-weekly

market news, prices and trends for a variety of tropical timber products to over 4,000 trade groups, executives, and analysts worldwide, and is available on the ITTO home page.

c. Project activities

In addition to its policy work, since 1997 ITTO has funded 35 market related projects, pre-projects and other activities totaling US\$11.1 million based on recommendations from the Committee on Economic Information and Market Intelligence. These activities include:

- Twelve country level projects to build the statistical capacity of members (see Annex 13)
- Nine market studies on such issues as market access, competitiveness of tropical timber and the market outlook for tropical timber products (see Annex 12)

d. Ongoing market issues

ITTO has been a useful forum under the ITTA, 1994 for discussing a range of market issues. It has made progress in improving market transparency and members' understanding of market conditions, and has received significant voluntary contributions to help build members' statistical capacity through training workshops. However, ITTO has made less progress in promoting the expansion and diversification of the international trade in tropical timber from sustainable sources and improving marketing and distribution of tropical timber exports from sustainably managed forests.

These "market access" issues have proved highly contentious between consumers and producers in the ITTO. Since the ITTA, 1994 contains no market intervention or regulatory provisions, this may be due largely to differences in views about what constitutes discriminatory trade practices and ITTO's role in dealing with such practices and in promoting market access.

A major factor motivating producers to highlight their market access concerns in the ITTO has been increasing government procurement policies, mostly at the local level, in Europe, North America and Australia that either totally ban the use of tropical timber in public construction projects or require that the timber be "certified" as coming from well managed forests or favor the use of local timber species and/or plantations species. Usually these policies are motivated by the mistaken belief that all tropical forests are unsustainably harvested and will only be protected if there are no markets for their timber products, and that the timber industry is a major contributor to tropical deforestation.

Producers are also concerned about the increasing number of European countries asserting a preference for Forest Steward Council certification to the exclusion of other certification schemes.

As a result of such policies, tropical timber exports from natural forests, already competing with other timber exports, have continued to lose market share. At the same time, value-added tropical timber products continue to face challenges from tariffs and a range of non-tariff barriers. Thus far, producer countries have not developed successful public relations campaigns for targeted buyers, which promote tropical timber products as coming from sustainably managed forests.

Tropical timber promotion. To support such efforts, the Council has approved an initiative of the Trade Advisory Group (TAG) to develop a generic tropical timber promotion project to

address consumer misconceptions in environmentally sensitive markets. A project proposal has been prepared to generate and deliver objective and credible information on progress in environmentally sound production of tropical timber and make available illustrative material on current practices. It should help provide the means to inform the tropical timber market place and thereby positively influence consumer's purchasing decisions.

Certification. Also to support producer efforts, ITTO has become involved in certification. In addition to the decisions mentioned above and listed in Annex 8, ITTO sponsored an international seminar on certification in Malaysia in April 2002 and three subsequently regional workshops in Indonesia, Gabon and Panama in 2002 and 2003. These meetings have helped members better understand the many certification schemes currently operating in the market place, including their requirements, similarities and differences.

However, certification – like market access -- has been a contentious issue in the ITTO. Producing member countries feel that if their forest management practices are in accordance with the ITTO criteria and indicators for sustainable forest management and are subjected to independent auditing for timber certification, this should further enhance market acceptance in consuming countries. While most consumers agree with this, there has been an issue over the role of ITTO with respect to certification.

Given the important relationship between sustainable forest management, certification and continued market access for tropical timber products, it will likely be very useful for ITTO to continue to play an active role in its policy work on market access and certification, particularly in enhancing the capacity building in producing member countries and in developing a phased approach to certification. If producers cannot market tropical timber products sourced from sustainably managed forests, then their efforts toward sustainable forest management will be seriously affected. This will further encourage producing member countries to convert forest land to other more profitable land use.

3. OBJECTIVES RELATED TO THE RESOURCE BASE: 1(D), (F), (J) AND (L)

There are four Article 1 objectives that relate primarily to the forest resource base and how it is managed. These include subparas:

- (d) To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000;
- (f) To promote and support research and development with a view to improving forest management and efficiency of wood utilization as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests (the second part relates to the forest resource base);
- (j) To encourage members to support and develop industrial tropical timber reforestation and forest management activities as well as rehabilitation of degraded forest land, with due regard for the interests of local communities dependent on forest resources; and
- (l) To encourage members to develop national policies aimed at sustainable utilization and conservation of timber producing forests and their genetic resources and at maintaining the ecological balance in the regions concerned, in the context of tropical timber trade.

a. Council decisions

As noted above in Section B, the Council has taken 27 decisions related to forest management under the current Agreement, as follows:

- Year 2000 Objective (three decisions) – Also relevant to trade objectives in Section C.2
- Criteria and indicators for sustainable forest management (nine decisions, including two decisions on forest auditing of criteria and indicators)
- Forest fire (2)
- Mangrove management (3)
- Strengthening sustainable forest management in Indonesia (2)
- Strengthening the Asia Forest Partnership (1)
- Strengthening sustainable forest management in Central Africa (2)
- Guidelines for secondary forests, forest restoration and rehabilitation (3)
- Forest law enforcement in Africa (1)
- Civil society/private sector partnerships for sustainable forest management (1)

These decisions are listed with their Council references and full titles in Annex 8.

b. Projects and other activities

In addition, ITTO has funded 126 projects, pre-projects and other activities totaling US\$ 61.8 million to enhance forest management in a variety of ways member countries. Of special note are activities related to:

- Year 2000 Objective
- Further development and enhanced implementation of criteria and indicators
- Field demonstration of sustainable forest management
- Contributing to the establishment of transboundary conservation areas
- Developing guidelines for restoration, management and rehabilitation of degraded and secondary forests
- Forest fire, and
- ITTO special missions to member countries.

c. Year 2000 Objective

In November 2000, Duncan Poore and Thang Hooi Chiew prepared a comprehensive report on the “Review of Progress towards the Year 2000 Objective.” The report shows that there had been significant progress in most producer member countries in reforming forest policy and legislation. Many of these reforms were initiated by ITTO; but they have been spurred on by the demand in the international market place for timber and timber products to come from sustainably managed sources, by privatization and trade liberalization, by greater awareness of environmental and conservation issues and by the need to forge enduring partnerships with local people in resource management.

As a result, almost all countries have developed new policies for their forests and forestry, often within the framework of wider land use or environmental policies. They have supported these policies by enacting new forest legislation. In doing so, they have provided the conditions in which further advances towards sustainable forest management have become possible. Many countries also now have national environmental legislation. The potential

adverse impact of development must be analysed through environmental impact assessments (EIA); but this does not always apply to major forestry operations.

In addition, a number of producer countries appear to be managing some of their forests sustainably at the forest management unit level to achieve the Year 2000 Objective, while others are moving in this direction.

Continued ITTO work in this area is expected to have a positive effect. However, as mentioned earlier, now that the year 2000 is passed and a new Agreement will not likely enter into force until 2006, it may be useful to review Objective 1(d), with a view to updating “Objective 2000” as a new target (e.g. Objective 2010 or Objective 2015) or recasting “Objective 2000” as a durable ITTO goal that can be easily understood by policy makers, practitioners and others outside the ITTO.

d. Criteria and indicators

ITTO pioneered the promotion and implementation of sustainable management of tropical forests in its producer country members. In this regard, the ITTO in December 1990 published the *ITTO Guidelines for the Sustainable Management of Natural Tropical Forests* which represented a major step in terms of providing practical guidance to ITTO member countries in managing their tropical natural forest resources.

This was followed in March 1992 with the publication of *Criteria for the Measurement of Sustainable Tropical Forest Management*, which helped to focus weaknesses in management, and therefore helped to identify achievable improvements in management practices, as well as facilitate discussions for international co-operation and assistance.

Since the introduction of ITTO’s criteria and indicators, which constituted a pioneering achievement that went on to inspire similar initiatives by other organizations, and stemming from decisions made at the UNCED in June 1992, there have been many national, regional and eco-regional developments in this field.

At the 24th Session of ITTC held in Libreville (May 1998), the ITTO adopted the *Criteria and Indicators for Sustainable Management of Natural Tropical Forests*. The Session also agreed with the recommendations contained in the *Report of the Expert Panel on Criteria and Indicators for Sustainable Management of Natural Tropical Forests* that if the criteria and indicators are to be effectively used for reporting at both the national and forest management unit levels, it is essential and urgent that the document on criteria and indicators should be supplemented by a practical manual explaining how information on the indicators can be obtained in the field; and to conduct practical tests into the applicability and practicability of implementing the set of criteria and indicators. The test should first identify issues that may arise in applying the criteria and indicators and secondly review the practicability, clarity and relevance of the indicators.

Hence, to further assist its members in the implementation of the ITTO’s criteria and indicators for SFM, the 26th.ITTC in Chiang Mai (June 1999) adopted a manual to aid and enhance the practical application of the updated and revised criteria and indicators for SFM at the national and forest management unit levels. The *Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests*, which was published by ITTO in May 1999, was divided into two parts: *Part A/National Indicators and Part B/Forest Management Unit Indicators*. The Session also concurred with the views expressed in the *Report of the Panel of Experts on the manual for the Application of Criteria*

and Indicators for Sustainable Management of Natural Tropical Forests that field testing and verification of the Manual be conducted in specific country context and situations at both the national and forest management unit levels, and that training sessions be conducted to instruct representatives from producer member countries of ITTO on the use of Manual. The expectation would be that session participants would then return to provide instructions to others at the national and forest management unit levels as to how to properly use the Manual.

Following this and in pursuant to the ITTC Decision 3(XXVI), the ITTO had engaged consultants to conduct four regional workshops on the two parts of the *Manual for the Application of Criteria and Indicators for Sustainable Management of Natural Tropical Forests*, namely in Kuala Lumpur, Malaysia (April 2000), Bogor, Indonesia (July 2000), Quito, Ecuador (September 2000) and Sangmelima, Cameroon (January 2001); where a total of 110 participants comprising 73 government representatives, 21 from the forest industries, 10 from universities and research organizations, and six non-governmental organization representatives were trained as trainers in the effective use of the Manual.

Arising from these four regional workshops and the recommendations on changes to be made so as to facilitate the greater use of the Manual, the 30th Session of ITTC held in Yaoundé, May–June 2001 adopted the *Reporting Formats for ITTO Criteria and Indicators for Sustainable Management of Natural Tropical Forests* (Reporting Questionnaires for Indicators at the National and Forest Management Unit Levels).

In addition, in 2003, ITTO and ATO published the “*ATO/ITTO Principles, Criteria and Indicators for the Sustainable Management of African Natural Tropical Forests.*”

Through Decisions 9(XXX) and 4(XXXIV), Council has approved and voluntary contributions from members have been received to hold 18 national training workshops to facilitate use of the reporting formats. Nine workshops have already been convened in Bolivia, Cameroon, Colombia, Republic of Congo, Cote d-Ivoire, Papua New Guinea, the Philippines, Togo and Vanuatu. The remaining nine workshops are in the planning stage.

e. Field demonstration of sustainable forest management

The ITTO is currently the only intergovernmental organization financing a large number of large-scale field projects designed to assist producer countries to formulate and implement sustainable forest management plans in public and community forests areas. To date, ITTO has funded 38 forest demonstration areas covering about 3 million hectares in Africa, Latin America and Asia. Most of these areas are being managed by public agencies or local communities, often with the assistance and participation of conservation non-governmental organizations.

f. Protected forest areas

Building on its early work to develop Guidelines for the Conservation of Biological Diversity in Tropical Production Forests (1993), ITTO has contributed to the establishment and maintenance of about 11 million hectares of protected forest areas, most of which have been transboundary reserves on the border of member countries. These projects aim to conserve flora and fauna, improve the well being of local communities, help control illegal logging, and promote cooperation between neighbouring countries.

ITTO has financed the protection of about 10 million forest hectares in eight transboundary conservation reserves spanning 11 producer members. These include reserves bordering Peru

and Ecuador, Peru and Bolivia, Indonesia and Malaysia, Cameroon and Gabon, Cameroon and the Republic of Congo, Thailand and Myanmar, and Thailand, Cambodia and Laos (Laos is not an ITTO member). ITTO's projects supporting protected areas, including transboundary conservation areas are contained in **ANNEX 16**.

g. Guidelines for rehabilitation of secondary forests

Continuing its excellent record of developing guidelines for forest management, in November 2002, ITTO issued its "*Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests*" (ITTO Policy Development Series No.13). The Guidelines were developed in collaboration with CIFOR, FAO, IUCN and the WWF International in order to highlight the increasing importance of the current and potential roles of degraded and secondary forests in tropical landscape. They provide a set of principles and recommended actions to promote and encourage the management, restoration, rehabilitation and sustainable utilization of degraded and secondary forests as a component of social and economic development. They complement ITTO's existing Guidelines for Sustainable Management of Natural Tropical Forests (mentioned above) and Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests.

h. Forest fire

In 1997, ITTO published "Guidelines on Fire Management in Tropical Forests," with the aim of helping ITTO producer and consumer countries develop programs for reducing fire damage and tropical forest managers and rural residents to safely use and benefit from fire in land-use systems. The guidelines have since been used by several countries as the basis for country-level guidelines. ITTO projects in Indonesia, Ghana, Cote d'Ivoire and elsewhere have provided field-level assistance in aspects of their implementation. Under Decision 6(XXXIII), Council authorized the Executive Director to, inter alia, provide member countries experiencing forest fire problems with the services of forest fire experts to help identify fire management strategies and actions and, as appropriate, to develop pre-project and project proposals for their implementation.

i. ITTO special missions

The ITTO has organized several missions to member countries in order to diagnose the issues facing forest management and forest industry development. These missions recommend further improvement to the sustainable management of the forest. One of the earliest and best known was the Sarawak mission in 1989-1990, which was followed by the ITTO mission to Bolivia (1995-1996). During the ITTA, 1994, the Council has approved and fielded with voluntary contributions a number of new missions at the request of the host countries as follows:

ITTO MISSIONS TO MEMBER COUNTRIES: 1997-2003

COUNTRY	STATUS
Indonesia	Report submitted to Council May 2001
Republic of Congo	Report submitted to Council May 2002
Brazil	Report submitted to Council November 2002
Central African Republic	Report submitted to Council November 2002
Trinidad and Tobago	Report submitted to Council May 2003
Guyana	Report submitted to Council May 2003
Philippines	Mission visit concluded July 2003. Report to be submitted to Council November 2003
Peru	Mission visit concluded June 2003. Report to be submitted to Council November 2003
Suriname	Mission visit to take place August 2003. Report to be submitted to Council November 2003

Another six countries – Cambodia, Cameroon, Democratic Republic of Congo, Gabon and Panama – have requested ITTO missions. These missions are in the early planning stages.

4. OBJECTIVES RELATED TO FOREST INDUSTRY: 1(I) AND (F)

There are two ITTA objectives that relates specifically to forest industry. That are subparas:

- (f) To promote and support research and development with a view to improving forest management and efficiency of wood utilization as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests (the first part relates to forest industry); and
- (i) To promote increased and further processing of tropical timber from sustainable sources in producing member countries with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings.

a. Council Decisions

The Council has taken one decision under the ITTA, 1994 that deals directly with increased and further processing of tropical timber. This is decision 7(XXIV) on Cooperation between the International Tropical Timber Organization and the African Timber Organization (ATO). Under this decision, the ITTO and ATO co-sponsored a ministerial level conference on “Further Processing of Tropical Timber in Africa,” held in Libreville in March 2003. The conference declaration was signed by 14 African ministers responsible for forests

b. Project Activities

On the project side, since 1997 ITTO has funded 66 projects, pre-projects and other activities totaling US\$ 23.1 million based on recommendations from Committee on Forest Industry.

The Committee has traditionally been very active in initiating policy related work through pre-projects. Under the 1983 Agreement, it was the Committee on Forest Industry that originated and successfully forwarded to Council the notion of Annual Market Discussions (now held in

joint sessions of the three technical committees), the ITTO Fellowship Programme and the initial Year 2000 Target.

Under the ITTA, 1994, the Council has approved and financing has been received for several pre-projects designed to look into developing further processing of tropical timber in member countries (see Annex 8). Of particular note is the 1998 study on “Policies and Measures toward the Development of Domestic Further Processing of Tropical Timber” and the 1999 “Review of the Status of Further Processing in Producer Countries.”

On the whole, relatively less project related work has been done under the ITTA, 1994 on matters related to forest industry as compared with the extensive work on forest management. This may reflect the fact that managing the resource based has been the first priority of many members. Under a new Agreement, members may be in a position to give increased attention to industry issues, particularly among those members ready to move beyond the saw milling stage of timber processing for export.

5. CROSS-CUTTING OBJECTIVES: 1(G), (M) AND (N)

The remaining three objectives under Article 1 are essentially means of achieving other objectives and as such are cross-cutting in nature. These are subparas:

- (g) To develop and contribute towards mechanisms for the provision of new and additional financial resources and expertise needed to enhance the capacity of producing members to attain the objectives of this Agreement;
- (m) To promote the access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed; and
- (n) To encourage information-sharing on the international timber market.

a. Financial resources and technology transfer/cooperation

The sum of ITTO’s project financing, capacity building and training workshops, and development of guidelines and manuals reflect the progress made under the current agreement in developing and “contributing towards mechanisms for new and additional financial resources” and promoting technology transfer and technical cooperation. In addition, the ITTO has received modest funding from the Common Fund for Commodities. A dialogue has also been initiated with the World Bank and with the Global Environment Facility (GEF).

