



ITTC-35 HIGHLIGHTS: TUESDAY, 4 NOVEMBER 2003

On Tuesday, delegates met in council and committee sessions. In the morning, Council considered, *inter alia*: the report of the Expert Panel on Management of Project Implementation and the ITTO Draft Biennial Work Programme for 2004-2005. The Committees on Economic Information and Market Intelligence (CEM), Forest Industry (CFI), Reforestation and Forest Management (CRF) and Finance and Administration (CFA) convened in the afternoon.

COUNCIL SESSION

EXPERT PANEL ON MANAGEMENT AND PROJECT IMPLEMENTATION: Michael Hicks, US Department of Agriculture, presented the report of the Expert Panel on Management of Project Implementation (ITTC(XXXV)/8). He identified six main causes for ineffective project implementation and monitoring, including poor project design, lack of communication and coordination, lack of capacity within executing agencies, failure to follow ITTO rules and procedures, difficulties in recruiting consultants and project personnel, natural disasters and external factors.

JAPAN encouraged members to implement the Panel's recommendations. GUATEMALA highlighted a video conference held in Latin America on project implementation, and recommended that ITTO rules and procedures contain a roster of experts for project evaluation. Stressing the importance of monitoring by local experts, INDONESIA said that inadequate ITTO standards and tight timeframes, not executing agencies, are the causes of delayed implementation. The EU said that, when evaluating the effectiveness of implementation, the project appraisal phase must also be considered, and urged that criteria for project continuation be developed. SWITZERLAND argued that problems occur throughout the implementation phase, not simply during the early and latter stages of a project, and called for strengthened project management and the monitoring of training. GHANA recommended focusing on project management, rather than project formulation. MALAYSIA expressed faith in the recommendations of the Expert Panel, and urged all parties to assume their respective responsibilities during project implementation. Noting that panel experts, Council and donors must appraise and approve all projects, BRAZIL, supported by the US, said that project implementation is a shared responsibility, not one confined to executing agencies. The US added that delays in project implementation must be solved at multiple levels. The NETHERLANDS stressed the importance of high-quality project design and recommended shifting the discussion from the project level to the policy level. ECUADOR said that ITTO criteria for successful project implementation should be clarified, and urged executing agencies to focus on management activities.

ITTO DRAFT WORK PROGRAMME 2004-2005: Manoel Sobral Filho, ITTO Executive Director, presented the ITTO Draft Work Programme for 2004-2005 (ITTC(XXXV)/14), highlighting several of its proposed activities, including: a review of the timber market in China and Japan; studies on timber and timber products subsidies; the promotion of investment in natural forests and natural forest products; and the dissemination of guidelines for forest sector management. The EU, INDONESIA and CHINA said that budgetary requirements could constrain the implementation of these activities. Sobral said he was confident that the required funds would be provided by donors and that the Special Account and the Bali Partnership Fund could also be used. BRAZIL highlighted the importance of obtaining funds from all member countries, and noted that ITTO cannot rely solely on gifts and donations from the donor community.

GUIDELINES FOR THE RESTORATION, MANAGEMENT AND REHABILITATION OF DEGRADED AND SECONDARY TROPICAL FORESTS: The Secretariat introduced ITTO guidelines for the restoration, management and rehabilitation of degraded and secondary tropical forests (ITTC(XXXV)/9), noting five out of six workshops on the guidelines have been completed. The US said it will contribute financial support for publishing workshop results. JAPAN noted the importance of disseminating workshop documents to member states and other interested parties. COTE D'IVOIRE said the deforestation situation in West Africa and the Congo Basin justifies the importance of workshops on restoration, management and rehabilitation of forests in the region. CHINA said that secondary tropical forests are important to rural development and biodiversity conservation. GHANA indicated that workshops have facilitated the sharing of experiences. SWITZERLAND supported the continuation of activities until the final workshop is completed. Chair Freezailah said guidelines could be discussed further in the Draft Biennial Work Programme for 2004-2005.

NEGOTIATING A SUCCESSOR AGREEMENT: Jürgen Blaser, Chair of the Preparatory Committee (PrepCom), summarized the report of the inter-sessional working group on preparations for negotiating a successor agreement to the ITTA, 1994 (ITTC(XXXV)/7). Blaser outlined the conclusions of the working group, including that: tropical conifers are only marginally important to timber trade and that their inclusion would not dilute the successor agreement; non-timber forest products (NFTPs) already are addressed through ITTO project work; and ecosystem values are integrated into ITTO's definition of SFM. Blaser said the Working Group's recommendations include changes to ITTA, 1994 articles relating to objectives, definitions, votes and private sector-civil society cooperation. He reiterated the Working Group's recommendation that the Second Session of the PrepCom prepare a single draft text for consideration by the UN Conference negotiation meeting.



UNFF: Pekka Patosaari, United Nations Forum on Forests (UNFF), thanked ITTO for its support for the Collaborative Partnership on Forests, summarized the mandate of UNFF, stressed the need to curb illegal logging and encouraged continued collaboration between UNFF and ITTO.

COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

EX-POST EVALUATIONS: The CRF heard *ex-post* evaluations on: a natural forest rehabilitation project in Malaysia; demonstration areas/model forests for SFM in South East Asia; projects related to reduced impact logging in Brazil, Malaysia, Cameroon and Ghana; and problem analysis in a SFM project in Panama.

CRF Chair Henri-Félix Maître (France) established a small *ad hoc* working group, composed of Brazil, Cote d'Ivoire, the US, Norway and Indonesia, to select projects for *ex-post* evaluation.

