



ITTC-36 HIGHLIGHTS: TUESDAY, 20 JULY 2004

On Tuesday, delegates convened in Plenary to hear opening statements, address organizational matters and consider a report on guidelines for the restoration, management and rehabilitation of degraded and secondary forests. In the afternoon, delegates convened in the Joint Committee to hear reports from the Expert Panel on the Technical Appraisal of Project Proposals and the Working Group on Improving Effectiveness and Efficiency of Project Work, and in the Committees on Economic Information and Market Intelligence and on Forestry Industry (CEM/CFI) and the Committee on Reforestation and Forest Management (CRF) to, *inter alia*, hear reports on completed projects and pre-projects and consider *ex-post* evaluations.

COUNCIL SESSION

OPENING STATEMENTS: Jan McAlpine (US), ITTC-36 Chair, highlighted examples of ITTO successes and noted that ITTO could improve upon past actions to reach its goals. She underscored that ITTO delivers successful partnerships, drawing particular attention to the first Trade Advisory Group (TAG)-Civil Society Advisory Group (CSAG) joint workshop running concurrently with ITTC-36, and noted that, since 1987, ITTO has funded over 600 projects, pre-projects and activities.

Manoel Sobral Filho, ITTO Executive Director, welcomed all delegates to ITTC-36, including its newest member, Mexico. He introduced an ITTO-financed project on the multiple use of forest resources in Acre, Brazil, highlighting its merits, including: solving land tenure problems; facilitating the organization of families into associations to produce various non-timber forest products (NTFPs); encouraging the mobilization of both civil society and governments to curb illegal logging; and receiving consistent and stable funding from donor countries. He said the valuing of environmental services is important for achieving SFM.

Jörg Reding, Ambassador, Head of Bilateral Economic Relations of the State Secretariat for Economic Affairs of Switzerland, welcomed the participants and recommended that the ITTO build on its experience by addressing new issues, including forest laws and governance, timber market transparency, trade in NTFPs, and environmental services. He called for an innovative formula to address decreasing funding.

A film on the Antimary Project, a project on the integration of forest-based development in Acre, Brazil was then screened.

Mr. Jorge Viana, Governor of the State of Acre, Brazil, highlighted the contribution that forests make to the well-being of people and underscored the successful development of the forest economy in Acre. He said this "eco-economy" is evidence of positive change in Brazil, which includes an important role for indigenous people in forest management and production.

Masao Otaki, Representative of the City of Yokohama, expressed pride in hosting the ITTO Secretariat in Yokohama. Noting the importance of the ITTA, 1994 renegotiation, Otaki noted that the successor agreement would play a vital role in improving sustainable forest management (SFM).

Pekka Patosaari, Coordinator and Head of the UNFF, indicated that ITTO and UNFF are working together effectively in the run-up to UNFF-5, during which participants will negotiate recommendations concerning the future of the international arrangement on forests. Noting that UNFF and ITTO are approaching a critical juncture in their work, he said the global community must work in a coordinated manner to realize SFM.

ORGANIZATIONAL MATTERS: Sobral announced that a quorum had been attained. Delegates adopted the agenda (ITTC(XXXVI)/1) and admitted all observers. Chair McAlpine acknowledged Mexico's ITTO accession as a producer country. Delegates approved the resulting modifications to the 2004 budget and the revised distribution of votes.

MEASURES TO IMPROVE PROJECT FORMULATION AND APPRAISAL: Ricardo Umali, Chair of the Expert Panel on the Technical Appraisal of Pre-projects and Projects, presented the Expert Panel's Report on Measures to Improve Project Formulation and Appraisal (ITTC(XXXVI)/5), noting that core problems in project formulation include lack of: experienced personnel in producer countries; a process to prioritize projects; an expert database; and information on project formulation. He said that appraisal problems include inconsistent effectiveness of the panel and technical committees and insufficient participation from the Secretariat. He recommended actions for the Council, Committees, Secretariat, member countries and the Expert Panel.

