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

**ARTICLES APPROVED INFORMALLY
Articles 18, 20, 21, 22, 23, 24, 29, 33, 40 and 45**

CHAPTER VI. FINANCE

ARTICLE 18 FINANCIAL ACCOUNTS

1. There shall be established:
 - (a) The Administrative Account, which is an assessed contribution account;
 - (b) The Special Account and The Bali Partnership Fund, which are voluntary contribution accounts; and
 - (c) Other accounts that the Council might consider appropriate and necessary.
2. The Council shall establish, in accordance with article 7, financial rules that provide transparent management and administration of the accounts, including Rules covering the settlement of accounts on termination or expiry of this Agreement.
3. The Executive Director shall be responsible for, and report to the Council on, the Administration of the financial accounts.

ARTICLE 20 SPECIAL ACCOUNT

1. The Special Account shall comprise two sub-accounts:
 - (a) The Thematic Programmes Sub-Account; and
 - (b) The Project Sub-Account.
2. The possible sources of finance for the Special Account shall be:
 - (a) The Common Fund for Commodities;
 - (b) Regional and international financial institutions;
 - (c) Voluntary contributions from Members; and
 - (d) Other sources.
3. The Council shall establish criteria and procedures for the transparent operation of the Special Account. Such procedures shall take into account the need for balanced representation among members, including contributing members, in the operation of the Thematic Programmes Sub-Account and the Project Sub-Account.
4. The purpose of the Thematic Programmes Sub-Account shall be to facilitate unearmarked contributions for the financing of approved pre-projects, projects and activities

consistent with Thematic Programmes established by the Council on the basis of the policy and project priorities identified in accordance with articles 24 and 25.

5. The donors may allocate their contributions to specific Thematic Programmes or may request the Executive Director to make proposals for allocating their contributions.

6. The Executive Director shall report regularly to the Council on the allocation and expenditure of funds within the Thematic Programmes Sub-Account and on the implementation, monitoring and evaluation of pre-projects, projects and activities and the financial needs for the successful implementation of the Thematic Programmes.

7. The purpose of the Project Sub-Account shall be to facilitate earmarked contributions for the financing of pre-projects, projects and activities approved in accordance with articles 24 and 25.

8. Earmarked contributions to the Project Sub-Account shall be used only for the pre-projects, projects and activities for which they were designated, unless otherwise decided by the donor in consultation with the Executive Director. After the completion or termination of a pre-project, project or activity, the use of any remaining funds shall be decided by the donor.

9. To ensure the necessary predictability of funds for the Special Account, taking into consideration the voluntary nature of contributions, Members shall strive to replenish it to attain an adequate resource level to fully carry out the pre-projects, projects and activities approved by Council.

10. All receipts pertaining to specific pre-projects, projects and activities under the Project Sub-Account or the Thematic Programmes Sub-Account shall be brought into the respective Sub-Account. All expenditures incurred on such pre-projects, projects or activities, including remuneration and travel expenses of consultants and experts, shall be charged to the same Sub-Account.

11. No member shall be responsible by reason of its membership in the Organization for any liability arising from any actions by any other member or entity in connection with pre-projects, projects or activities.

12. The Executive Director shall provide assistance in the development of proposals for pre-projects, projects and activities in accordance with articles 24 and 25 and endeavour to seek, on such terms and conditions as the Council may decide, adequate and assured finance for approved pre-projects, projects and activities.

ARTICLE 21
THE BALI PARTNERSHIP FUND

1. A Fund for sustainable management of tropical timber producing forests is hereby established to assist producer members to make the investments necessary to achieve the objective of article 1 (d) of this Agreement.
2. The Fund shall be constituted by:
 - (a) Contributions from donor members;
 - (b) Fifty per cent of income earned as a result of activities related to the Special Account;
 - (c) Resources from other private and public sources which the Organization may accept consistent with its financial rules; and
 - (d) Other sources approved by the Council.
3. Resources of the Fund shall be allocated by the Council only for pre-projects and projects for the purpose set out in paragraph 1 of this article and approved in accordance with articles 24 and 25.
4. In allocating resources of the Fund, the Council shall establish criteria and priorities for use of the fund, taking into account:
 - (a) The needs of members for assistance in achieving exports of tropical timber and timber products from sustainably managed sources;
 - (b) The needs of members to establish and manage significant conservation programmes in timber producing forests; and
 - (c) The needs of members to implement sustainable forest management programmes.
5. The Executive Director shall provide assistance in the development of project proposals in accordance with article 25 and endeavour to seek, on such terms and conditions as the Council may decide, adequate and assured finance for projects approved by the Council.
6. Members shall strive to replenish the Bali Partnership Fund to an adequate level to further the objectives of the Fund.
7. The Council shall examine at regular intervals the adequacy of the resources available to the Fund and endeavour to obtain additional resources needed by producer members to achieve the purpose of the Fund.