PROJECTS, PRE-PROJECTS AND ACTIVITY IN PROGRESS: BRAZIL highlighted bureaucratic obstacles to administering international funds for project implementation. HONDURAS received Committee approval for implementing its project on mangrove conservation with a revised budget. FIJI noted difficulties in its SFM training project and the Secretariat said a team of ITTO experts would investigate these problems. GUYANA said that its project on a sustainable forest model had been delayed because of institutional changes in the country. COTE D'IVOIRE explained that a temporary delay in several of their projects was due to political unrest.

COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND COMMITTEE ON FOREST INDUSTRY

EX-POST EVALUATION: The CEM/CFI agreed to have Indonesia's project on training for SFM assessments subject to an *ex-post* evaluation and to postpone *ex-post* evaluation of Gabon's project on a computer management system for forest production control.

PROJECTS, PRE-PROJECTS AND ACTIVITY IN PROGRESS: The Secretariat reviewed a market information service project and Jorge Malleux Orjeda, Consultant, outlined a project on assistance for project identification and formulation.

The Secretariat noted an absence of information on Egypt's project on a national statistical system for imported timber and timber products. Tapani Oksanen, Consultant, reviewed a project on information dissemination for timber processing, utilization efficiency and waste reduction.

Lachlan Hunter, Consultant, presented a project on value accounting of tropical forest resources in China. The Secretariat commented on a project to promote the use of lesser known species in the Democratic Republic of Congo, noting it experienced delays due to political instability. On establishing a data collection and dissemination system for timber marketing statistics in Cameroon, the Secretariat remarked that changes in local conditions are jeopardizing the project's completion.

The Secretariat stated that a report on a biomass energy technologies project in Malaysia and Cameroon had not yet been received and noted that a Brazilian project aimed at strengthening a forest products laboratory is having legal difficulties with ITTO's fund administration rules.

Agus Setyarso, Consultant, outlined progress on Indonesia's project on the development and implementation of guidelines to control illegal logging. The Secretariat outlined a proposal to renew funding for the ITTO's information and project support initiative and reviewed a project on processing African timber. The Secretariat noted that funding issues for a training project in Guyana on reduced impact logging had been resolved.

The Committee decided to advise Council to allocate additional funds to a project on the Indian timber market. The Secretariat suggested speeding up the implementation of the project concerning the promotion of NTFPs in Nepal. CHINA asked for, and the Committee approved, an extension of its project on sustainable management and utilization of bamboo. The Secretariat noted

that a pre-project on the development of a strategy for enhancing national forestry statistics management in Cote d'Ivoire had been re-submitted.

POLICY WORK: The Secretariat outlined CEM and CFI-related project activities and strategic policy activities included in the Draft Biennial Work Programme. The US, AUSTRALIA and KOREA expressed support for the work programme, but noted that these activities should be included in the regular budget.

PROPOSED PROJECTS AND PRE-PROJECTS: CHINA elaborated on its project proposal to increase transparency in trade flows and the distribution of tropical wood products. JAPAN described its proposed project on expanding the global mangrove database.

The Secretariat presented, and delegates discussed, a proposed multi-phased consumer awareness programme to address market failures for tropical hardwoods and the CEM/CFI established a small *ad hoc* group to further consider the issue.

COMMITTEE ON FINANCE AND ADMINISTRATION

The Secretariat reviewed the status of the administrative account for the year 2003 (CFA(XIV)/4). NEW ZEALAND, COTE D'IVOIRE, INDONESIA and the US asked about actions taken to enforce the payment of membership dues. The Secretariat said that payment reminders are sent out regularly and that penalty for non-payment includes the withdrawal of voting rights. CFA Chair Chris Ellis (US) said this could affect the negotiation of the successor agreement due to a possible redistribution of votes.

The Secretariat presented the Draft Biennial Administrative Budget for 2004-2005, noting a 2004 budget increase of 18 percent from 2003.

Regarding funding for regional consulting offices, SWITZERLAND, JAPAN and GABON supported keeping funding in the administrative budget, while the US and NEW ZEALAND preferred voluntary contributions and funding from other ITTO accounts. JAPAN also noted that the Secretariat should take into account the downward economic trend in Japan when budgeting. CHINA questioned the applicability of the ITTO's assessment procedures. INDONESIA emphasized the difficulty of national accounting circumstances when paying ITTO assessed contributions, as countries' disbursement dates for assessed contributions may not meet the payment deadlines imposed by the ITTO. Chair Ellis noted that over the years, the expansive scope of ITTO activities has been funded by voluntary contributions, but it is not a sustainable way to proceed and will be a significant part of discussions at PrepCom II.

On statements of the administrative budget for 1986-2003 (CFA(XIV)/3), Chair Ellis said producing members owe US\$1.5 million for 2003, and are US\$4.2 million in arrears. On a recommendation to write-off former members' arrears, the committee debated arrears of the Russian Federation.

IN THE CORRIDORS

Some member states expressed concern over the relatively high number of reforestation projects. One delegate commented that some producing countries believe that donors are more willing to fund reforestation projects, and others emphasized that a greater effort should be made to promote trade-related project work.

THINGS TO LOOK FOR TODAY

COUNCIL SESSION: Council will convene in the Plenary Hall from 10:00 am -12:00 pm to consider forest law enforcement ITTO Objective 2000 and Council decisions.

SIDE EVENT: The FAO will present a side event on trade and SFM from 12:00-1:00 pm.

COMMITTEE SESSIONS: The CRF will meet in the Plenary Hall from 2:30-6:30 pm to, *inter alia*, consider project proposals and hear a presentation on climate change policy. The CEM/CFI will convene from 2:30-6:30 pm. The CFA will meet from 5:30-6:30 pm to discuss the Draft Biennial Work Programme for 2004-2005.