However, despite strides made there remains a shortfall in financing to cover all approved projects. This currently amounts to about 40% percent of approved projects or about US\$ 46.9 million and points to the need to continue ITTO’s efforts to broaden its project funding base, both among its members and from external sources, including possibly private sources.

One opportunity may be to increase the amount of interest from the Special Account that is deposited in Sub-Account B of the Bali Partnership Fund. If all the interest were deposited, this could amount to US\$ 1.5 million a year in additional funding. An opportunity externally is the GEF, which in 2002 established a new focal area on combating land degradation,

including deforestation. The work program for this new GEF focal area is expected to be approved and become operational by early 2004.

b. Information-sharing

The ITTO has made great strides in information sharing under the ITTA, 1994. These include all the trade-related activities mentioned above in Section C.2 and later in Section D (Chapter IX), as well as the development of the ITTO Action Plans and the extensive public outreach and promotional activities (e.g. TFU Quarterly, Policy Development Series, side events, exhibits, posters, etc) documented elsewhere in this paper.

In addition to the “Review of Progress toward the Year 2000 Objective” undertaken in 2000, ITTO by Decision 9(XXX) is in the process of preparing a report on the “Status of Tropical Forest Management,” which is expected to be released in 2004. Given the mandate of the UNFF to review national progress toward sustainable forest management, as well as progress in implementing the IPF/IFF proposals for action, it may be useful for ITTO to contribute and integrate this work into the work of the UNFF.

**SECTION D
OTHER PRESCRIBED ACTION/WORK**

CHAPTER IX. STATISTICS, STUDIES AND INFORMATION

1. ARTICLES 29. STATISTICS, STUDIES AND INFORMATION

Other organizations. Article 29 (para 1) directs the Council to “establish close relationships with relevant organizations ... to help ensure the availability of recent reliable data and information on the tropical timber trade, as well as relevant information on non-tropical timber and on the management of timber producing forests” and as needed to “compile, collate, and where relevant, publish statistic information.”

Under the ITTA, 1994, ITTO has collaborated extensively with FAO, UNECE and Eurostat to develop and implement a Joint Forestry Sector Questionnaire (JQ), which is now used by these organizations to collect information on production and trade in forest products globally. As such, the JQ reflects a major step in streamlining and rationalizing national reporting to international fora. The ITTO is also a member of the CPF Task Force on Streamlining Forest Related Reporting and of the Forestry Resources Assessment (FRA) Advisory Group, which advises FAO on methodology and content of FRAs.

Members obligations. Article 29 (para 2) obliges members to “furnish, within a reasonable time, statistics and information on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests” and to do so “to the fullest extent possible not inconsistent with their national legislation.” Experience shows that while the JQ has significantly reduced country reporting burdens, only a few ITTO members have consistently provided reliable, timely information in response to the questionnaire, and a number have provided no information at all.

MEMBERS RESPONSES TO THE JOINT FORESTRY SECTOR QUESTIONNAIRE

CONSISTENTLY GOOD RESPONSE	
Producers	Ghana, Peru, Thailand, Venezuela
Consumers	Japan, Netherlands
GOOD RESPONSE TO JQ 2002	
Producers	Bolivia, Colombia, Cote d’Ivoire, Fiji, Ghana, Honduras, Peru, Suriname, Thailand, Togo
Consumers	Japan, Netherlands, New Zealand, Republic of Korea
NON RESPONSE TO JQ 2002	
Producers	Central African Republic, Democratic Republic of Congo, India, Liberia, Republic of Congo
Consumers:	Australia, Belgium/Luxembourg, Greece, Nepal

The failure by members to provide accurate and timely information has hampered ITTO’s ability to assist members to develop and sustain valuable markets for tropical timber products. The free flow of reliable information on forests and trade is essential for governments and industry to evaluate their resources, set development goals and take effective action to increase trade, capture more trade value and discourage illegal activities.

It might be useful in a new ITTA to include incentives to better ensure the provision by members of accurate and timely data through enhanced capacity building (as already provided under Article 30,

para 5). Consideration might also be given when data is consistently not provided to the suspension of benefits, such as project eligibility or participation in expert panels and Council decision-making processes.

In addition to poor responses to the JQ, there have been discrepancies in export and import data provided by producers and consumers. In these cases, countries are reporting significantly greater imports of products from producers than those producers are reporting as exports. These discrepancies suggest “undocumented trade”. To help address this problem, the Council by Decision 6(XXXI) authorised the Executive Director, among other things, to engage consultants to work with interested members to develop case studies on assessing export and import data on tropical timber and timber products, and encouraged members to submit projects to address forest law enforcement and illegal trade in tropical timber. To date, 13 countries have expressed interest in developing case studies. Of these, seven case studies are already underway: China, Republic of Congo, Indonesia, Japan, Malaysia, the UK and the US.

Studies. Article 29 (para 3) provides for Council to “have any relevant studies undertaken of the trends ... and problems of the international timber market and of the progress towards achievement of sustainable management of timber producing forests.” Under the ITTA, 1994, the Council has authorized a number of market studies listed in Annex 4, as well as a study on “Market Access for Tropical Timber” (PP-A/23-65) and a study on the “Downturn in the International Tropical Timber Market” (PP-A/25/75).

These studies build on earlier ITTO studies under the 1983 Agreement on major consumer markets, including Japan, North America, Korea, China and the European Union, as well as global studies on the growing significance of trade in secondary processed wood products and, more specifically, wooden furniture markets. There may be opportunities to further disseminate and capitalize on the recommendations contained in these market studies, which have been discussed in most cases at the committee level.

Forest studies. As mentioned in Section C, in November 2000, the ITTO commissioned Duncan Poore and Thang Hooi Chiew to prepare a comprehensive report on the “Review of Progress towards the Year 2000 Objective, which provided an excellent overview of the progress made by member countries and the ITTO in itself to implement a strategy for achieving exports of tropical timber from sustainable sources. By Decision 9(XXX), the Council authorized the Executive Director to commission a report on the “Status of Tropical Forest Management,” which is under way and is expected to be released in 2004.

Both these studies focus on tropical forests. The ITTO has yet to undertake studies on progress towards achieving sustainable management of timber producing forests broadly. In view of the establishment in 2000 of the UNFF and its mandate to review national progress toward sustainable forest management, as well as progress in implementing the IPF/IFF proposals for action, it may not be desirable to duplicate this work in the ITTO.

2. ARTICLE 30. ANNUAL REPORT AND REVIEW

Annual report. Consistent with Article 30 (para 1), the Council publishes an annual report on its activities within six months of the close of business of each calendar year.

Annual review. Article 30 (paras 2 and 3) directs the Council to “annually review and assess the international timber situation” and other relevant factors in light of the information supplied by members in accordance with Article 29 and other statistical data provided by members at Council request. Under the ITTA, 1994, the Executive Director has prepared an “Annual Review and

Assessment of the World Timber Situation,” the elements of which are presented to Council for review when it meets Yokohama. Based on comments in Council, the report is finalized. Despite the lack of quality data from many members, this annual review and assessment has proved to be the best report on the international tropical timber situation available to date.

Annual market discussions. ITTO has held Annual Market Discussions during its May-June sessions throughout the ITTA, 1994. These discussions are convened as joint sessions of the three technical committees and typically attract the active engagement of member countries and the trade. Each discussion has had a special theme as follows:

THEMES OF ANNUAL MARKET DISCUSSIONS UNDER THE ITTA, 1994

YEAR	VENUE	THEME
1997	Santa Cruz	Expansion of Trade in Tropical Timber Products Domestically and Abroad with Special Focus on the Latin American Experience
1998	Libreville	Africa in the Context of World Trade
1999	Chiang Mai	Downturn in the World Tropical Timber Market and Positive Contributions ITTO Should Make
2000	Lima	What Does It Take to Be both Responsible and Successful in the International tropical Timber Market
2001	Yaoundé	Regulations for a Sustainable Timber Trade – Relevant Issues
2002	Bali	(1) Tropical Timber Trade: Review and Prospects (2) Creating Opportunities for the Trade in ITTO’s work
2003	Panama City	World Trade and Business Developments

Members and trade representatives have found these annual market discussions informative and useful.

In addition to the annual review, ITTO has expanded the Market Information Service (MIS) initiated under the 1983 Agreement to deliver bi-weekly market news, prices and trends for a variety of tropical timber products to trade groups, executives, and analysts worldwide. The MIS helps serve producer needs for information on trends and developments in consumer markets, as well as the interests of timber buyers in production information. The MIS now has more than 4,000 subscribers and is available on the ITTO home page.

Forest management and resource flows. Article 30 (para 4) provides for the exchange of views among members on sustainable management of their timber producing forests and related resource flows and requirements. The Council has not implemented this provision to date.

Capacity building. Article 30 (para 5) provides that the Council will “upon request ... endeavor to enhance the technical capacity of member countries, in particular developing member countries, to obtain ... data necessary for adequate information sharing, including provision of resources for training and facilities to members.”

The ITTO has undertaken significant efforts to enhance the technical capacity of developing country members through training. Beginning with ITTA, 1983, the ITTO has sponsored, with voluntary contributions from consumer members, a series of 15 regional workshops to improve information sharing capacity in countries. The last 7 of these workshops have taken place under the current Agreement in Malaysia (1997), Bolivia (1997), Cote d’Ivoire (1998), India (1998), Brazil (1999), Togo (1999) and Peru (2002). ITTO is continuing work in this area in collaboration with

FAO. As already mentioned, ITTO has also developed statistical capacity through 12 country level projects under the ITTA, 1994 totaling over US\$ 4.4 million (see Annex 13).

SECTION E
OTHER PROVISIONS: CHAPTERS V, X AND XI

1. CHAPTER V. PRIVILEGES AND IMMUNITIES (ARTICLE 17)

Article 17 established that the ITTO shall have legal personality with the capacity to contract, acquire and dispose of property and institute legal proceedings. The status, privileges and immunities of the Organization, its Executive Director and staff, and representatives of member governments while in Japan are governed by the Headquarters Agreement between the Government of Japan and the ITTO signed at Tokyo on 27 February 1988.

The Headquarters Agreement is independent of the ITTA, 1994 and according to its terms applies to official activities of the Organization “taken pursuant to the Agreement of 1983, or any succeeding agreement.” In accordance with Article 23 of the Headquarters Agreement, that Agreement may be modified by the mutual consent of Japan and the ITTO. Under Article 17 of the ITTA, 1994, the Headquarters Agreement may be terminated:

- By the mutual consent of Japan and ITTO or
- If the headquarters is moved from Japan or
- If the Organization ceases to exist.

2. CHAPTER X. MISCELLANEOUS (ARTICLES 31-36)

a. Articles 31-33 – Complaints, general obligations

Articles 31-33 deal with member’s obligations under the ITTA, 1994. Article 31 provides that complaints about a member not fulfilling its obligations or disputes regarding the interpretation or applications of the Agreement be referred to the Council for decision. To date such complaints or disputes have not arisen.

Article 32 enjoins members to make best efforts to attain the objectives of the Agreement and to carry out Council decisions. Article 33 provides that the Council may relieve a member of an obligation under the Agreement under exceptional circumstances. To date, Council has not taken such action.

In considering a new Agreement, it may be useful to review whether these provisions, which have not been invoked under the ITTA, 1994, are needed in a new Agreement, and if so incorporate them under Chapter XI. Final Provisions, which deals with similar matters.

b. Article 34 – Differential measures

Articles 34 provides that “developing importing members whose interests are adversely affected by measures undertaken under this Agreement may apply to the Council for appropriate differential and remedial measures.” The intent of the article is unclear since all developing country members of ITTO are importers to some degree. Assuming the article is intended to refer to developing consumer members, these are China, Egypt and Nepal. To date, none of these has applied to the Council for such measures. If this article is retained in the new agreement, its scope should be clarified.

Article 34 also provides that “Members in the category of least developed countries as defined by the United Nations may apply to the Council for special measures in accordance with ... the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990’s.

ITTO members identified by the UN as least developed countries during the life of the ITTA, 1994 are as follows:

ITTO Members Classified as Least Developed Countries: Cambodia, Central African Republic, Democratic Republic of the Congo, Liberia, Myanmar, Nepal, Togo and Vanuatu.

To date, none of these members has applied to the Council for special measures under Article 34.

c. Article 35 – Scope of the Agreement

Article 35 provides that the “Council shall review the scope of the Agreement four years after its entry into force.” Accordingly, the Council reviewed the scope of the ITTA, 1994 in May 2000 at its 28th Session, taking no further action on the matter.

d. Article 36. Non-discrimination

Article 36 states that nothing in the “Agreement authorizes the use of measures to restrict or ban international trade in, and in particular as they concern imports of an utilization of, timber and timber products.”

3. CHAPTER XI. FINAL PROVISIONS (ARTICLES 37–46)

a. Article 37-41 - Entry into force

Articles 37-41 deal with matter related to entry into force of the ITTA, 1994. While the ITTA, 1994 never entered into force definitively, it provisionally entered into force on 1 January 1997, with the following governments having “signed the Agreement definitively” or “ratified, accepted or approved it” or “notified the Secretary-General of the United Nations (the depositary of the Agreement) ... that they will “apply the Agreement provisionally:

Producers: Bolivia, Cambodia, Cameroon, Cote d’Ivoire, Ecuador, Fiji, Gabon, Ghana, Honduras, India, Indonesia, Liberia, Malaysia, Myanmar, Panama, Papua New Guinea, Peru, Philippines, Thailand, Togo.

Consumers: Australia, Belgium/Luxembourg, Canada, China, Denmark, Egypt, European Community, Finland, France, Germany, Japan, Netherlands, New Zealand, Norway, Republic of Korea, Sweden, Switzerland, United Kingdom, United States.

The following governments deposited their instruments “of ratification, acceptance, approval or accession after entry into force” of the ITTA, 1994:

Producers: Brazil, Central African Republic, Colombia, Democratic Republic of the Congo, Guatemala, Guyana, Nepal, Nigeria, Suriname, Trinidad and Tobago, Vanuatu, Venezuela.

Consumers: Austria, Greece, Ireland, Italy, Portugal, Spain.

ANNEX 17 lists the status of ITTO’s 58 members as of 30 June 2003.

b. Article 42-45 – Amendments, withdrawal, exclusion, settlements

Article 42 provides that the ITTA, 1994 may be amended by the Council by special vote. To date, Council has not amended the Agreement.

Article 43 deals with withdrawal from the Agreement. To date, no country has withdrawn from the ITTA, 1994. While the USSR was a party to the ITTA, 1983, the Russian Federation did not accede to the ITTA, 1994. However, collapse of the USSR and formation of the Russian Federation occurred prior to expiry of the ITTA, 1983, at which time Russia assumed the financial responsibilities of the former Soviet Union. As of May 2003, arrears in contributions to ITTO from the Russian Federation as successor to the USSR under the 1983 Agreement amounted to US\$24,837, including interest charges.

Article 44 deals with excluding a member from the ITTA, 1994 due to a breach of its obligations under the Agreement which “significantly impairs the operation” of the Agreement. While a number of countries have routinely failed to meet their financial obligations under the ITTA, 1994, the Council has not found that such breaches significantly impairs the Agreement’s operation.

c. Article 46 – Duration, extension, termination

Article 46 provides that the ITTA, 1994 “shall remain in force for a period of four years after its entry into force unless the Council, by special vote, decides to extend, renegotiate or terminate” it, and may be extended for two periods of three years each. In May 2000, the Council by Decision 4(XXVIII) extended the Agreement until 31 December 2003. In November 2002, the Council by Decision 9(XXXIII) extended the Agreement until 31 December 2006, when the ITTA, 1994 will expire. At the same session, the Council approved a schedule for negotiating a successor agreement to the ITTA, 1994. No special votes were taken by Council in connection with extending the Agreement. Again, it may be useful in a new ITTA to clarify that Council will take a special vote only in the absence of consensus.

Experience in negotiating the ITTA, 1994 and thus far in preparing for its successor Agreement shows that extensive time and resources are involved in re-negotiating ITTAs. Experience also shows that the typically short life span of the ITTA (four years initially) works against long-term planning and tends to provide an atmosphere of uncertainty that may work against the ITTO’s effectiveness.

Extending the life of the ITTA. In order to promote a more durable ITTO and enable Council to focus on the work of the Organization, it may be useful to extend the period that a new Agreement initially remains in force (e.g. from 4 to 10 years), as well as the number and/or duration of allowable extensions of the Agreement (e.g. from two periods of three years each to three periods of five years each) before it must be re-negotiated. This would maintain the tradition of a time limited mandate of the ITTO (e.g. 10 to 25 years depending on decision by Council) but would give the Organization added stability in its own work and how it is viewed by other organizations and reduce the time spent by Council in renegotiating the Agreement.