JAPAN said he hoped the recommendations from the Expert Panel would be put into practice, particularly on the need to appraise projects at the national level prior to ITTO submission and for project-proposing countries to collaborate with donors and executing agencies after approval by the ITTO.

INFORMAL ADVISORY GROUP: Chair McAlpine presented the report of the fourteenth meeting of the Informal Advisory Group (IAG) (ITTC(XXXVI)/2). She said the IAG recommended that ITTC-36: take decisions on projects and pre-projects and the appointment of an auditor for the Financial Year 2004; not take substantive decisions; address the recommendations of the TAG/CSAG and those contained in reports on projects and workshops at this session only if these are already covered by existing decisions or the work program; consult informally on the draft decision recently tabled by the UK; and finalize the date and venue of ITTC-38.

GUIDELINES FOR THE RESTORATION AND REHABILITATION OF DEGRADED AND SECONDARY TROPICAL FORESTS: Stewart McGinnis, IUCN, presented the Final Report on ITTO Guidelines for the Restoration and Rehabilitation of Degraded and Secondary Tropical Forests (ITTC(XXXVI)/10). McGinnis said these issues were discussed in workshops in six countries, including Gabon and Thailand, and this work was the most significant ITTO contribution to the Global Partnership on Forest Landscape Restoration.

**JOINT COMMITTEE**

Romeo Acosta (Philippines) presented the report of the Working Group on Improving Effectiveness and Efficiency of Project Work (CEM, CRF, CFI, CFA (XXXIV)/2). He identified core problems, such as insufficient matching of national policies with ITTO objectives and insufficient stakeholder ownership, as barriers to project work. He then listed barriers in and specific recommendations for each phase of the ITTO project cycle.

EXPERT PANEL ON THE TECHNICAL APPRAISAL OF PROJECT PROPOSALS: Ricardo Umali, Chair of the Expert Panel on the Technical Appraisal of Pre-projects and Projects, presented the Expert Panel's report (CEM, CRF, CFI, CFA (XXXIV)/1). Umali highlighted, *inter alia*: the lack of limits on proposals submitted by one country; the large number of resubmissions; the generally low contribution of proposals to ITTO priorities; low proposal quality; the lack of national review of proposals before submission to ITTO; inadequate funding for approved projects; and lack of attention to project sustainability. He noted that weaknesses in proposals include, *inter alia*: lack of commitment to projects on transboundary conservation areas; minimal assessment and linkage to problem causes; few precise calculations of project budgets; and little attention to projects' relevance to other initiatives in proposing countries.

CEM/CFI

COMPLETED PROJECTS AND PRE-PROJECTS: The CEM/CFI heard completed pre-project reports on: review of information on life cycle analysis of tropical timber products; review of the Indian timber market; provision of assistance for reassessment and reformulation of two project proposals from the Democratic Republic of Congo on a national saw maintenance center and a study of Zairian timber with a view to promoting certain species; two joint African Timber Organization/ITTO conferences on further processing of African tropical timber in Gabon; development of the rubberwood industry in Cote d'Ivoire; formulation of a project proposal to support the sustainable development of small forest industrialists in Peru; a feasibility study for the production of sawnwood from tropical forest using appropriate technologies in Ecuador; assessing the contribution of selected NTFPs based on a community participation approach to support SFM in Indonesia; and improvement of processing efficiency of tropical timber from sustainable sources in Indonesia.

The CEM/CFI also heard completed project reports on: industrial utilization of lesser-known forest species in sustainably managed forests in Honduras; capacity building in training in planning and management of forest industries in ITTO producer countries; and a training workshop on further processing of tropical timber in the Asia-Pacific region.

EX-POST EVALUATIONS: CFI Chair Bergquist listed criteria for consideration when selecting projects for *ex-post* evaluations, including: the magnitude of the project; its duration; its complexity; lessons to be drawn from the project's execution for future ITTO work; and the cost of evaluation, based on project location. The CEM/CFI chose three projects for *ex-post* evaluations: a project for information and technical assistance for production and trade in Brazil; a project on industrial utilization of lesser-known forest species in sustainably managed forests in Honduras; and capacity building in training in planning and management of forest industries in ITTO producer member countries.

