



ITTC-36 HIGHLIGHTS: WEDNESDAY, 21 JULY 2004

On Wednesday, delegates convened in morning and afternoon Council sessions to hear country statements on measures to improve project formulation and appraisal and on ITTO guidelines for the restoration, management and rehabilitation of degraded and secondary tropical forests and to consider preparations for negotiating a successor agreement to the ITTA, 1994. Delegates spent the balance of the day in the Committee on Finance and Administration (CFA) discussing, *inter alia*, the appointment of an external auditor and the status of arrears, and in the Committee on Reforestation and Forest Management (CRF) and the Committees on Economic Information and Market Intelligence and Forest Industry (CEM/CFI) approving projects and pre-projects and discussing policy work.

COUNCIL SESSION

MEASURES TO IMPROVE PROJECT FORMULATION AND APPRAISAL: ITTC-36 Chair Jan McAlpine (US) invited countries to make statements on measures to improve project formulation and appraisal (ITTC(XXXVI)/5). GHANA, endorsed by MALAYSIA, supported maintaining a panel of twelve experts. He favored emphasizing training in project management and returning any project that the Expert Panel had not recommended after three revisions to the submitting country, rather than passing it to the Committee.

CHINA highlighted the continuing decrease in financial resources and narrow funding base for approved projects, and appealed for more attention to these issues. The US, supported by NEW ZEALAND, advocated focusing on recommendations that can be undertaken without a Council decision, and suggested the Secretariat prepare draft decisions for ITTC-37 on the others. He emphasized that some recommendations can be implemented by governments, such as strengthening the role of country focal points and the process for formulating projects proposals. SWITZERLAND emphasized recommendations that have direct impact on proposal quality, and called for the Secretariat to draft decisions on, *inter alia*: thematic training; an expert panel to develop criteria for assessing projects' contributions to ITTO objectives; and, supported by NEW ZEALAND, a simplified project manual that addresses the whole project cycle.

MALAYSIA highlighted the need for, *inter alia*: national-level thematic training; support for implementing sustainable forest management (SFM) practices; a pool of experts; expansion of the Secretariat's mandate to check factual and presentation details; and national clearinghouses to consider the relevance of proposals to ITTO priorities.

The EC, supported by NORWAY, noted that coherent project goals, in line with national goals and strategies for development, are important for attracting financing. He also said countries must be informed of project appraisals and of the outcomes of these appraisals.

BRAZIL, supported by PAPUA NEW GUINEA, said the best solution for improving project activities is strong implementing agency capacity at the national level. BRAZIL said there is a need to compile the results from projects so that decisions can be taken at the next Council session. NORWAY indicated that project critiques are becoming increasingly sophisticated even though project content has remained the same, and that the substance of the projects should be the core focus of project preparation. He also said that project work should be kept in line with policy work. PAPUA NEW GUINEA said there was a need to identify the core objectives of the ITTO and member states clearly, since there are limited resources for ITTO's core work.

ECUADOR stressed the importance of secure funding and clear project formulation. INDIA said the scope of project formulation should be enlarged and that sub-centers of the ITTO may be established in project-proposing countries to increase project efficiency and local capacity building. He also said that the time between project submission and acceptance should be decreased. COLOMBIA underlined the importance of *ex-post* evaluation for providing feedback, and cautioned against underestimating the time required for project implementation.

Noting the numerous approved projects and *ex-post* evaluations, Manuel Sobral Filho, ITTO Executive Director, emphasized the positive aspects of ITTO's project evaluation system. He also identified a producer that is doing an excellent job at scrutinizing projects prior to their submission to ITTO, and stressed that project effectiveness is closely linked to funding.

ITTO GUIDELINES FOR THE RESTORATION, MANAGEMENT AND REHABILITATION OF DEGRADED AND SECONDARY TROPICAL FORESTS: Chair McAlpine invited countries to make statements on ITTO guidelines for the restoration, management and rehabilitation of degraded and secondary tropical forests (ITTC(XXXVI)/10). The EC said fragmentation was an increasing feature of tropical forests and that this is also a problem in the Mediterranean and in northern Europe. The US said the ITTO Guidelines illustrate positive collaboration among ITTO members but questioned the cost effectiveness of their dissemination. GHANA recommended that examples of model projects to improve project formulation be made available and that country experiences with the guidelines be disseminated. BRAZIL suggested that the concept "landscape" be revised to accommodate watershed-related issues. CÔTE D'IVOIRE said that forest fragmentation is a problem for most West African countries and welcomed the ITTO Guidelines.