Implications of extended duration. If a new ITTA is given an appreciably longer life than the current agreement, this may affect its content. Those provisions or details that could become outdated in the short and medium term may be omitted in favor of a more generalized and durable approach.

SECTION F SUMMARY

1. NOTABLE ACHIEVEMENTS UNDER THE ITTA, 1994

The following reflect areas of significant achievement by the Council, Organization and secretariat under the ITTA, 1994:

- **Objective 1(a), (g), (m). Framework for international cooperation.**

- Articles 20-21. Projects. ITTO has attracted US\$123 million in financing for 218 projects, pre-projects and other activities since 1997 -- with an annual Administrative Budget of only US\$4.6 million.
- Article 21. Bali Partnership Fund. ITTO has successfully operationalized the Bali Partnership Fund, including establishment of Sub-Account B for unearmarked contributions (although funds remain limited).
- Article 25. Project funds disbursement. The elapsed time from project approval and financing commitments to disbursement of funds is only 6-9 months -- much less than the timeframe associated with bilateral and multilateral assistance agencies.
- Article 25. Project cycle. ITTO has made continuous improvements to the project cycle to enhance project quality, technical appraisal, monitoring and evaluation. The Expert Panel for the Technical Appraisal of Projects and Pre-Projects has been highly effective in this regard.

If the new ITTA identifies permanent subsidiary bodies of the Council, it may be useful to include the Expert Panel among them.

- Articles 20, 21, 25, 27, 30. Since 1999, the Secretariat through voluntary contributions from members has organized or arranged 75 expert panels, workshops, regional meetings, seminars, conferences, side events and exhibits to enhance capacity building and international cooperation among members and promote ITTO activities to the international community (see Annex 15).

- **Objective 1(a), Article 7. Framework for policy dialogue.**

- Article 24. Council decisions. ITTO has been a valuable forum for policy dialogue. The Council has taken 138 decisions under the ITTA, 1994, Among these are 39 decisions on important policy issues, including difficult issues related to market access, certification and forest law enforcement (see Annex 8).

Since the policy component of ITTO's activities has been as important as its project activities, it may be useful in the new ITTA to give greater recognition to policy aspects, e.g. in Art. 24.

- Article 7, Chapter VII. Action plans. The Libreville and Yokohama Action Plans have proved excellent strategic planning tools to guide and communicate ITTO's work and priorities, including formulation of ITTO's first mission statement.

Since strategic planning is essential to ITTO's effectiveness, it may be useful in a new ITTA to provide for the development by Council of a mission statement and periodic action plans to guide ITTO's work and communicate its purpose and priorities.

- Article 7, Chapter VII. Work programme. The Council has instituted an annual work program process, subsequently improved as a biennial work program, to improve program management and operationalize the Libreville and Yokohama Action Plans.

Given the utility for program planning of having a program of work, it may be useful in a new ITTA (Art. 7) to identify development of a work program as a Council function.

- Article 7, Chapter VII. Improved effectiveness. Council has adopted numerous measures to reduce costs and improve the efficiency and effectiveness of ITTO as a whole (the Council, committees and secretariat). This has included establishing the IAG, which has been effective in advising the Council Chair on forthcoming issues and priorities prior to and during Council sessions.

Given the benefits of a well-run organization, it may be useful in a new ITTA (Art. 7) to provide that Council will take actions as necessary to ensure efficient and effective ITTO operations. It may also be useful if the new ITTA identifies permanent subsidiary bodies of the Council to formalize the IAG as one such body (Art. 26, 27).

- Article 7, Chapter VII. Communications. ITTO has greatly enhanced communication and public outreach activities through the TFU, the ITTO policy series, various promotional events and publications and the ITTO web-site, as well as by providing potential new opportunities for involving key constituencies in ITTO through the TAG and CSAG.

Given the importance of communication and public outreach to meeting ITTO's objectives, it may be useful to identify this as a Council function in Art. 7 or Chapter VII of a new ITTA.

- Article 14. Cooperation. ITTO has greatly enhanced cooperation with international and regional organizations, such as UNFF, FAO, ATO, CITES, IUCN and many others, thereby raising awareness and the profile of ITTO internationally.

It may be useful in a new ITTA to update the most significant organizations for ITTO cooperation in Art. 14 or, given the large number of cooperating organisations, to seek a more general formulation.

- Article 19. Secretariat. The Secretariat has been highly efficient in supporting the work of the Council as a forum for consultation, international cooperation and policy development. With little more than a 15% increase in the Administrative Budget between 1997 and 2003, the Secretariat workload has increased appreciably due to increasing project and policy workload, including project monitoring and evaluation, sponsoring workshops and training sessions, and numerous other activities.

- Article 26. Fellowship Programme. In establishing the Freezailah Fellowship Fund, the ITTO has expanded the initial ITTO Fellowship Programme. Since 1997, the Fund has awarded 189 fellowships totaling nearly US\$ 1.1 million to nationals of ITTO member countries (see Annex 9).

- Article 26. CFA. The Council’s administrative and financial deliberations have been greatly streamlined through the new Committee on Finance and Administration, which has been able to effectively deal with a range financial and administrative matters, saving the Council considerable time.
- **Objective 1(h), 1(n), Articles 29-30. Economic information, market intelligence, statistics and information-sharing.**
 - Articles 24, 27, 29, 30. Council decisions. The Council has taken nine decisions related to market and trade issues since 1997, including decisions on market access, the downturn in the international tropical timber market, expansion and diversification of the international tropical timber trade and certification (certification decisions also relate to ITTO’s objectives on managing the resource base).
 - Article 25, 27, 30. Projects. Under the ITTA, 1994, ITTO has financed 35 market related projects, pre-projects and other activities totaling US\$ 11.1 million, including 12 country level projects to build the statistical capacity of members (see Annex 13) and several studies on market access, competitiveness and the market outlook for tropical timber products (see Annex 12).
 - Article 29. JQ. ITTO has developed with FAO, UNECE and Eurostat the Joint Forestry Sector Questionnaire (JQ) to streamline data collection on production and trade in forest products globally. The JQ has significantly reduced country reporting burdens.
 - Article 29. Export-import case studies. ITTO is working with 13 members to develop case studies on assessing export and import data on tropical timber and timber products and has encouraged members to submit projects to address forest law enforcement and illegal trade in tropical timber.
 - Article 30. Annual Review. The ITTO “Annual Review and Assessment of the World Timber Situation” is considered the best annual report on the international tropical timber situation.
 - Article 30. Annual Market Discussions. ITTO’s Annual Market Discussions held as joint sessions of the three technical committees have typically attracted the active engagement of members and the trade, which have found the discussions very useful.
 - Article 30. MIS. The ITTO has successfully expanded the Market Information Service (MIS), which now delivers bi-weekly market news, prices and trends on a variety of tropical timber products to over 4,000 trade groups, executives and analysts worldwide.
 - Article 30. Capacity building. In addition to its project work, ITTO has sponsored seven regional workshops to help build members’ statistical capacity.
- **Objective 1(c),(d),(f),(j) and (l). Managing the resource base**
 - Article 24. Council decisions. Since 1997, the Council has taken 25 decisions related to forest management, including decisions on the Year 2000 Objective, criteria and indicators, fire, strengthening forest management in Asia and Africa, and developing guidelines for rehabilitation of secondary and degraded forests, among others.

- Articles 25, 27. Projects. In addition, ITTO has financed 126 projects, pre-projects and other activities totaling US\$ 61.8 million for a wide variety of activities related to forest management. These activities have provided training for more than 6,000 professionals, forest users, communities and villagers in member countries since 1997.
- Article 21. Year 2000 Objective, Bali Partnership Fund. The Poore/Thang report on “Progress towards the Year 2000 Objective” indicates there has been significant progress in many producer member countries in reforming forest policy and legislation in response to Objective 2000, but full implementation remains a challenge.

Since the year 2000 is passed, it may be useful in the new ITTA to review Art. 1(d) and Art. 21, with a view to identifying a new target (e.g. Objective 2010 or 2015) or recasting Objective 2000 as a durable ITTO goal without a specific target year, and in this context review the provisions regarding the special needs of certain members.

- Article 25, 27. Criteria and Indicators. ITTO has continued to be a leader in the development of criteria and indicators for sustainable forest management. After pioneering the concept of criteria and indicators in 1992, ITTO adopted revised “Criteria and Indicators for Sustainable Management of Natural Tropical Forests” in 1998 and subsequently developed an implementation manual, sponsored four regional workshops which led to adoption of new reporting formats for criteria and indicators, and published the ITTO/ATO Principles, Criteria and Indicators for the Sustainable Management of African Natural Tropical Forests. ITTO is now in the process of holding 18 national level workshops to assist producer members to report using the new formats.
- Article 25, 27. Demonstration areas. ITTO has funded 38 forest demonstration areas covering about 3 million hectares in member countries, many managed by public agencies or local communities, often with the assistance and participation of conservation non-governmental organizations.
- Articles 25, 27. Protected forest areas. ITTO has financed the protection of about 11 million hectares of protected forest in member countries, including eight transboundary conservation reserves involving 11 producer members (see Annex 16). These projects include the commitment of host government counterpart funds and seek to conserve important indigenous flora and fauna, improve the well-being of local communities and other forest dependent populations, discourage illegal logging and foster cooperation among member countries.
- Article 24, 27. ITTO special missions. Since 1997, ITTO has organized nine missions to member countries to diagnose issues facing forest management and forest industry development in host countries and recommend improvements to forest management. Six more missions are now being planned.
- Articles 24, 27, 28, 29. Guidelines on forest rehabilitation. Continuing its excellent record of developing guidelines for forest management, in 2002 ITTO issued “Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests.” These guidelines were developed in collaboration with CIFOR, FAO, IUCN and WWF International and provide a set of principles and recommended actions to promote management, restoration, rehabilitation and sustainable utilization of degraded and secondary forests as a component of social and economic development in member countries.

- Articles 24, 25, 27, 29. In 1997, ITTO published “Guidelines on Fire Management in Tropical Forests,” with the aim of helping producer and consumer members develop programs to reduce fire damage and assisting tropical forest managers and rural residents to safely use and benefit from fire in land-use systems. ITTO projects in Indonesia, Ghana, Cote d’Ivoire and elsewhere have provided field-level assistance in implementing national level guidelines. By Decision 6(XXXIII), members experiencing forest fire problems can be provided with the services of forest fire experts to help identify fire management strategies and actions and develop related pre-project and project proposals.
- Article 30. Studies. ITTO has commissioned the first comprehensive report on the “Status of Tropical Forest Management,” which is expected to be released in 2004.

- **Objective 1(f -part 1) and (i). Forest industry related objectives.**

- Article 7, 24. Council decisions. The Council has taken one decision under the ITTA, 1994 that deals directly with increased and further processing of tropical timber. By Decision 7(XXIV), ITTO and ATO co-sponsored the first ministerial level conference on “Further Processing of Tropical Timber in Africa” in Libreville in March 2003. The conference declaration was signed by 14 African ministers responsible for forests.
- Article 25, 27. Projects. ITTO has funded 66 projects, pre-projects and other activities totaling US\$ 23.1 million related to forest industry and further processing in producer countries, including several pre-projects designed to look into further processing of tropical timber in member countries (see Annex 8). Of particular note is the 1998 study on “Policies and Measures toward the Development of Domestic Further Processing of Tropical Timber” and the 1999 “Review of the Status of Further Processing in Producer Countries.”

2. SHORTFALL IN IMPLEMENTATION

- **Objective 1(a), (d), (g), (m). International cooperation (financial resources, technology transfer), Year 2000 Objective**

- Article 20-21. A number of projects approved by Council remain unfunded. While improvements have been achieved under the ITTA, 1994, about 40% of all projects are still affected. This problem results in part because ITTO’s funding has remained relatively narrow within its membership (only four major donors), and external sources have not been fully explored. At the same time, a number of members continue to need support to make further progress toward the Year 2000 Objective.

It may be useful under Art. 21 in a new ITTA to revise the income earned as a result of activities related to the Special Account from 50% to 100%, which could generate an additional US\$1.5 million annually for Sub-Account B of the Bali Partnership Fund.

- **Objective 1(c), (e), (h), (k). Trade related objectives**

- Articles 27, 29, 30. ITTO has made relatively less progress in promoting the expansion and diversification of the international trade in tropical timber from sustainable sources and improving marketing and distribution of tropical timber exports from sustainably managed forests than it has in other trade related areas. Given the important link between sustainable forest management, certification and continued market access for tropical

timber products, it will likely be very useful for ITTO to continue its policy discussions on market access and certification.

- **Objective 1(j) and (i). Forest industry objectives**

- Article 24-27. Relatively less project related work has been done under the ITTA, 1994 related to forest industry as compared with the extensive work on forest management. This may reflect both donor priorities and the fact that improving management of the resource based has been the first priority of many members. Under a new ITTA, members may be in a position to give increased attention to industry issues, particularly members ready to move beyond the saw milling stage of timber processing for export.

- **Objective 1(h), (n), Articles 19-30. Statistics, information sharing**

- Articles 29, 30. Despite the streamlined JQ and the series of statistical capacity building projects and regional workshops, only a few producer and consumer members have consistently provided reliable, timely responses, and a number have provided no data at all.

In a new ITTA, it may be useful include incentives to better ensure the provision of data by members, as well as the possible suspension of benefits when data is consistently not provided, such as benefits related to project eligibility or participation in expert panels and Council decision-making processes.

3. AREAS FOR POTENTIAL FURTHER REVIEW UNDER A NEW AGREEMENT

Based on experience in implementing the ITTA, 1994, it may be useful in developing a new ITTA to review or reconsider the provisions contained in the following Articles:

- Articles 7, 8, 9, 16, 25, 26, 33, 42, 44, 46. Special votes. Whether to clarify that a special vote is to be invoked only when decision by consensus cannot be reached. Whether to revise the formula for a special vote to make it the same for producers and consumers. Whether to maintain a “special vote” under a new ITTA for the following provisions:

Article 7	Rules of procedure
Article 8	Election of Chairpersons of Council
Article 9	Holding Council sessions outside headquarters
Article 16	Appointment of the Executive Director
Article 25	Suspension of ITTO project sponsorship
Article 26	Establishment of committees and other subsidiary bodies
Article 33	Relief from obligations
Article 42	Amendments
Article 44	Exclusion
Article 46	Duration, extension, termination of the Agreement

- Articles 10-12. Voting. Whether to clarify what is meant by “tropical forest resources.” Whether round wood equivalents or actual product volumes should be used in the consumer calculation. More generally, whether the formulas for calculating producer and consumer votes continue to be meaningful in terms of the current structure of the international tropical timber trade.

- Article 19. Administrative budget. Recognizing that suspension of voting rights has not proved an effective disincentive to non-payment of assessments to the Administrative Budget, whether to provide in the new ITTA for measures already adopted by Council in Decisions 7(XXXIII) that projects submitted by members with cumulative arrears of three years or more will not be processed by the secretariat. Whether to also specify in a new ITTA measures affecting all members, such as ineligibility to participate in Council decision-making processes, expert panels and working groups.
- Articles 24 and 25. Policy and project work:
 - Whether and how to strengthen requirements for the integration of ITTO's policy and project work.
 - Whether to delete calls for "balance" and equitable distribution of projects among ITTO's three focal areas (economic information and market intelligence, reforestation and forest management, and forest industry), which are inherently unequal in scope, or identify new areas more equitable in scope, e.g. by combining market intelligence and forest industry into a single area.
 - Whether to harmonize the "areas" identified in Article 24 and the "fields" identified in Article 25.
 - Whether to clarify that Council approves all projects or to provide flexibility for project approval outside of Council.
 - Whether to require members to clearly "prioritize" and limit the number of projects submitted to the secretariat as urged by Council in Decision 7(XXXIII).
- Article 26-27. Committees. Whether to streamline committee functions in a new ITTA to avoid duplication and confusion with Council functions and provide flexibility to Council to elaborate detailed committee functions as needed. Whether to specify the number of permanent subsidiary bodies in a new ITTA or allow Council to establish such bodies as needed to meet ITTO objectives.
- Articles 29-30. Statistics and information. Whether to maintain the provision on studies on "progress in sustainably managing timber producing forests" given that the UNFF now has the mandate to review national progress toward sustainable forest management, as well as progress in implementing the IPF/IFF proposals for action.
- Article 34. Special measures. Whether to maintain the provision on differential measures for "developing importing members whose interests are adversely affected by measures taken under the Agreement" and if maintained, whether to clarify "developing importing member." Whether to maintain the provision on special measures for least developed countries. (Neither provision has been used under the ITTA, 1994.)
- Article 35. ITTA Scope. Whether to review the scope of the new Agreement within four or more years after entry into force, given that the review under the ITTA, 1994 led to no further action.
- Article 46. Duration and extensions. Whether to extend the period the new ITTA initially remains in force (e.g. from 4 to 10 years) and the number and/or duration of allowable extensions (e.g. from 2 periods of 3 years each to 3 periods of 5 years each) in order to give the ITTO stability and certainty and reduce time spent renegotiating short-lived Agreements.