ARTICLE 22
FORMS OF PAYMENT

1. Financial contributions to accounts established under article 18 shall be payable in freely convertible currencies and shall be exempt from foreign-exchange restrictions.
2. The Council may also decide to accept other forms of contributions to the accounts established under article 18 other than the administrative account, including scientific and technical equipment or personnel, to meet the requirements of approved projects.

ARTICLE 23
AUDIT AND PUBLICATION OF ACCOUNTS

1. The Council shall appoint independent auditors for the purpose of auditing the accounts of the Organization.
2. Independently audited statements of the accounts established under article 18 shall be made available to members as soon as possible after the close of each financial year, but not later than six months after that date, and be considered for approval by the Council at its next session, as appropriate. A summary of the audited accounts and balance sheet shall thereafter be published.

CHAPTER VII. OPERATIONAL ACTIVITIES

ARTICLE 24
POLICY WORK OF THE ORGANIZATION

1. In order to achieve the objectives set out in article 1, the Organization shall undertake policy work and project activities in an integrated manner.
2. The policy work of the Organization should contribute to achieving the objectives of this Agreement for ITTO members broadly.
3. The Council shall establish on a regular basis an action plan to guide policy activities and identify priorities and the thematic programmes referred to in paragraph 3 of article 20 of this Agreement. Priorities identified in the action plan shall be reflected in the work programmes approved by the Council. Policy activities may include the development and preparation of guidelines, manuals, studies, reports, basic communication and outreach tools, and similar work identified in the Organization's action plan.

CHAPTER IX. STATISTICS, STUDIES AND INFORMATION

ARTICLE 29 STATISTICS, STUDIES AND INFORMATION

1. The Council shall authorize the Executive Director to establish and maintain close relationships with relevant intergovernmental, governmental and non-governmental organizations in order to help ensure the availability of recent and reliable data and information, including on production and trade in tropical timber, trends and data discrepancies, as well as relevant information on non-tropical timber and on the management of timber producing forests. As deemed necessary for the operation of this Agreement, the Organization, in cooperation with such organizations, shall compile, collate, analyse and publish such information.
2. The Organization shall contribute to efforts to standardize and harmonize international reporting on forest-related matters, avoiding overlapping and duplication in data collection from different organizations.
3. Members shall, to the fullest extent possible not inconsistent with their national legislation, furnish, within the time specified by the Executive Director, statistics and information on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests as well as other relevant information as requested by the Council. The Council shall decide on the type of information to be provided under this paragraph and on the format in which it is to be presented.
4. Upon request or where necessary, the Council shall endeavour to enhance the technical capacity of member countries, in particular developing member countries, to meet the statistics and reporting requirements under this agreement.
5. If a member has not furnished, for two consecutive years, the statistics and information required under paragraph 3 and has not sought the assistance of the Executive Director, the Executive Director shall initially request an explanation from that member within a specified time. In the event that no satisfactory explanation is forthcoming, the Council shall take such action as it deems appropriate.
6. The Council shall arrange to have any relevant studies undertaken of the trends and of short and long-term problems of the international timber markets and of the progress towards the achievement of sustainable management of timber producing forests.

CHAPTER X. MISCELLANEOUS

ARTICLE 33 COMPLAINTS AND DISPUTES

Any member may bring to the Council any complaint that a member has failed to fulfil its obligations under this Agreement and any dispute concerning the interpretation or application of this Agreement. Decisions by the Council on these matters shall be taken by consensus, notwithstanding any other provision of this Agreement, and be final and binding.

ARTICLE 40
NOTIFICATION OF PROVISIONAL APPLICATION

A signatory Government which intends to ratify, accept or approve this Agreement, or a Government for which the Council has established conditions for accession but which has not yet been able to deposit its instrument may, at any time, notify the depositary that it will apply this Agreement provisionally in accordance with its laws and regulations either when it enters into force in accordance with article 41 or, if it is already in force, at a specified date.

ARTICLE 45
SETTLEMENT OF ACCOUNTS WITH WITHDRAWING OR EXCLUDED MEMBERS
OR MEMBERS UNABLE TO ACCEPT AN AMENDMENT

1. The Council shall determine any settlement of accounts with a member that ceases to be a party to this Agreement owing to:
 - (a) Non-acceptance of an amendment to this Agreement under article 42;
 - (b) Withdrawal from this Agreement under article 43; or
 - (c) Exclusion from this Agreement under article 44.
2. The Council shall retain any assessments or contributions paid to the financial accounts established under article 18 by a member that ceases to be a party to this Agreement.
3. A member that has ceased to be a party to this Agreement shall not be entitled to any share of the proceeds of liquidation or the other assets of the Organization. Nor shall such member be liable for payment of any part of the deficit, if any, of the Organization upon termination of this Agreement.