PROJECTS AND PRE-PROJECTS AWAITING

FINANCING: CEM Chair Yeo-Chang Youn (Republic of Korea) informed the CEM/CFI that four CEM-approved projects and two CEM-approved pre-projects still await financing. CFI Chair Bergquist informed CEM/CFI that two CFI-approved projects and three CFI-approved pre-projects still await financing (CEM/CFI(XXXIV)/1).

PROJECTS AND PRE-PROJECTS UNDER SUNSET

PROVISION: CEM Chair Youn informed the CEM/CFI that one project had passed the sunset provision. CFI Chair Bergquist informed the CEM/CFI that two projects and two pre-projects had passed the sunset provision.

CRF**COMPLETED PROJECTS AND PRE-PROJECTS:**

Delegates heard reports on completed projects, which include a financial audit, on: SFM and human resources development in Indonesia; a sustainable management model in the Iwokrama rain forest of Guyana; a teak-based multistoried agroforestry system in Myanmar; forest fire management in Ghana; an assessment of the status of conservation areas in Malaysia; selection and cultivation of fast-growing and high-yielding strains of rubber trees for timber production in China; developing and extending of criteria and indicators (C&I) for the sustainable management of tropical forests in China; and training of trainers for the application of the ITTO and the national C&I for SFM at the forest management unit level in Indonesia.

Delegates heard reports on completed projects in which financial audits are pending, including the: establishment of Rio Preto's national forest in Brazil; rehabilitation of natural forests in Malaysia; forest management of natural forest in Malaysia; support for the development of a forestry and wildlife law in Peru; a global mangrove database and information system; development of a wildlife sanctuary in Malaysia as a totally protected area; management of a national park to promote trans-boundary conservation between Indonesia and Malaysia; and dissemination of forest development and research results obtained during the implementation of the technical project for forest conservation in Panama.

Delegates heard a report on a completed pre-project, which includes a financial audit, on the study and demonstration of the management of secondary forests in tropical regions in China.

Delegates heard reports on completed pre-projects in which financial audits are pending, including the: development of a master plan for forest management in Congo; development of national C&I for SFM in the Congo; and support for the development of a project for the participatory follow-up and evaluation of forestry, protected areas and wildlife policy in Honduras.

PROJECTS AND PRE-PROJECTS AWAITING

FINANCING: The Secretariat introduced projects and pre-projects awaiting financing. No decision was taken on this item.

EX-POST EVALUATIONS: Delegates heard *ex-post* evaluations on five projects that focus on the sustainable management of mangroves.

CSAG/TAG JOINT WORKSHOP

Although not part of the official ITTC-36 agenda, the CSAG and the TAG convened a joint workshop from 19-20 July in Interlaken, Switzerland to discuss illegal logging and the illegal trade in forest products. The results of the workshop will be presented to ITTC-36 in Plenary on Thursday.

IN THE CORRIDORS

Although still early days, many have said they expect ITTC-36 to proceed smoothly, since it was previously agreed that no substantive decisions would be negotiated at this session. Others have said that the CSAG-TAG workshop on illegal logging and trade represents an historic opportunity for these groups to set aside old differences and influence the direction of ITTO on issues of mutual concern.

THINGS TO LOOK FOR TODAY

CFA: The CFA will convene from 10:00 am -12:30 pm and from 5:00 - 6:30 pm in the Ballsaal to discuss the appointment of the auditor for the Financial Year 2004.

CEM/CFI: The CEM/CFI will convene from 10:00 am -12:30 pm in Theater-Saal and from 2:30 - 5:00 pm in Ballsaal to consider projects and pre-projects.

COUNCIL SESSION: Delegates will convene from 2:00 - 2:30 pm in Theater-Saal to discuss preparations for negotiating a successor agreement to the ITTA, 1994.

CRF: The CRF will convene from 2:30 - 6:30 pm in Theater-Saal to discuss *ex-post* evaluations, new project proposals and policy work.