4. TECHNICAL QUESTIONS FOR REFERRAL TO UNCTAD REPRESENTATIVE

It may be useful to seek clarification from the UNCTAD representative on the following technical matters.

- Article 28. CFC. Why the Common Fund for Commodities is dealt with separately under Chapter VIII, Article 28 rather than incorporated into Article 14 on cooperation and coordination with other organizations.
- Articles 31-33. Obligations. Why Articles 31-33 are listed separately in Chapter X, Miscellaneous rather than incorporated into Chapter IX on Final Provisions, which deals with similar matters.
- Article 34. Differential measures. Does UNCTAD require that the provisions for differential measures for certain members and for special measures for least developed countries be included in commodity agreements?
- Multiple Articles. Can the requirement for a “special vote” be eliminated from a new ITTA if members so desire? What is the legal distinction between requiring Council to take a special vote (i.e. “Council shall by special vote...”) and providing a special vote as an option (“Council may by special vote...”), when in practice no special votes have been taken under the ITTA, 1994?

Annex 1**Council Decision 6(XXXIV)**

Distr.
GENERAL

ITTC(XXXIV)/25
17 May 2003

Original: ENGLISH

THIRTY-FOURTH SESSION
12-17 May 2003
Panama City, Panama

DECISION 6(XXXIV)**NEGOTIATING A SUCCESSOR AGREEMENT TO THE ITTA, 1994**

The International Tropical Timber Council,

Recalling Decision 8(XXXIII) on Preparations for Negotiating a Successor Agreement to the ITTA, 1994, which approved the schedule for the Preparatory Committee (PrepCom) meetings and renegotiations on a Successor Agreement to the ITTA, 1994, the convening of a Working Group to assist the First Meeting of the PrepCom, and the budgets for convening the Working Group and the First PrepCom Meeting;

Taking Note of the Report of the Working Group for consideration by the First Meeting of the Preparatory Committee for negotiating a Successor Agreement to the ITTA, 1994 [Document ITTC(XXXIV)/7];

Also taking note of the opportunity to consider potential contributions of remuneration for environmental services to sustainable forest management and the possibility of considering them during the negotiations of a Successor Agreement to the ITTA, 1994;

Welcomes the offer of the Secretary-General of UNCTAD to provide the forum for the negotiations of a Successor Agreement to the ITTA, 1994, and the proposed date of the Conference (first part) to negotiate a successor agreement;

Recognizing the need to consider planning for a Successor Agreement to the ITTA, 1994, in order to facilitate an orderly transition to a new Agreement;

Decides to:

1. Request the PrepCom to take measures to implement inter-sessional work as needed, including extending the mandate of the Working Group, if necessary;
2. Request the Executive Director to engage Consultants to prepare an overall background paper that summarizes experiences of implementation of the current ITTA, 1994;

3. Request the Executive Director to engage Consultants to prepare an overall background paper that will take stock of the most relevant studies available regarding internationally traded and potentially tradable environmental services, in accordance with the Terms of Reference in Annex A, for the purpose of informing Council and the PrepCom;
4. Request the Executive Director to advise the Secretary General of the United Nations Conference on Trade and Development in order to arrange for the United Nations Conference (first part) for the negotiation of a Successor Agreement to the ITTA, 1994, in Geneva, Switzerland, from Monday, 26 to Friday, 30 July 2004;
5. Convene the Thirty-sixth Council Session in Switzerland, from Tuesday, 20 to Friday 23 July 2004, and the Thirty-seventh Council Session in Yokohama, Japan, from Monday, 13 to Saturday, 18 December 2004;
6. Authorize the Executive Director to seek voluntary contributions from Member Countries to fund the cost of:
 - (a) any inter-sessional work, if necessary as may be decided by the First PrepCom, in the amount not exceeding US\$80,000;
 - (b) the Second PrepCom Meeting, including financial assistance for attendance of Producer Members as needed, in the amount not exceeding US\$180,000;
 - (c) engaging two Consultants to prepare an overall background paper that summarizes experiences of implementation of the current ITTA, 1994, in the amount not exceeding US\$50,000;
 - (d) engaging two Consultants to prepare an overall background paper that will take stock of the most relevant studies available regarding internationally traded and potentially tradable environmental services, in the amount not exceeding US\$45,000; and
 - (e) supporting the participation in the United Nations Conference (first part), of participants from developing member countries of the ITTO, including financial assistance for attendance of Producer Members as needed and of up to five members of the CSAG and up to five members of the TAG, in the amount not exceeding US\$210,000.
7. If sufficient contributions are not received, the Executive Director is requested to use funds from the Working Capital Account to cover the budget as specified in 6(a), (b) and (e) above.

ANNEX**Terms of Reference for Environmental Services Study**

The paper should set out the main issues of relevance to tropical forests for various environmental services. It should give an overview of the current status and future potential of markets and trade of environmental services provided by tropical forests. The paper should:

- set out the conventional wisdom, contemporary understanding and views, as well as uncertainties that still exist in the field of marketability of environmental services;
- identify markets in services flowing from forests, with particular reference to environmental services, and global biodiversity benefits, including their relation to tropical timber producing forests;
- explore issues, potentials and constraints of emerging environmental service markets, including *inter alia* carbon, water and bioprospecting;
- analyse environmental services internalized by forest owners/managers versus external benefits; and
- identify and describe instances where remuneration for environmental services have contributed to the economic and financial viability of sustainable forest management.

* * *

Annex 2

Distribution of Votes and Member Assessments: 1997 and 2003

	PRODUCERS	NO. OF VOTES	
		1997	2003
Africa			
	Cameroon	25	27
	Central African Republic	25	26
	Congo	25	27
	Côte d'Ivoire	25	26
	Democratic Republic of the Congo	25	27
	Gabon	25	27
	Ghana	25	26
	Liberia	25	26
	Togo	25	26
Asia & Pacific			
	Cambodia	21	16
	Fiji	16	14
	India	24	22
	Indonesia	157	143
	Malaysia	131	112
	Myanmar	31	29
	Papua New Guinea	38	29
	Philippines	17	15
	Thailand	18	16
	Vanuatu	-	13
Latin America/Caribbean			
	Bolivia	32	23
	Brazil	152	163
	Colombia	35	23
	Ecuador	23	15
	Guatemala	-	12
	Guyana	-	16
	Honduras	20	12
	Panama	20	12
	Peru	40	28
	Suriname	-	15
	Trinidad and Tobago	-	11
	Venezuela	-	23
	TOTAL	1,000	1,000

CONSUMERS	NO. OF VOTES	
	1997	2003
Australia	17	13
Canada	13	16
China	152	207
Egypt	17	15
European community		
Austria	-	10
Belgium/Luxembourg	20	17
Denmark	12	14
Finland	10	10
France	44	33
Germany	32	23
Greece	-	12
Ireland	-	14
Italy	-	27
Netherlands	32	30
Portugal	-	21
Spain	26	29
Sweden	11	11
United Kingdom	46	37
Japan	373	265
Nepal	-	10
New Zealand	10	10
Norway	11	11
Republic of Korea	112	73
Switzerland	11	11
United States of America	51	81
TOTAL	1,000	1,000

Annex 3

Distr.
GENERAL

ITTC(XXXIII)/10
5 September 2002

Original: ENGLISH

THIRTY-THIRD SESSION
4-9 November 2002
Yokohama, Japan

**PROGRESS REPORT ON MEASURES PURSUED IN
ANNEXES A AND B OF ITTC DECISION 7(XXX) ON THE
ROLE OF ITTO IN INTERNATIONAL AND REGIONAL ORGANIZATIONS AND FORA**

[Item 17 of the Provisional Agenda]

This document is prepared pursuant to ITTC Decision 7(XXX) which, *inter alia*, requested the Executive Director to provide progress reports to the Council on measures pursued in Annexes A and B to the decision for effective ITTO involvement in international and regional organizations and fora. For each of the measures listed in Annexes A and B to the decision as attached, a narrative on its implementation status is provided in the right hand column of the annexes. It is to be noted that measures in Annex A are those which could be pursued with existing resources while measures in Annex B would require additional financial allocations. This progress report covers the period from 1 June 2001 to 31 August 2002.

ANNEX A

Measures which could be pursued within existing resources

Measures	Implementation Status
<i>INTERNATIONAL ORGANIZATIONS AND CONVENTIONS</i>	
UNFF	
(i) Be actively involved in UNFF meetings at ED level (especially regarding trade and environmental issues, forest monitoring and forest conservation and sustainable management).	The Executive Director led the ITTO delegation to the First and Second Sessions of the UNFF held in New York on 11-22 June 2001 and 4-15 March 2002, respectively.
(ii) Prepare papers on issues under the UNFF Multi-Year Programme of Work where ITTO has comparative advantage.	ITTO prepared the Note by the Secretary-General on Trade and Sustainable Forest Management [E/CN.18/2002] presented at the Second Session of the UNFF. ITTO also provided inputs and comments to all documents prepared for the UNFF at its First and Second Sessions.
(iii) Be actively involved in UNFF ministerial segments and multi-stakeholder dialogues.	The Executive Director participated in the Ministerial Segment of the Second Session of the UNFF held on 13-14 March 2002 particularly in the policy dialogue between ministers and heads of member organizations of the CPF.
(iv) Host and lead side events at UNFF meetings (with CPF partners as appropriate) on key UNFF topics related to ITTO's mandate and to highlight recent ITTO accomplishments and innovations.	ITTO plans to hold a side event in one of the future sessions of the UNFF.
(v) Participate in relevant <i>ad hoc</i> technical expert groups convened by UNFF.	ITTO will participate in some of the relevant meetings of these UNFF ad hoc expert groups after their establishment. ITTO supported and participated in the International Expert Meeting on Monitoring, Assessment and Reporting on Progress towards SFM organised by the Government of Japan in support of the UNFF, in Yokohama, Japan from 5 to 8 November 2001. Together with FAO and the Governments of USA and Finland, ITTO is co-sponsoring the International Conference on Criteria and Indicators for Sustainable Forest Management (ICCI) in support of the UNFF scheduled to be held in Guatemala City, Guatemala in 2003. ITTO is also one of the co-sponsors of the UNFF Intersessional Expert Meeting on the Role of Planted Forests in SFM to be hosted by the Government of New Zealand in 2003.

Measures

Implementation Status

CPF

- | | |
|--|--|
| (i) Serve as lead agency on issues where ITTO has comparative advantage. | ITTO has been chosen as the CPF focal agency for UNFF Element 15 “International Trade and Sustainable Forest Management” and jointly with FAO as the CPF focal agency for UNFF Element 7 “Criteria and Indicators for SFM”. |
| (ii) Participate in development of the UNFF plan of action on IPF/IFF implementation. | ITTO participated in the development of the UNFF Plan of Action (PoA) in its capacity as a member of CPF. ITTO is monitoring the implementation of the PoA in respect of the UNFF elements which are of relevance to its mandate, particularly elements 15 and 7 for which ITTO is the CPF focal agency. |
| (iii) Advance work within the CPF on using C&I for national forest assessment, monitoring and reporting, including in the context of UNFF. | This work is being pursued by ITTO and FAO in their capacity as joint focal agency for UNFF Element 7 “Criteria and Indicators for SFM” within the CPF as well as within the context of UNFF Element 10 “Monitoring, Assessment and Reporting” and “Concepts, Terminology and Definitions”. |

FAO

- | | |
|---|---|
| (i) Continue and enhance coordination and cooperation on trade statistics, including collaborative reporting on statistics. | ITTO continues to collaborate with FAO (together with UNECE and Eurostat) in the Inter-Secretariat Working Group on Forest Statistics (IWG) on the development, distribution and analyses of the ITTO/UNECE/FAO/EUROSTAT Joint Forest Sector Questionnaire and other statistical work. ITTO participated in the meetings of the IWG held on 21-22 November 2001 and 9-12 April 2002 in Luxembourg and Geneva, respectively. ITTO participated in and presented lectures at the FAO Workshop on Forest Statistics held in Bangkok on 21-23 May 2002 while FAO participated in and presented lectures at the ITTO Workshop on Forest Statistics held in Iquitos, Peru on 28-29 August 2002. |
|---|---|

Measures

- (ii) Strengthen coordination with FAO regional commissions, including having the three ITTO Technical Committees report on activities of the commissions during Committee sessions, with a view to considering areas for joint project work. Participate in development of the UNFF plan of action on IPF/IFF implementation.
- (iii) Strengthen communication and cooperation between Secretariats on areas of mutual interest, such as capacity building, criteria and indicators, FRA, forest contribution to carbon cycles, forest fires, improved harvesting techniques, improved processing techniques, and, when appropriate, certification and mutual recognition.
- (iv) Consider development of an MOU on collaboration activities.

Implementation Status

ITTO secured the collaboration of the FAO Regional Office for Asia-Pacific (RAPA) in the production of an edition of the ITTO Tropical Forest Update on Reduced Impact Logging (TFU 11/2, mid-2001). ITTO participated in the FAO-RAPA Third Regional Model Forest Workshop held in Yangon, Myanmar on 25-29 November 2001 and is also involved in the FAO Central Africa Model Forest Project. ITTO also participated in the Thirtieth Session of the African Forestry and Wildlife Commission held in Libreville, Gabon on 25-29 March 2002. As members of the CPF, ITTO and FAO participated in the development of the UNFF Plan of Action and are monitoring its implementation, particularly in respect of those UNFF elements which are relevant to their respective mandates as well as those elements for which they are serving as the CPF focal agencies.

ITTO participated in the Meeting on Policy Options to Combat Illegal Logging held at FAO Headquarters in Rome on 14-16 January 2002. ITTO also participated in the FAO Expert Meeting on Harmonizing Forest-Related Definitions for Use by Various Stakeholders held in Rome on 23-25 January 2002. On its part, FAO collaborated in the convening of the ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes in Kuala Lumpur, Malaysia on 3-4 April 2002. ITTO is participating as a member of the Project Advisory Group (PAG) for the on-going FAO project on Impact Assessment of Forest Products Trade in the Promotion of Sustainable Forest Management and had attended two PAG meetings held in Rome on 4-5 October 2001 and in Bali, Indonesia on 12-15 May 2002. [ITTO is collaborating with FAO in the engagement of Dr. Jim Bourke to assist in the implementation of ITTC Decision 6(XXX) on Forest Law Enforcement in the Context of Sustainable Timber Production and Trade].

The possibility and desirability of developing such an MOU is under consideration.

Measures**Implementation Status****CITES**

- (i) Continue to actively participate, preparatory to CITES COP 11, in the Timber Working Group, the listing criteria working group and the bushmeat working group with a view to supporting informed discussions at CITES COP 11 in 2002.

ITTO participated in the meeting of the CITES Mahogany Working Group held in Santa Cruz, Bolivia on 2-5 October 2001. ITTO continues to monitor and report developments in CITES at each session of the Council and the Committee on Economic Information and Market Intelligence (CEM).

WTO

- (i) Provide information on ITTO's trade and environment activities.
- (ii) Monitor and report to Council developments on WTO's initiative on Accelerated Tariff Liberalization (ATL) in the forest sector.
- (iii) Participate in meetings of WTO and WTO's CTE when feasible.

Information has been provided during the Multilateral Environmental Agreements (MEAs) Information Sessions held in conjunction with the meetings of WTO's CTE.

ITTO is monitoring developments surrounding the ATL proposal which has so far achieved no substantive progress in WTO.

ITTO participated in and made a presentation at the MEAs Information Session held in conjunction with the meeting of the WTO's CTE on 13 June 2002 and participated as observer in the CTE meeting on 14 June 2002. ITTO's application for an observer status in the CTE is still pending.

CBD

- (i) Contribute to CBD deliberations on conservation of forest biodiversity through the *ad hoc* expert meetings in forests, SBSTTA 7 and COP 6 to be held in The Hague in April 2002.

ITTO participated in COP 6 of the CBD held in the Hague, The Netherlands on 7-19 April 2002. In the run-up to COP 6, ITTO also participated in the CBD/GEF Workshop on Financing for Biological Diversity held in Havana, Cuba on 16-17 July 2001, the Seventh Meeting of SBSTTA held in Montreal, Canada on 12-16 November 2001, the CBD Second Regional Workshop on Sustainable Use of Biological Diversity held in Hanoi, Vietnam on 9-12 January 2002 and the CBD Workshop on Forest and Biological Diversity held in Accra, Ghana on 28-30 January 2002.

Measures**Implementation Status****CIFOR**

- (i) Continue cooperation on issues of mutual interest, such as criteria and indicators and low impact logging.

As members of the CPF, ITTO and CIFOR have been collaborating in support of the work of the UNFF as well as in associated government-led initiatives including the International Conference on Criteria and Indicators (ICCI) to be held in Guatemala City, Guatemala in 2003 at which CIFOR will contribute a paper, and the UNFF Inter-sessional Expert Meeting on the Role of Planted Forests in SFM to be hosted by the Government of New Zealand in 2003. At the bilateral level, CIFOR collaborated in the development of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests, which included the engagement of a CIFOR specialist as a consultant for the development of the Guidelines and the organization of a mini-workshop with CIFOR technical staff to examine the draft Guidelines. Pursuant to ITTC Decision 10(XXXII), ITTO is seeking the collaboration of CIFOR in conducting a workshop to develop a regional applied research programme in the Congo Basin. In ITTO project work, CIFOR was the Executing Agency of the recently completed project PD 12/97 Rev.1 (F) – Forest, Science and Sustainability: The Bulungan Model Forest (Indonesia) and will implement the recently funded follow-up project PD 39/00 Rev.3 (F) – Sustainable Collaborative Forest Management: Meeting the Challenges of Decentralization in the Bulungan Model Forest (Indonesia). CIFOR is also co-implementing project PD 57/99 Rev.2 (F) – Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon. CIFOR further collaborated with ITTO in the publication of articles on reduced impact logging and village-level dispute resolution arising from project PD 12/97 Rev.1 (F) which appeared in the TFU published in mid-2001 and mid-2002, respectively.

Measures**Implementation Status****ICRAF**

- (i) Explore the possibility of dialogue and collaborative work in areas of mutual interest.

As the latest member of CPF, ICRAF is collaborating with ITTO and other members of the CPF in supporting the work of the UNFF. ICRAF is also involved in ITTO project work specifically in respect of PPD 13/00 Rev.1 (M) – Development of a Project Proposal for the Economic Valuation of Production Forests and Agroforestry Systems in the Peruvian Amazon (Peru) which is on-going and PD 84/01 Rev.3 (F) – Promoting the Sustainable Use and Conservation of Valuable Timber Trees in the Peruvian Amazon through Institutional Capacity Building (Peru) which is pending financing.

UNEP

- (i) Continue and explore the possibility for increased cooperation, including joint sponsorship of workshops in areas of mutual interest related to sustainable forest management, such as forest fires.

As members of the CPF, UNEP and ITTO are collaborating in supporting the work of the UNFF. ITTO is also cooperating with UNEP in coordinating the position of Multilateral Environment Agreements (MEAs) in their interaction with the CTE of the WTO. UNEP is collaborating with ITTO and other co-sponsors in the planning and organization of the ICCI to be held in Guatemala City, Guatemala in 2003.

COMMON FUND FOR COMMODITIES (CFC)

- (i) Request the three ITTO Technical Committees to consider procedures for developing project proposals that meet the requirements of, and can be considered for funding by, the Common Fund for Commodities.

ITTO participated in the Thirteenth Annual Meeting of the Governing Council of CFC held in Berlin, Germany on 3-4 December 2001 as well as in the Twenty-eighth and Twenty-ninth Meetings of the CFC Consultative Committee held in Amsterdam, The Netherlands on 9-14 July 2001 and from 28 January to 2 February 2002, respectively. Following the visit of the CFC Managing Director to the ITTO Secretariat on 7 May 2002, the CFC/ITTO Joint Task Force was convened in Amsterdam on 10-12 July 2002 to explore ways of identifying potential project proposals for possible funding by CFC.

CSD/RIO +10

- (i) Collaborate as appropriate with FAO (Agenda 21 task manager for forests and land use) to prepare the Secretary-General's report with respect to Chapter 11 of Agenda 21, as well as the UNFF Secretariat in preparing its report for Rio + 10.

Within the context of the CPF, ITTO has collaborated with FAO and other CPF members in developing and finalizing the inputs of CPF and the UNFF to the WSSD including inputs for the preparation of the Secretary-General report on progress in the implementation of Agenda 21.

Measures

Implementation Status

UNFCCC/IPCC

- | | |
|--|---|
| <p>(i) Monitor developments in UNFCCC/IPCC discussions regarding forests, including ARD, CDM, LULUCF, and emissions trading and report regularly to Council on these developments and their potential implications for tropical forests and the world tropical timber economy.</p> | <p>Developments in forest-related matters within the UNFCCC are being monitored through direct contact as well as in the context of collaboration within the CPF of which ITTO and the Secretariat of the UNFCCC are members.</p> |
| <p>(ii) Invite representative(s) of the UNFCCC/IPCC and other relevant institutions to report to Council on the status of forest-related discussions under UNFCCC/IPCC.</p> | <p>Such invitations may be considered in due course as a follow-up to the previous report presented to the Council at its Twenty-eighth Session.</p> |

CCD

- | | |
|---|--|
| <p>(i) Participate in the next COP in Bonn in September 2001.</p> | <p>Due to the constraints of time and resources, ITTO was not able to participate in the meeting.</p> |
| <p>(ii) Explore opportunities for dialogue and potential cooperation in areas of mutual interest.</p> | <p>ITTO and the Secretariat of CCD are collaborating in supporting the work of the UNFF within the context of their membership in the CPF.</p> |

Measures**Implementation Status*****INTERNATIONAL FINANCIAL INSTITUTIONS*****GEF**

- (i) Recommend to Council areas for increased dialogue and potential collaboration on GEF policy and project funding, including co-financing with GEF implementing agencies of ITTO and producer member projects that may be suitable for funding under the GEF biodiversity and climate change focal areas, and the potential for an ITTO role as an implementing or executing agency under GEF.

Potential collaboration with GEF on policy and project funding, including through co-financing and the potential role for ITTO as an implementing agency of GEF, continues to be explored. As members of the CPF, ITTO and the GEF Secretariat are collaborating in supporting the work of the UNFF. ITTO presented a paper on 'Certification and Biodiversity: Opposites or Complements' for the GEF Forestry Roundtable held in New York, USA on 11 March 2002 and participated in the Roundtable.

WORLD BANK

- (i) Participate in and contribute to the World Bank hosted Ministerial Conference on Forest Law Enforcement in Asia in September 2001.

ITTO participated in and made a presentation at the Ministerial Conference on Forest Law Enforcement and Governance – East Asia held in Bali, Indonesia on 11-13 September 2001. ITTO was also represented at the Preparatory Meeting held in Brazzaville, Republic of Congo on 18-20 June 2002 in connection with the Ministerial Conference on Forest Law Enforcement and Governance – Africa to be convened in 2003.

- (ii) Explore possibilities for increased cooperation with the World Bank with respect to implementing ITTO objectives in member countries, especially the Year 2000 Objective, based on "lessons learned" through ITTO project implementation and evaluation.

The possibilities for enhanced cooperation with the World Bank are continuously being explored.

- (iii) Engage in a dialogue with the World Bank regarding implementation of the World Bank Forest Strategy, once adopted, with a view to promoting synergies where possible, especially in Central Africa and other producing regions.

The holding of the dialogue on the implementation of the World Bank Forest Strategy will be pursued after the strategy has been adopted.

REGIONAL DEVELOPMENT BANKS

- (i) Initiate a dialogue with relevant regional development banks, including the Inter-American Development Bank, African Development Bank and Asian Development Bank on their policy review and project implementation processes relevant to ITTO objectives, including implementation of national forest plans and strategies, research and development and plantation management.

ITTO participated in the Regional Workshop on Review of Asia Development Bank (ADB) Forest Policy held in Manila, The Philippines on 14-15 February 2002.

Measures

Implementation Status

REGIONAL ORGANIZATIONS AND FORA

ATO

- (i) Work with ATO to build stronger bridges between Francophone countries and ITTO with a view to promoting more active participation in ITTO projects and in implementing ITTO criteria and indicators.
- (ii) Participate in IUCN/WCS Workshop on Bushmeat issues in Africa in 2001 and work with ATO to promote expanded ITTO project work on bushmeat and concession management.
- (iii) Participate in high level African regional forest law enforcement conference planned for 2002.

ITTO's collaboration with ATO is continuing, including in the planning of the International Conference on Criteria and Indicators (ICCI) to be held in Guatemala City, Guatemala in 2003, in which ATO is a member of the International Advisory Committee for the Conference. In project work, ITTO has collaborated with ATO in the development of project PD 124/01 Rev.2 (M) – Promotion of Sustainable Management of African Forests to enhance implementation of ITTO Criteria and Indicators. The project has been approved and its first stage of Phase I funded. ITTO and ATO are also collaborating in the organization of a second ATO/ITTO Conference on Further Processing of African Tropical Timber emanating from pre-project PPD 15/98 Rev.2 (I).

WCS is implementing ITTO project PD 4/00 Rev.1 (F) – Biodiversity Management and Conservation in a Forest Concession Adjacent to a Totally Protected Area (Nouabale – Ndoki National Park) in Northern Congo, Republic of Congo. A presentation on the project was made at the ITTO side event held in conjunction with WSSD.

ITTO was represented at the Preparatory Meeting held in Brazzaville, Republic of Congo on 18-20 June 2002 in connection with the Ministerial Conference on Forest Law Enforcement and Governance – Africa to be convened in 2003.

ASEAN AND ASEAN FOUNDATION

- (i) Explore possibility of joint projects on training programmes for prevention of forest fires and on co-sponsoring a seminar on sustainable forest management with participation of local communities within the region.

ITTO participated in and made a presentation at the ASEAN Seminar on Current International Issues Affecting Forestry and Forest Products held in Pasay City, the Philippines on 20-21 July 2002. ITTO also participated in and made a presentation at the World Conference and Exhibition on Land and Forest Fire Hazards 2002 held in Kuala Lumpur, Malaysia on 10-12 June 2002 and organised by the ASEAN Secretariat and the Department of Environment, Malaysia.

Measures**Implementation Status****CRITERIA AND INDICATORS PROCESSES**

- | | |
|--|---|
| (i) Continue to actively participate in meetings of the Montreal and Pan-European processes on temperate and boreal forests, including as appropriate meetings of their technical advisory committees. | Due to the constraints of time and resources, ITTO has not been able to participate in the meetings of these processes. However, ITTO continues to monitor developments concerning the processes through information disseminated to it electronically. |
| (ii) Consider as appropriate expanding cooperation with ATO to other regional tropical forest criteria and indicators processes (e.g. Tarapoto, <i>Lepaterique</i> for Central America) involving ITTO producer members. | ITTO has collaborated with the Dry Zone Africa Process, Dry Zone Asia Process, Pan-European Forest Process, Montreal Process, Near East Process, <i>Lepaterique</i> Process and ATO in the planning of the International Conference on Criteria and Indicators (ICCI) to be held in Guatemala City, Guatemala in 2003. In its capacity as the CPF focal agency on UNFF Element 7 – “Criteria and Indicators” for SFM, ITTO is coordinating jointly with FAO on matters relating to Criteria and Indicators within the CPF and UNFF. |

SOUTH PACIFIC FORUM

- | | |
|--|--|
| (i) Participate as requested in activities of mutual interest. | No such request or invitation was received from the Forum. |
|--|--|

Measures

Implementation Status

NON-GOVERNMENTAL AND PRIVATE SECTOR GROUPS

IUCN

- (i) Explore strengthening collaboration related to forest rehabilitation and restoration in development of transboundary conservation areas, bushmeat issues, and the IUCN red list of endangered species, consistent with ITTO's mandate.

As the latest member of the CPF, IUCN is now collaborating with ITTO and other CPF members in supporting the work of the UNFF. ITTO co-sponsored and participated in the IUCN Forest Landscape Restoration Workshop held in Heredia, Costa Rica from 27 February to 2 March 2002. On its part, IUCN collaborated with ITTO in the development of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests, including organizing a mini-workshop involving the ITTO consultants and IUCN staff to discuss the draft Guidelines and participating in the meeting of the Expert Panel held in Berne, Switzerland on 18-22 February 2002. Visits to IUCN Headquarters were made on 13-14 November 2001, 11 April 2002 and 20 August 2002 to discuss further areas of collaboration, consistent with ITTO's mandate. Pursuant to ITTC Decision 3(XXXII), IUCN will be collaborating with ITTO in conducting six regional workshops to promote the use and disseminate the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests.

ENVIRONMENTAL NGOS

- (i) Continue to strengthen outreach to international NGOs such as WWF and Conservation International, and regional NGOs to encourage their greater participation in ITTO policy and project activities and explore opportunities for collaboration in areas of mutual interest, such as transboundary conservation areas.

Measures to strengthen outreach and collaboration with environmental NGOs are continuing in both fields of policy and project work.

WWF collaborated in the development of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests, and a representative from WWF-US participated in the meeting of the Expert Panel held in Berne, Switzerland on 18-22 February 2002 to consider the draft guidelines. On 17 December 2001, ITTO participated in the WWF Workshop on the Promotion of Sustainable Forest Management in the Congo Basin held in Brussels, Belgium. ITTO also participated in the Forest Leadership Forum organised by WWF-US, the WWF Global Forest and Trade Network and the Certified Forest Products Council in Atlanta, USA on 25-27 April

Measures**Implementation Status**

2002. WWF has also collaborated with ITTO by way of country studies on China and Indonesia conducted by WWF on the theme of illegal logging/trade. In project work, WWF-Indonesia are currently implementing three ITTO projects, namely PD 38/00 Rev.1 (F) – Management of Kayan Mentarang National Park to Promote Trans-Boundary Conservation Along the Border Between Indonesia and Malaysian States of Sabah and Sarawak (Phase I), PD 44/00 Rev.3 (F) – The Implementation of a Community-Based Transboundary Management Plan for the Betung Kerihun National Park, West Kalimantan, Indonesia (Phase II) and PD 74/01 Rev.1 (M) – Development and Implementation of Guidelines to Control Illegal Logging for Sustainable Forest Management in Indonesia.

Conservation International is currently implementing three ITTO projects, namely PD 2/00 Rev.2 (F) and PD 3/00 Rev.2 (F) – Bi-National Conservation and Peace in the Condor Range Region, Ecuador and Peru respectively; and PD 17/00 Rev.3 (F) – Conservation and Development in the Natural Protected Areas System of Tambopata (Peru) – Madidi (Bolivia).

The World Resources Institute (WRI) collaborated with ITTO in the ITTO Technical Mission to Congo despatched on 15-26 October 2001 and provided an expert to work with the team of ITTO consultants. WRI's Global Forest Watch has also shared its country studies of Cameroon, Gabon and Venezuela on illegal logging/trade while a collaborative paper by ITTO and WRI on the global extent of illegal logging and timber trade is expected to be completed at the end of 2002. Pursuant to ITTC Decision 9(XXXII), Global Forest Watch in partnership with ITTO and participating governments is undertaking a data collection initiative on the forests of the Republic of Congo, the Central African Republic and the Democratic Republic of Congo to develop a work programme for improving forest concession management and ensuring the conservation of protected areas in the countries concerned.

Measures

Implementation Status

Apart from the Wildlife Conservation Society (WCS) which is implementing ITTO project PD 4/00 Rev.1 (F) in the Republic of Congo, a number of other international and regional environmental NGOs are implementing several ITTO projects including the African Environmental Regeneration Movement (Ghana), Alternatives (Togo), ANCON – National Association for Conservation of Nature (Panama), COMAFORS – Corporacion de Manejo Forestal Sustentable (Ecuador), CTA – Centro de los Trabajadores de la Amazonia (Brazil), Evergreen Club of Ghana, Fundacion Natura (Ecuador), ISME – International Society for Mangrove Ecosystems (Japan), Iwokrama International Center for Rainforest Conservation and Development (Guyana), Proteccion del Medio Ambiente Tarija – Prometa (Bolivia), Puerto Restrojo Foundation (Colombia) and TEI – Thailand Environment Institute.

As a matter of policy, relevant NGOs are invited to participate in Conferences, Workshops, seminars and other activities organised by ITTO. Pursuant to ITTC Decision 2(XXXII), the Civil Society Advisory Group (CSAG) has been launched to enhance the contributions of civil society organizations to the work of ITTO. ITTO is currently facilitating the work of the CSAG in organizing a panel discussion on ‘Succeeding in the Certified Forest Products Marketplace’ at the Thirty-third Session of the Council.

TRADE/INDUSTRY GROUPS

- (i) Strengthen the Trade Advisory Group (TAG) established pursuant to ITTC Decision 9(XXVIII) to facilitate greater contribution by the trade/industry to the work of ITTO.

Pursuant to ITTC Decision 9(XXVIII), the Trade Advisory Group (TAG) is being strengthened and is contributing to the work of ITTO including the conduct of the ITTO Annual Market Discussion. In this connection, ITTO is implementing a pre-project PPD 14/00 (M) – Strengthening the Market Discussion to facilitate greater involvement of the trade and industry in the ITTO Annual Market Discussion.

ANNEX B

measures requiring additional financial allocations

Measures	Implementation Status
UNFF	
(i) Second an ITTO professional to the UNFF Secretariat.	Pursuant to ITTC Decision 7(XXX) and with funds made available by the Government of the United States as the donor, ITTO has effected the placement of Mr. Mahendra L. Joshi as the ITTO professional secondment to the UNFF Secretariat from 1 August to 31 October 2002.
(ii) Serve as a co-sponsor for country-led initiatives on issues related to ITTO objectives.	ITTO's co-sponsoring of the International Conference on Criteria and Indicators for Sustainable Forest Management (ICCI) in support of the UNFF to be held in Guatemala City, Guatemala in 2003, is being funded as authorised by the Council through ITTC Decision 5(XXX). ITTO's co-sponsoring of the Intersessional Expert Meeting on the Role of Planted Forests in SFM to be hosted by the Government of New Zealand may require additional financial allocations.
(iii) Develop partnerships with private sector/NGOs in the context of UNFF discussions.	Possible partnerships with private sector/NGOs are being explored including in the context of the UNFF Network launched on 7 March 2002.
CPF	
(i) Implement IPF/IFF proposals for action directed to ITTO.	Virtually all ITTO policy initiatives and projects undertaken through the Administrative and Special Accounts and the Bali Partnership Fund are found to be relevant and supportive in respect of one or more IPF/IFF proposals for action.
FAO	
(i) Support FAO in organizing the "International Year of Mountains," which will occur in 2002.	ITTO significantly strengthened its cooperation with FAO in 2002, thereby contributing to FAO activities including those under the theme of the "International Year of the Mountains".
(ii) Co-sponsor with FAO the 2 nd International Meeting on Criteria and Indicators tentatively scheduled for early 2002.	As co-sponsors, ITTO and FAO are collaborating in the organization of the International Conference on Criteria and Indicators for Sustainable Forest Management (ICCI) in support of the UNFF to be held in Guatemala City, Guatemala in 2003 using funds authorised by the Council through ITTC Decision 5(XXX).
(iii) Collaborate on preparation of guidelines for management of secondary forests and on forest restoration activities, including with	FAO collaborated in the development of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary

Measures

IUCN.

Implementation Status

Tropical Forests adopted through ITTC Decision 3(XXXII). FAO organised a mini-workshop with the ITTO consultants and FAO staff to discuss the draft guidelines and FAO participated in the Expert Panel convened in Berne, Switzerland on 18-22 February 2002. Funding for the work on these ITTO Guidelines has been provided and authorised through ITTC Decisions 6(XXX) and 3 (XXXII).

CITES

- (i) Propose for Council consideration cooperative work, including the benefits of joint workshops, on issues related to the high volume commercial trade in tropical timber species, such as market transparency, species conservation status, sustainable forest management, export/import data, and CITES listing criteria.

Such a proposal could be advanced after the convening of the Twelfth Meeting of COP of CITES to be held in Chile on 3-15 November 2002.

CBD

- (i) Undertake a review of and update as necessary the ITTO guidelines on conservation of biodiversity in tropical production forests and the Secretariat paper on the work of ITTO related to forest biodiversity conservation.

Such a review may be undertaken after prior authorization by the Council within the context of an overall review of existing ITTO Guidelines.

CSD/RIO + 10

- (i) Contribute to the preparatory process for Rio + 10, including regional workshops and meetings, as appropriate to advancing ITTO objectives.

Pursuant to ITTC Decision 5(XXXII), the ITTC message was duly conveyed to the WSSD held in Johannesburg, South Africa from 26 August to 4 September 2002. The Executive Director led the ITTO delegation to the WSSD and the ITTO side event was held on 27 August 2002, showcasing three ITTO projects being implemented, namely PD 4/00 Rev.1 (F) – Biodiversity Management and Conservation in a Forest Concession Adjacent to a Totally Protected Area (Nouabela-Ndoki National Park in Northern Congo, Republic of Congo); 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) and PD 94/90 Rev.3 (I) – Integration of Forest-Based Development in the Western Amazon, Phase II – Technology for Sustainable Utilization of Raw Forest Materials (Brazil).

Measures**Implementation Status**

Pursuant to ITTC Decision 10(XXXII), ITTO is participating as a partner in the Congo Basin Forest Partnership (CBFP) as a Type II Partnership/Initiative towards the WSSD. In this connection, ITTO participated in the CBI meeting held in Brazzaville, Republic of Congo on 21 June 2002 at the invitation of the Governments of USA and South Africa.

ITTO is also participating as a partner in the Asia Forest Partnership (AFP), another Type II Partnership/Initiative towards the WSSD. In this regard, ITTO participated in the AFP meeting held in Tokyo, Japan on 31 July 2002 at the invitation of the Governments of Japan and Indonesia.

ATO

- (i) Work with ATO to develop/improve market intelligence within region.

This measure will be pursued in the context of the Cooperation Agreement between ITTO and ATO on the Implementation of Principles, Criteria and Indicators for the Sustainable Management of African Forests signed in Yaounde, Cameroon on 29 May 2001.

- (ii) Facilitate improved information sharing and cooperation between ATO member countries and other ITTO producer members.

This measure will be pursued in the context of the Cooperation Agreement between ITTO and ATO on the Implementation of Principles, Criteria and Indicators for the Sustainable Management of African Forests signed in Yaounde, Cameroon on 29 May 2001.

OTHER REGIONAL FORA

- (i) Explore ways to strengthen collaboration with other relevant regional agreements, processes and organizations such as the Amazon Cooperation Treaty and UNECE, with a view to promoting sustainable forest management and sustainable timber harvesting practices in producer member countries and supporting development of centers of excellence.

ITTO attended the Second Conference of the Ministers in Charge of Forests in Central Africa (COMIFAC) held in Yaounde, Cameroon on 27-28 June 2002 within the framework of the Yaounde Process and the Yaounde Declaration. ITTO regularly attends meetings of the UNECE Timber Committee, the latest to be held in September 2002.

IUCN

- (i) Consider joint sponsorship of a workshop on protected areas in the context of promoting sustainable forest management and the tropical timber economy.

Pursuant to ITTC Decision 8(XXX), ITTO and IUCN are jointly preparing the International Workshop on Transboundary Conservation Areas to be held in Ubon Ratchathani, Thailand on 17-21 February 2003. ITTO is also planning to participate in the IUCN World Park Congress in 2003, including holding its side-event.

Measures**Implementation Status****TRADE/INDUSTRY GROUPS**

- (i) Facilitate transfer (collection and distribution) of information from the private sector, including international and regional producer and consumer trade organizations (e.g. IWPA, ATIBT, UCBD, ATTO, TTF, IFIA, CADEFOR) to member countries regarding trade statistics, accessing world markets, harvesting and processing methods, and improved consumer awareness and education through, *inter alia*, sponsoring regional workshops in producing regions.

ITTO participated in and made a presentation at the Forty-sixth Annual Convention of the International Wood Products Association (IWPA) held in Palm Springs, USA on 17-19 April 2002. The on-going ITTO project PD 16/93 Rev.4 (M) Phase IV, 2002 on 'Market Information Service for Tropical Timber and Timber Products (MIS)' involves collaboration between ITTO and many trade bodies on a regular basis including JLIA, IWPA, MTC, STA, TEDB Ghana and PNGFIA in the dissemination of tropical timber market information through the MIS. The Tropical Forest Update contains a trade section in which articles contributed by members of the trade and industry are periodically featured. The TAG has also developed a network for information-sharing. A number of ITTO projects are also relevant to the facilitation and transfer of information from the private sector including PD 52/97 Rev.3 (M) – Development and Implementation of an Educational Program to Inform the Wood Products Distribution Chain on the Value of Using Tropical Timbers from All ITTO Member Countries, Phase I (Ghana) and PD 48/99 Rev.1 (M,F) – Sharing of Information and Experiences on Private Sector Success Stories in Sustainable Forest Management (Malaysia).

* * *

Annex 4**List of Observers to ITTO Council Sessions
1997-2003 (May)****POTENTIAL MEMBERS**

Bangladesh
Chile
Costa Rica
Cuba
Dominican Republic
Equatorial Guinea
Guatemala (currently a Member)
Guinea
Lao
Madagascar
Mexico
Mozambique
Nicaragua
Nigeria (currently a Member)
Pakistan
Qatar
Republic of South Africa
Solomon Islands
Sri Lanka
Suriname (currently a Member)
Trinidad and Tobago (currently a Member)
Uganda
Ukraine
Vanuatu (currently a Member)
Vietnam

PERMANENT OBSERVERS/SPECIALIZED AGENCIES

United Nations
United Nations Conference on Trade and Development (UNCTAD)
United Nations Development Programme (UNDP)
United Nations Forum on Forests (UNFF)
United Nations University

Food and Agriculture Organization of the United Nations (FAO)
International Trade Center (ITC)
World Trade Organization (WTO)

INTER-GOVERNMENTAL/GOVERNMENTAL ORGANIZATIONS

African Timber Organization (ATO)
Common Fund for Commodities (CFC)
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
International Network for Bamboo and Rattan (INBAR)
The World Conservation Union (IUCN)

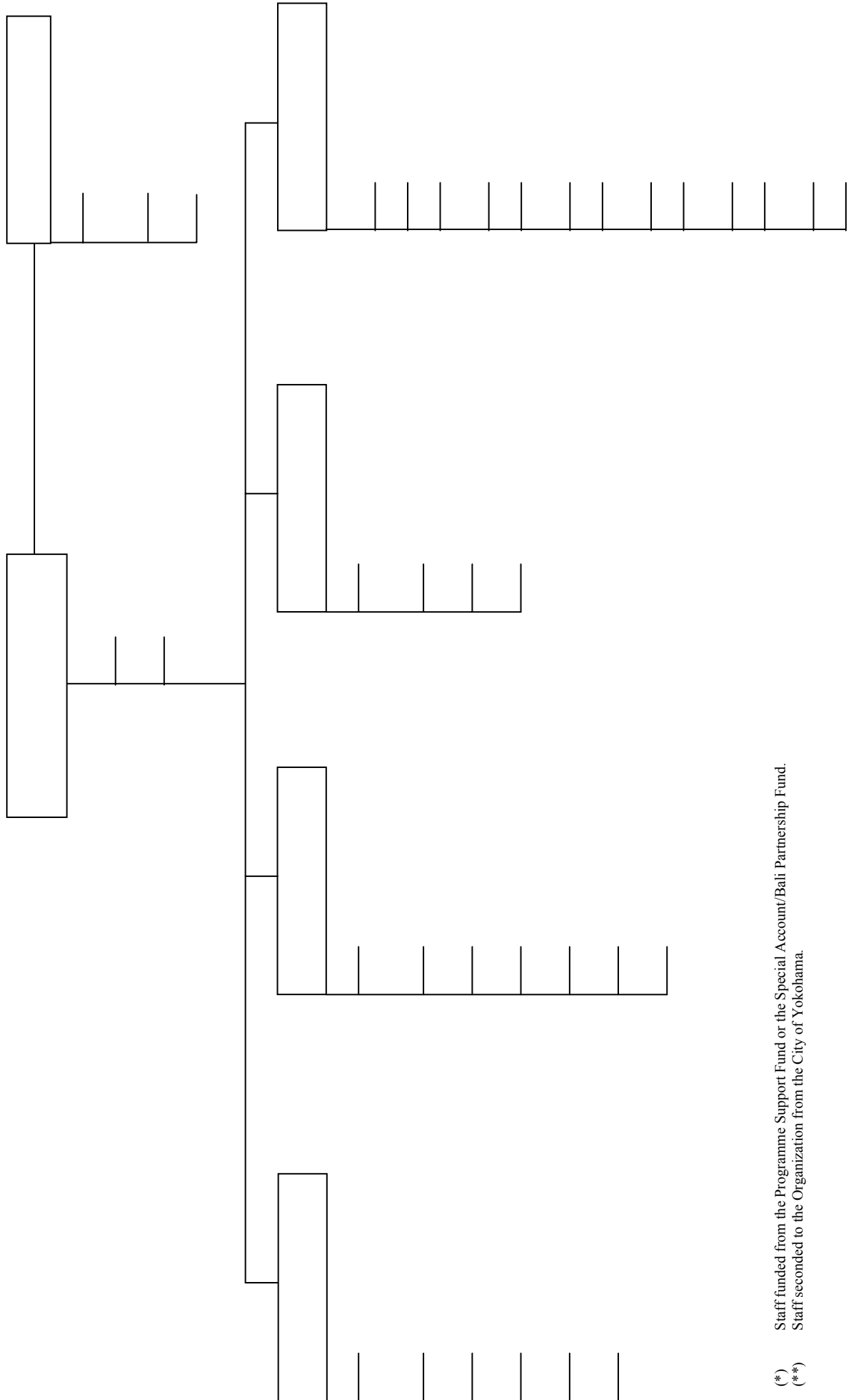
Ministerial Conference on the Protection on Forests in Europe (MCPFE)
 Corporación Nacional de Fomento Forstal (CONIF)
 Forestry and Forest Products Research Institute (FFPRI)
 NSW Rural Fire Services

NON-GOVERNMENTAL ORGANIZATIONS

American Forest and Paper Association
 Asociación Nacional para la Conservación de la Naturaleza (ANCON)
 Association Camerounaise des Femmes Ingenieurs en Agriculture (ACAFIA)
 Association Nationale des Tradi Practiciens du Cameroun (ATPC)
 Association of Indonesian Forest Concession Holders (APHI)
 Banco Nacional de Panamá
 Bogor Agriculture Institute (IPB)
 CAB International
 Center for International Forestry Research (CIFOR)
 Centrale des Associations Apolitiques du Cameroun (CEDACAM)
 Centre pour la Promotion des Communautés Rurales (CPCR)
 CIPAN
 CIRAD
 Coillte Irish Forestry Board
 Conservation International
 Corporación de Desarrollo para el Sector Forestal y Madero del Ecuador (CORMADERA)
 Corporación de Manejo Forestal Sustentable (COMAFORS)
 DFID
 Enterprises Generales des Techniques et des Services (EGTS)
 Environmental and Engineering Services (EES)
 Environmental Investigation Agency (EIA)
 Escuela de Ciencias Forestales (ESFOR)
 Forest Stewardship Council
 Forest Trends
 Friends of the Earth
 Gestion Active, Rationnelle et Durable de l'Environnement et de la Nature (GARDEN)
 Global Forest Policy Project
 Group de Recherche et d'Action pour le Developpement (GRAD)
 Greenpeace
 Hirosar Jaya Sdn. Bhd.
 HUTAN Group
 Indonesian Foresters Association
 Indonesian Sawmillers' Association (ISA)
 Indonesian Wood Panel Association (APKINDO)
 Institute for Global Environmental Strategies (IGES)
 Institute Sous-Regional Multisectoriel de Technologie Appliquee, de Planification
 et d'Evaluation des Projets (ISTA)
 International Center for Rain Forest Conservation and Development (IWOKRAMA)
 International Federation of Building and Wood Workers (IFBWW)
 International Forestry Students' Association (IFSA)
 International Institute for Environment and Development (IIED)
 International Society for Mangrove Ecosystems (ISME)
 International Wood Products Association (IWPA)
 Japan Forest Technical Association (JAFTA)
 Metis Associate
 National Forest Technicians Association of Panama (ANTEFORP)

National Working Group on Certification Cameroon
The Nature Conservancy
Organisation Humanitaire et d'Action de Developpement (ORHAD)
Papua New Guinea Forest Industries Association
PEFC Council
Project Promotion Services
Pt. Fitotek Unggul
Rainforest Alliance
Rimbaka Forestry Sdn. Bhd.
Sarawak Timber Association
SGS Silviconsult
Swiss Federal Laboratories for Materials Testing and Research (EMPA)
TELAPAK
Timber Trade Federation
Trade Record Analysis of Flora and Fauna in Commerce (TRAFFIC International)
Tropical Forest Foundation
Udayana Univesity
Wildlife Conservation Society (WCS)
World Business Council for Sustainable Development
World Resources Institute (WRI)
WWF International.

Annex 5
Organizational Chart of the ITTO Secretariat
as of July 2003



(*) Staff funded from the Programme Support Fund or the Special Account/Bali Partnership Fund.
(**) Staff seconded to the Organization from the City of Yokohama.

Annex 6

Voluntary Financial Contributions to the Special Account and Bali Partnership Fund
1997-2003

	TOTAL US\$	SPECIAL ACCOUNT US\$	BALI PARTNERSHIP FUND	
			SUB-ACCOUNT A US\$	SUB-ACCOUNT B US\$
<u>Government of Japan</u>	86,418,936	61,755,992	24,662,944	
Government of Switzerland	12,843,608	11,081,453		1,762,155
Government of U.S.A.	7,372,096	6,972,096		400,000
Government of the Netherlands	1,626,363	1,626,363		
Government of Australia	620,399	620,399		
Government of United Kingdom	584,438	584,438		
Government of Denmark	338,479	338,479		
Government of the Republic of Korea	330,000	330,000		
Government of France	200,029	200,029		
Government of Finland	138,591	138,591		
Government of Canada	50,000	50,000		
Others:				
Common Fund for Commodities	596,119	596,119		
FAO	36,000	36,000		
Private Sector	643,157	643,157		
50% of Income earned transferred BPF B	11,094,715			11,094,715
Total:	\$122,892,930	\$84,973,116	\$24,662,944	\$13,256,870

Contributions to the Special Account and the Bali Partnership Fund Account

	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
TOTAL	1997	1998	1999	2000	2001	2002	2003	YEAR
								(30 Jun 2003)
Government of Australia	175,000	131,333	108,000	20,000	121,081	64,985		
Government of Canada		50,000						
Government of Denmark	338,479							
Government of Finland	138,591		3,000		50,000		85,591	
Government of France	200,029	24,372	26,696	27,506		121,455		
Government of Japan	86,418,936	11,296,465	11,238,189	10,011,138	11,611,894	23,267,244	5,393,538	
Government of the Rep. of Korea	330,000	100,000	50,000	50,000	50,000	50,000		
Government of the Netherlands	1,626,363	581,697	245,140	537,964	21,562			
Government of Switzerland	12,843,609	2,081,454	2,000,000	3,112,155	3,000,000	2,650,000		
Government of United Kingdom	584,438	75,000	494,438					
Government of U.S.A.	7,372,096	585,344	1,212,590	900,695	882,846	1,357,831	1,289,040	
Others:	110,522,940	17,561,814	13,378,053	14,659,458	15,737,383	27,511,515	6,768,169	
sub-total:								
50% of Income earned transferred BPF B	11,094,714	3,526,882	1,554,868	2,168,046	1,401,881	2,324,533	118,504	
Common Fund for Commodities	596,119	419,404	16,409	39,077		46,620	13,811	
FAO	36,000					10,000	26,000	
Japan Lumber Importers Association (JLIA)	79,621	40,739						
TAG	6,000				6,000			
Private - Ito Yokado Corp.	365,072	80,427	82,271	65,329	56,202			
Private - York Mart	189,264	34,088	40,564	27,125	21,286	14,760	16,842	
Private - Pado K.K.	1,339	893						
Private- Ferris University/others	1,861		412	347	258	844		
sub-total:	12,369,990	575,551	1,694,524	2,299,924	1,485,627	2,396,757	175,157	
Grand Total:	\$122,892,930	\$18,137,365	\$15,072,577	\$16,959,382	\$17,223,010	\$29,908,272	\$6,943,326	

Annex 7

**Countries Benefiting from Funding from the Special Account
and Bali Partnership Fund
1997–2003**

COUNTRY	RFM	FI	EIMI	TOTAL	%
Indonesia	7,222,022	2,061,853	1,707,423	10,991,298	13.4%
Brazil	4,655,822	2,556,099	396,313	7,608,234	9.3%
Peru	6,171,595	111,128	978,122	7,260,845	8.9%
China	3,528,521	1,791,573	673,874	5,993,968	7.3%
Colombia	3,859,484	137,684	45,898	4,043,066	4.9%
Ghana	2,487,361	1,393,726	0	3,881,087	4.7%
Malaysia	3,060,643	0	754,325	3,814,968	4.7%
Gabon	2,441,815	471,538	733,299	3,646,652	4.5%
Bolivia	2,167,038	0	1,191,750	3,358,788	4.1%
Thailand	2,030,584	1,323,767	0	3,354,351	4.1%
Philippines	1,491,751	1,379,547	451,218	3,322,516	4.1%
Panama	3,135,443	58,975	0	3,194,418	3.9%
Cameroon	2,513,494	274,880	271,198	3,059,572	3.7%
Ecuador	2,753,028	129,726	94,500	2,977,254	3.6%
Cote d'Ivoire	2,060,135	130,504	0	2,190,639	2.7%
Togo	1,777,872	0	306,246	2,084,118	2.5%
Honduras	1,796,279	0	0	1,796,279	2.2%
Rep. of Congo	1,710,502	47,370	0	1,757,872	2.2%
Egypt	940,192	0	274,300	1,214,492	1.5%
Guyana	780,626	427,710	0	1,208,336	1.5%
India	653,864	173,066	103,785	930,715	1.1%
Myanmar	229,315	453,256	0	682,571	0.8%
Cambodia	243,096	410,944	0	654,040	0.8%
Africa	0	0	634,983	634,983	0.8%
Fiji	418,835	50,013	125,300	594,148	0.7%
Papua New Guinea	420,735	0	0	420,735	0.5%
Rep. of Korea	0	315,392	0	315,392	0.4%
Venezuela	304,104	0	0	304,104	0.4%
Guatemala	130,083	0	80,581	210,664	0.3%
Vanuatu	0	150,443	0	150,443	0.2%
Nepal	50,000	49,772	0	99,772	0.1%
Subtotal	59,034,239	13,898,966	8,823,115	81,756,320	100.0%
%	72%	17%	11%	100%	
Global:	2,735,067	9,624,173	2,313,118	14,672,358	
Subtotal:	2,735,067	9,624,173	2,313,118	14,672,358	
Total:	61,769,306	23,523,139	11,136,233	96,428,678	

Annex 8

**Council Decisions on Economic Information and Market Intelligence,
Reforestation and Forest Management and Forest Industry
1997 – May 2003**

DECISION NUMBER	TITLE – ECONOMIC INFORMATION AND MARKET INTELLIGENCE
2(XXII)	Market Access
6(XXIV)	Downturn in the International Tropical Timber Market
9(XXVI)	Matters Relating to Market Access
10(XXVII)	Further Examination of the Recommendations of the Report on the Downturn in the International Tropical Timber Market
8(XXXI)	Establishment of Database of Statistics on Trade of Bamboo and Rattan
12(XXXIV)	Measures to Promote the Expansion and Diversification of International Trade in Tropical Timber
DECISION NUMBER	TITLE – REFORESTATION AND FOREST MANAGEMENT
3(XXIII)	Criteria and Indicators for the Measurement of Sustainable Management of Natural Tropical Forests
3(XXIV)	Criteria and Indicators for Sustainable Management of Natural Tropical Forests
8(XXIV)	Technical Consultation on Forest Fire
3(XXVI)	Application of Criteria and Indicators for Sustainable Management of Natural tropical Forests
4(XXIX)	Cooperation between the ITTO and the ATO (on criteria and indicators)
6(XXVII)	Framework for Guidelines on Tropical Forest Management
9(XXIX)	Mangrove Conservation Programme
12(XXIX)	Strengthening Sustainable Forest Management in Indonesia
5(XXX)	Cooperation with FAO to Convene an International Conference on Criteria and Indicators for Sustainable Forest Management
6(XXX)	Guidelines for the Management of Secondary Tropical Forests, Tropical Forest Restoration and Rehabilitation of Degraded Forest Lands
9(XXX)	Reporting Formats and Training for ITTO Criteria and Indicators for Sustainable Forest Management
11(XXX)	Strengthening Sustainable Forest Management in Central African Countries

5(XXXI)	Strengthening Sustainable Forest Management and Controlling Illegal Logging in Indonesia
7(XXXI)	Mangrove Forest Ecosystem Work Plan
3(XXXII)	ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests
7(XXXII)	Sustainable Management and Conservation of Mangrove Forest Ecosystems: ITTO Mangrove Work Plan
9(XXXII)	Forest Law Enforcement in Africa
10(XXXII)	Promotion of Sustainable Forest Management in the Congo Basin
5(XXXIII)	Civil Society/Private Sector Partnerships for Sustainable Forest Management
6(XXXIII)	Prevention and Management of Forest Fire
3(XXXIV)	Strengthening the Asia Forest Partnership
4(XXXIV)	Criteria and Indicators for Sustainable Forest Management
DECISION NUMBER	TITLE – FOREST INDUSTRY
7(XXIV)	Cooperation between the ITTO and the ATO (joint conference on further processing of tropical timber in Africa)
DECISION NUMBER	TITLE – MORE THAN ONE “AREA”
10(XXVI)	ITTO Year 2000 Objective
5(XXVII)	ITTO Year 2000 Objective and Its Promotion through Public Education and Awareness
5(XXVIII)	Development of a Framework for an Auditing System for ITTO’s Criteria and Indicators for Sustainable Forest Management
2(XXIX)	ITTO Objective 2002
10(XXX)	Certification
4(XXXI)	Guidelines for Establishing Auditing Systems for ITTO’s Criteria and Indicators for Sustainable Forest Management
6(XXXI)	Forest Law Enforcement in the Context of Sustainable Timber Production and Trade

7(XXXIV)	Cooperation between ITTO and CITES on Mahogany
11(XXXII)	Potential Role of Phased Approaches to Certification in Tropical Timber Producing Countries as a Tool for Sustainable Forest Management
10(XXXIV)	Phased Approaches to Certification

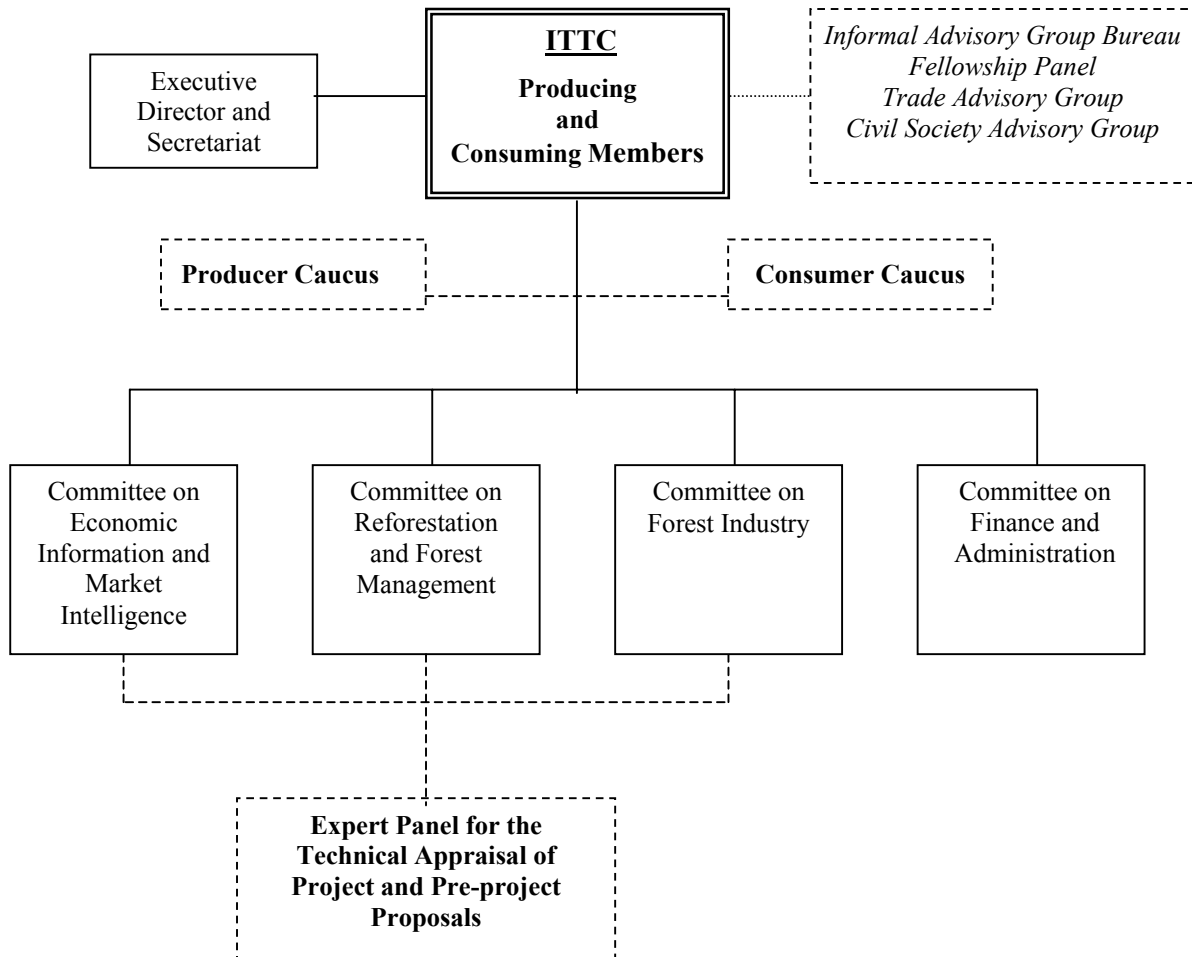
Annex 9

Summary of Freezailah Fellowship Fund: 1997 – 2003 (May)

ITTC(XXII) 1997 – ITTC(XXXIV) 2003	
Total No. of Awards	189
Total Amount of Awards	US\$1,063,921.00
Donors:	
Japan	73%
U.S.A.	24%
Australia	2.5%
Sweden	0.5%
Gender:	
Male	224 (70%)
Female	98 (30%)
Field/Division:	
Economic Information and Market Intelligence	25 (8%)
Reforestation and Forest Management	232 (72%)
Forest Industry	65 (20%)
Geographic Distribution:	
Asia-Pacific Producers	101 (31%)
African Producers	93 (29%)
Latin American Producers	81 (25%)
Developing Consumers	34 (11%)
Consumers	13 (4%)

Annex 10

ITTO Governance Structure



Solid lines show functions derived from the ITTA, 1994

Dotted lines show informal functions decided by Council as at May 2001

Annex 11

Functions of the Four Committees Elaborated in Article 27 of the ITTA, 1994

ECONOMIC INFORMATION AND MARKET INTELLIGENCE	REFORESTATION AND FOREST MANAGEMENT	FOREST INDUSTRY	FINANCE AND ADMINISTRATION
<p>(a) Keep under review the availability and quality of statistics and other information required by the Organization;</p> <p>(b) Analyse the statistical data and specific indicators as decided by the Council for the monitoring of international timber trade;</p> <p>(c) Keep under continuous review the international timber market, its current situation and short-term prospects on the basis of the data mentioned in subparagraph (b) above and other relevant information, including undocumented trade;</p> <p>(d) Make recommendations to the Council on the need for, and nature of, appropriate studies on tropical timber, including prices, market elasticity, market substitutability, marketing of new products, and long-term prospects of the international tropical timber market, and monitor and review any studies</p>	<p>(a) Promote cooperation between members as partners in development of forest activities in member countries, <i>inter alia</i>, in the following areas:</p> <p>(i) Reforestation;</p> <p>(ii) Rehabilitation;</p> <p>(iii) Forest management;</p> <p>(b) Encourage the increase of technical assistance and transfer of technology in the fields of reforestation and forest management to developing countries;</p> <p>(c) Follow up on-going activities in this field, and identify and consider problems and possible solutions to them in cooperation with the competent organizations;</p> <p>(d) Review regularly the future needs of international trade in industrial tropical timber and, on this basis, identify and consider appropriate possible schemes and measures in the field of</p>	<p>(a) Promote cooperation between member countries as partners in the development of processing activities in producing member countries, <i>inter alia</i>, in the following areas:</p> <p>(i) Product development through transfer of technology;</p> <p>(ii) Human resources development and training;</p> <p>(iii) Standardization of nomenclature of tropical timber;</p> <p>(iv) Harmonization of specifications of processed products;</p> <p>(v) Encouragement of investment and joint ventures; and</p> <p>(vi) Marketing including the promotion of lesser known and lesser used species;</p> <p>(b) Promote the exchange of information in order to facilitate structural changes involved in increased and further processing in the interests of all member</p>	<p>(a) Examine and make recommendations to the Council regarding the approval of the Organization's administrative budget proposals and the management operations of the Organization;</p> <p>(b) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work;</p> <p>(c) Examine and make recommendations to the Council on the budgetary implications of the Organization's annual work programme, and the actions that might be taken to secure the resources needed to implement it;</p> <p>(d) Recommend to the Council the choice of independent auditors and review the independent audited statements;</p> <p>(e) Recommend to the Council any modifications it may judge</p>

ECONOMIC INFORMATION AND MARKET INTELLIGENCE	REFORESTATION AND FOREST MANAGEMENT	FOREST INDUSTRY	FINANCE AND ADMINISTRATION
<p>commissioned by the Council;</p> <p>(e) Carry out any other tasks related to the economic, technical and statistical aspects of timber assigned to it by the Council;</p> <p>(f) Assist in the provision of technical cooperation to developing member countries to improve their relevant statistical services.</p>	<p>reforestation, rehabilitation and forest management;</p> <p>(e) Facilitate the transfer of knowledge in the field of reforestation and forest management with the assistance of competent organizations;</p> <p>(f) Coordinate and harmonize these activities for cooperation in the field of reforestation and forest management with relevant activities pursued elsewhere, such as those under the auspices of the Food and Agricultural Organization (FAO), the United Nations Environmental Programme (UNEP), the World Bank, the United Nations Development Programme (UNDP), regional development banks and other competent organizations.</p>	<p>countries, in particular developing member countries;</p> <p>(c) Follow up on-going activities in this field, and identify and consider problems and possible solutions to them in cooperation with the competent organizations;</p> <p>(d) Encourage the increase of technical cooperation for the processing of tropical timber for the benefit of producing member countries.</p>	<p>necessary to the Rules of Procedure or the Financial Rules;</p> <p>(f) Review the Organization's revenues and the extent to which they constrain the work of the Secretariat;</p>

Annex 12

Policy Related Work Initiated by the Technical Committees through Pre-Projects 1997-2003 (May)

ECONOMIC INFORMATION AND MARKET INTELLIGENCE	
PPD 26/99 (M)	The Competitiveness of Tropical Timber and Tropical Timber Products vis-à-vis Timber and Non-Timber Substitutes
PPD 27/99 (M)	The Medium and Long-Term Outlook for the Tropical Timber Market
PPD 14/00 (M)	Strengthening the Market Discussion
PPD 25/01 (M)	Review of International Wooden Furniture Markets
PPD 26/01 (M)	Assessing the Feasibility of and Support for a Tropical Timber Promotional Campaign
PPD 27/01 (M)	Review of PNG's Timber Treatment Processes
PPD 34/01 (M)	Study to Identify Measure to Bring Increased Transparency to Tropical Hardwood Plywood Trade and Analyse the Causes of Market Fluctuations and Price Instability
PPD 48/02 (M)	Review of Information on Life Cycle Analysis of Tropical Timber Products
PPD 49/02 (M)	Review of the Indian Timber Market
REFORESTATION AND FOREST MANAGEMENT	
PPD 83/03 (F)	Study on Encouraging Private Sector Investment in Industrial Forest Plantations in the Tropics
FOREST INDUSTRY	
PPD 25/99 (I)	Review of the Status of Further Processing of Tropical Timber in Producing Countries
PPD 24/99 (I)	Increasing Utilization Efficiency and the Reduction of Losses and Waste throughout the Production Chain
PPD 35/01 (I,M)	Assessment of the Multiple Benefits of Downstream Processing on Tropical Timber in Producer Countries
PPD 66/02 (I)	Develop, Publish and Disseminate Information on Increasing Timber Processing and Utilization Efficiency and Reducing Waste

All pre-projects, with the exception of PPD 27/01 (M) and PPD 83/03 (F), were funded.

Annex 13

ITTO Projects on Statistical Capacity Commencing since 1997

PROJECT NUMBER	TITLE	COUNTRY
PD 1/97 Rev.1 (M)	Implementation of a National Forest Statistical Information System	Bolivia
PD 34/00 Rev.2 (M)	Extension and Consolidation of the National Forest Statistical Information System	Bolivia
PD 47/98 Rev.2 (M)	Establishing a Data Collection and Dissemination System on a Sustainable Basis for Timber Marketing Statistics in Cameroon	Cameroon
PD 55/99 Rev.1 (M)	Establishment of Sustainable Tropical Forest Products Information System in China	China
PD 40/96 Rev.5 (M)	The Establishment of a National Statistical Information System for Imported Timber and Timber Products	Egypt
PD 3/97 Rev.1 (M)	Development of an Export Market Intelligence Monitoring System	Fiji
PD 15/98 Rev.2 (M)	Development of an Experimental Prototype of Computer Management System for the Control of Forest Production in Gabon	Gabon
PD 56/00 Rev.3 (M)	Enhancement of the Forest Statistics Information & Management System (STATFOR) through the Integration of Two Computer Modules: 1) Compilation of Management Inventory Data; 2) Management of Export Log Lumberyards	Gabon
PD 27/95 Rev.3 (M) Phase I, Phase II Stages 1 and 2	Establishment and Operation of a Forest Strategic Information Center (CIEF)	Peru
PD 41/99 Rev.4 (M)	Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) – Phase I	Philippines
PD 133/02 Rev.3 (M)	Timber and Timber Products Trade Flow Study in the Philippines	Philippines
PD 168/02 Rev.1 (M)	Establishment of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistics in Togo	Togo

Annex 14

ITTO Communication and Outreach Products since 1997

POLICY SERIES

Guidelines on Fire Management in Tropical Forests
 Criteria and Indicators for Sustainable Management of Natural Tropical Forests
 ITTO Libreville Action Plan
 Manual for the Application of Criteria and Indicators for Sustainable Management of Natural
 Tropical Forest - Part A / National Indicators
 Manual for the Application of Criteria and Indicators for Sustainable Management of Natural
 Tropical Forest - Part B / Forest Management Unit Indicators
 ITTO Yokohama Action Plan 2002–2006
 ITTO Mangrove Work Plan 2002–2006
 ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary
 Tropical Forests
 ATO / ITTO Principles, Criteria and Indicators for the Sustainable Management of African Natural
 Tropical Forests

BROCHURES

The International Tropical Timber Organization
 Measuring up
 Windows of opportunity
 Fire alarm!
 Not by thoughts alone
 Mangroves: forests worth their salt
 Restoring the forests
 A meeting of minds (in press)

POSTERS

ITTO
 ITTO and women in Cameroon – a partnership
 ITTO and the Lanjak-Entimau Wildlife Sanctuary
 The ITTO Mission
 ITTO project links Fiji to chain of custody
 Freezailah Fellowship Fund: training young professionals
 ITTO: turning the tide for mangroves
 Towards transparency: Tropical Timber Market Information
 From policy to practice
 ITTO's criteria of success
 Conserving biological diversity
 Combatting illegal logging and illegal trade
 An eye for partnership: ITTO's tropical forest transboundary conservation program
 Putting criteria and indicators into practice
 Fresh water: just add forests

TECHNICAL SERIES

Tropical Forest Update (quarterly)
 Tropical Timber Market Information Service (twice monthly)
 Annual Review of the World Timber Situation (annual)
 Forest Certification: Pending Challenges for Tropical Timber (2002)

BOOKS

Changing Landscapes: the Development of the International Tropical Timber Organization and its Influence on Tropical Forest Management, by Duncan Poore (2003)

OTHER

Presentation folder (in press)

Poster for mass distribution (on ITTO's transboundary conservation program) (in press)

Large-format display board for Yokohama Port

Portable backdrop display ('Strength in diversity')

Project publications (see Publications List)

Annex 15

**List of Expert Panels, Working Groups, Seminars, Workshops, Conferences
Side Events, and Exhibits Organized or Arranged by the Secretariat
1997 – September 2003**

1999	VENUE
Expert Panel for Technical Appraisal of Projects Proposals - 17 th Meeting	Yokohama, Japan
Training Workshops on Tropical Forestry and Timber Trade Statistics	Curitiba, Brazil Lomé, Togo
Expert Panel on the Review of the ITTO Fellowship Programme	Yokohama, Japan
Expert Panel for Technical Appraisal of Projects Proposals - 18 th Meeting	Yokohama, Japan
Panel on Matters Related to Article 16 of the ITTA, 1994	Yokohama, Japan
ITTO Project Formulation Training Workshop	Jakarta, Indonesia
2000	VENUE
ITTO Project Formulation Training Workshops (3)	Curitiba, Brazil Douala, Cameroon Port of Spain, Trinidad & Tobago
Expert Panel for Technical Appraisal of Projects Proposals - 19 th Meeting	Yokohama, Japan
Expert Panel on ITTO Year 2000 Objective and its Promotion through Public Education and Awareness	Yokohama, Japan
Expert Panel for Technical Appraisal of Projects Proposals - 20 th Meeting	Yokohama, Japan
Side Event at the XXI IUFRO World Congress	Kuala Lumpur, Malaysia
2001	VENUE
Training Workshop on the Application of Criteria and Indicators for the Sustainable Management of Natural Tropical Forests	Sangmelima, Cameroon
Intersessional Working Group on Financial Matters	Yokohama, Japan
Expert Panel for Technical Appraisal of Projects Proposals - 21 st Meeting	Yokohama, Japan
Expert Panels for the Establishment of the Database of Tropical Industrial Lesser Used Wood Species (2)	Kuala Lumpur, Malaysia Libreville, Gabon
Joint ATO/ITTO Conference on Further Processing of African Tropical Timber	Libreville, Gabon
Expert Panel on the Role of ITTO in International Organizations and Fora	Curitiba, Brazil
Expert Panel for Technical Appraisal of Projects Proposals - 22 nd Meeting	Yokohama, Japan
Expert Panel on the New ITTO Action Plan	Yokohama, Japan
ITTO Project Formulation Training Workshop	Yangon, Myanmar
2002	VENUE
Expert Panel for Technical Appraisal of Projects Proposals - 23 rd Meeting	Yokohama, Japan
Expert Panels for the Establishment of the Database of Tropical Industrial Lesser Used Wood Species (2)	Kuala Lumpur, Malaysia Brasilia, Brazil
ITTO International Mangrove Workshop	Cartagena, Colombia
Expert Panel on Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Forests	Bern, Switzerland
ITTO Project Formulation Training Workshops (2)	Guatemala City, Guatemala Paramaribo, Suriname
Expert Panel on the ITTO Mangrove Workplan	Yokohama, Japan
ITTO International Workshop on Comparability and Equivalence of Forest Certification Schemes	Kuala Lumpur, Malaysia
Side Event on Forest Fire at the Thirty-second Session of the ITTC	Bali, Indonesia
Training Workshops on Criteria and Indicators for Sustainable Forest Management (6)	Pokola, Rep. of Congo Lae, Papua New Guinea Abidjan, Côte d'Ivoire Abengourou, Côte d'Ivoire Port Vila, Vanuatu

	Manila, Philippines
Expert Panel for Technical Appraisal of Projects Proposals - 24 th Meeting	Yokohama, Japan
Training Workshops on Tropical Forestry and Timber Trade Statistics	Iquitos, Peru
Working Group on the Organization of Work under the ITTA, 1994	Yokohama, Japan
Side Event and Exhibit at the UN World Summit on Sustainable Development	Johannesburg, South Africa
2003	VENUE
ITTO Workshops on Phased Approaches to Certification (3)	Jakarta, Indonesia Libreville, Gabon Panama City, Panama
Expert Panel for Technical Appraisal of Projects Proposals - 25 th Meeting	Yokohama, Japan
International Conference on the Contribution of Criteria and Indicators for Sustainable Forest Management: The Way Forward CICI-2003	Guatemala City, Guatemala
ITTO-IUCN International Workshop on Increasing the Effectiveness of Transboundary Conservation Areas in Tropical Forests	Ubon Ratchatani, Thailand
ITTO Training Courses on Auditing Systems for ITTO Criteria and Indicators for Sustainable Forest Management (3)	Surigao City, Philippines Mato Grosso, Brazil Kribi, Cameroon
Exhibit at the Third World Water Forum	Osaka, Japan
ITTO Project Formulation Training Workshop	Kumba, Cameroon
Working Group on Preparations for Negotiating a Successor Agreement to the ITTA, 1994	Bern, Switzerland
Joint ATO/ITTO Conference on Further Processing of African Tropical Timber (Second Conference)	Libreville, Gabon
Regional Workshop to Develop an Applied Regional Research Programme for the Countries of the Congo Basin	Makoku, Libreville, Gabon
Working Group on Civil Society/Private Sector Partnerships for Sustainable Forest Management	Yokohama, Japan
Sub-regional Workshops to Promote the Understanding of the Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Forests	Peru, Thailand, Gabon
Side Event at the U.N. Forum on Forests	Geneva, Switzerland
Final Regional Workshop on the Review and Assessment of Forest Management Partnerships in the Congo Basin	Douala, Cameroon
Expert Panel for Technical Appraisal of Projects Proposals - 26 th Meeting	Yokohama, Japan
Training Workshops on Criteria and Indicators for Sustainable Forest Management (6)	San Pedro, Côte d'Ivoire Yamoussoukro, Côte d'Ivoire Kribi, Cameroon Chinauta, Colombia, Kpalime, Togo Cochabamba, Bolivia
Intersessional Working Group on the Renegotiation of a Successor Agreement to the ITTA, 1994	Curitiba, Brazil
Expert Panel on the Management of Project Implementation	Yokohama, Japan
Exhibit at the World Parks Congress	Durban, South Africa
Side Event at the XII World Forestry Congress	Québec, Canada

Annex 16

**ITTO Projects Supporting Protected Forests
Including Transboundary Conservation Areas
1997–2003 (May)**

INITIATIVE	PARTNERS	FUNDING COUNTRIES	AREA OF INFLUENCE*
Condor Range (Peru and Ecuador)	Ecuador Ministry for Tourism and the Environment; Natura Foundation; Peruvian Institute for Natural Resources (INRENA); Conservation International; local organizations	Japan, Switzerland, USA, Korea	2.42 million ha
Tambopata-Madidi (Peru and Bolivia)	INRENA; Bolivian National Service for Protected Areas (SERNAP); Conservation International; local organizations	Japan, USA	2.85 million ha
Phatam Protected Forest Complex (Thailand)	Thai Royal Forest Department	Japan, Switzerland, USA, France	130,000 ha
Buffer zone of Kaeng Krachan National Park	Thai Royal Forest Department	Japan, Netherlands	348,000 ha
Lanjak-Entimau/Betung Kerihun Transboundary Conservation Reserve (Malaysia and Indonesia)	The Sarawak Forest Department; Park Management Unit of Betung Kerihun National Park; World Wide Fund for Nature (WWF) (Indonesia)	Japan, Switzerland	1.1 million ha
Kayan Mentarang National Park (Indonesia)	Directorate General of Forest Protection and Nature Conservation; WWF(Indonesia)	Switzerland, Japan, USA	1.4 million ha
Buffer zone of the Nouabalé-Ndoki National Park (Congo)	Wildlife Conservation Society; Government of Congo	Switzerland, Japan, France and USA	1.69 million ha (national park + buffer zone)
Mengamé Gorilla Sanctuary (Cameroon)	Directorate of Fauna and Protected Areas, Cameroon Ministry of Environment and Forestry	Switzerland, Japan, USA	137,000 ha
Cahuinari National Park (Colombia)	Colombian National Institute for Renewable Natural Resources and the Environment; Puerto Rastrojo Foundation; Bora-Miraña Indigenous Peoples	Austria, USA, Denmark, Norway	600,000 ha
Iwokrama Forest (Guyana)	Iwokrama International Center for Rain Forest Conservation and Development; Indigenous communities	Japan, Switzerland, USA, Korea	371,000 ha
TOTAL			11.0 million ha

*Area of influence includes, in some cases, buffer zone management areas.

Annex 17

**Status of Accession by Members to the ITTA, 1994
as of June 2003**

MEMBER	SIGNATURE	PROVISIONAL APPLICATION	RATIFICATION ACCESSION (a) ACCEPTANCE (A) APPROVAL (AA) DEFINITIVE SIGNATURE (s)
Australia			2 Feb. 1996 (s)
Austria	13 May 1996		16 May 1997
Belgium/Luxembourg	13 May 1996	13 May 1996	
Bolivia	17 Aug. 1995		17 Aug. 1995
Brazil	13 Dec. 1996		28 Nov. 1997
Cambodia	3 Feb. 1995		3 Feb. 1995 (A)
Cameroon	22 Dec. 1994	31 Aug. 1995	
Canada	3 May 1995		23 May 1996
Central African Republic		23 May 1997	
China	22 Feb. 1996		31 Jul 1996 (AA)
Colombia	8 Nov. 1995	9 Oct. 1996	16 Aug. 1999
Congo	22 Jun. 1994	25 Oct. 1995	
Côte d'Ivoire	9 Sep. 1996	9 Sep. 1996	31 Jan. 1997
Dem. Rep. of the Congo	17 Dec. 1996	27 Mar. 1997	
Denmark	13 May 1996		13 May 1996
Ecuador	1 Jun. 1994		6 Sep. 1995
Egypt	8 Nov. 1994	15 May 1996	
European Community	13 May 1996	13 May 1996	
Fiji	27 Jan. 1995	27 Jan. 1995	
Finland	13 May 1996	13 May 1996	
France	13 May 1996	28 Oct. 1996	
Gabon	27 May 1994	2 Aug. 1995	
Germany	30 Aug. 1995	30 Aug. 1995	
Ghana	12 Jul 1995		28 Aug. 1995
Greece	13 May 1996		13 Oct. 1997
Guatemala			3 May 2001 (a)
Guyana	13 Sep. 1996		27 Aug. 1997
Honduras	9 May 1995	2 Nov. 1995	
India	17 Sep. 1996		17 Oct. 1996
Indonesia	21 Apr. 1994		17 Feb. 1995
Ireland	14 May 1996		18 Aug. 2000
Italy	7 May 1996		25 Jun. 1998
Japan	13 Dec. 1994	13 Dec. 1994	9 May 1995 (A)
Liberia			9 Dec. 1994 (s)
Malaysia	14 Feb. 1995		1 Mar. 1995
Myanmar	6 Jul 1995		31 Jan. 1996
Nepal		23 May 1997	
Netherlands	6 Jul 1995	6 Jul. 1995	
New Zealand			6 Jun. 1995 (s)
Nigeria			28 Feb. 2002 (a)
Norway	25 Jan. 1995		1 Feb. 1995
Panama	22 Jun. 1994	4 May 1995	4 Apr. 1996
Papua New Guinea	28 Aug. 1995	28 Aug. 1995	13 May 1996
Peru	29 Aug. 1994		21 Sep. 1995

MEMBER	SIGNATURE	PROVISIONAL APPLICATION	RATIFICATION ACCESSION (a) ACCEPTANCE (A) APPROVAL (AA) DEFINITIVE SIGNATURE (s)
Philippines	29 Sep. 1995	26 Feb. 1996	
Portugal	13 May 1996		4 Nov. 1999
Rep. of Korea	12 Sep. 1995		12 Sep. 1995
Spain	12 Jan. 1996	12 Jan. 1996	15 Jan. 1997
Suriname			24 Aug. 1998 (a)
Sweden	13 May 1996		13 May 1996
Switzerland	29 Aug. 1995		10 Jun. 1996
Thailand	10 Apr. 1996		25 Jul. 1996
Togo	12 Jul. 1994		4 Oct. 1995 (A)
Trinidad and Tobago			29 Dec. 1998 (a)
United Kingdom	13 May 1996	13 May 1996	
United States of America	1 Jul. 1994		14 Nov. 1996 (A)
Vanuatu			19 May 2000 (A)
Venezuela	4 Oct. 1995		2 Mar. 1998

* * *