PREPARATIONS FOR NEGOTIATING A SUCCESSOR AGREEMENT TO THE ITTA, 1994: In the afternoon, delegates heard presentations on preparations for negotiating a successor agreement to the ITTA, 1994. PrepCom Chair Jürgen Blaser (Switzerland) reviewed the PrepCom process, noting that the output is a single working document, which will serve as the basis for negotiations at the United Nations Conference in Geneva.



Amb. Carlos Antonio da Rocha Paranhos (Brazil), Chair-designate of the UN Conference for the Negotiation of the Successor Agreement to the ITTA, 1994, gave an overview of the negotiation process, stressing that the negotiation must end no later than Friday, 30 July 2004, and that the negotiation will be conducted in two working groups.

CFA

After approving the agenda (CFA(XV)/1) and admitting observers, delegates reviewed contributions to the administrative budget (CFA(XV)/3), the current status of the Administrative Account (CFA(XV)/4) and the external auditor's report for 2003 (CFA(XV)/2). CFA Chair Christopher Ellis (US) noted with concern member states' outstanding arrears of nearly US\$ 2.4 million for 2004, and the Secretariat noted the accrual of US\$ 4.5 million in arrears from 1986-2003. The EC recommended the consideration of new ways to ensure on-time payment of assessed contributions when renegotiating the ITTA, 1994. Responding to a query from the US, the Secretariat noted an ITTC decision that funding for project proposals could be threatened if the proponent country is in arrears. A separate panel was convened to review the resources of the Special Account and the Bali Partnership Fund (CFA(XV)/5).

Delegates also discussed the appointment of a new external auditor for financial years 2004-2006 (CFA(XV)/6), and agreed to support the bid of Grant Thornton, Tokyo, which will provide auditing services beginning in Financial Year 2004 and whose re-engagement will be subject to an annual performance review.

CEM/CFI

CONSIDERATION OF PROJECTS AND PRE-PROJECTS: Delegates approved CEM projects on an information system for implementing national and regional forest policy and for the wood furniture industry in Malaysia and on modeling economic and technical information for training of professionals in processing and marketing timber information in Colombia.

Delegates approved one CEM pre-project on strengthening a forest statistics information center in Honduras.

Delegates approved CFI projects on: the marketing of non-timber forest products (NTFPs) to support the handicraft industry in the Philippines; improving processing efficiency of tropical timber from sustainable resources in Indonesia; and transparency in trade flows and distribution of tropical wood products in China.

Delegates approved CFI pre-projects on: sustainable utilization of NTFPs involving local communities in Indonesia; improving strategies and assessing training needs to achieve SFM in Suriname; and capacity strengthening in forest management for sustainable timber production in Panama.

POLICY WORK: On policy work, the Secretariat delivered a report on market access for tropical timber and informed delegates about studies on the tropical plywood trade and on measures to diversify and expand the tropical timber trade. The Secretariat reported ongoing work on: phased approaches to certification; a cost-benefit analysis of phased approaches; an international workshop on phased approaches in key consuming and importing countries; and promotion of private sector/civil society partnerships to promote certification.

On the outcomes of a workshop on capacity building for the implementation of the mahogany CITES listing, delegates agreed on the need for close coordination between ITTO and CITES and for funding to publish the results of the workshop.

Regarding CEM activities under the Biennial Work Programme for 2004-2005, delegates agreed to establish a voluntary working group to revise the terms of reference for a review of the timber market in two significant tropical timber-importing countries before the close of ITTC-36.

The CFI heard, *inter alia*, a report on a study to develop, publish and disseminate information on increasing timber processing and utilization efficiency and reducing waste that is currently receiving ITTO support.

Regarding CFI work on the study and promotion of policies and other measures to increase tropical plywood industry competitiveness, delegates agreed to convene an international conference on plywood.

CRF

CONSIDERATION OF PROJECTS AND PRE-PROJECTS: Delegated approved CRF projects on: strengthening national capacity for sustainable use of forest genetic resources in Malaysia; collaborative SFM in Indonesia; sustainable participatory management of a forest complex in Togo; development of a regional seed center for reforestation in Indonesia; and a forest management training center in the Antimary region in Brazil.

The CRF approved pre-projects on: identification of the potency, distribution, conservation and plantation development of ramin in Indonesia; rehabilitation of degraded forest in Cameroon; and evaluation of forest resources in Côte d'Ivoire.

Delegates agreed to postpone until Friday the review of a project proposal on evaluation of stocks for the sustainable management of mahogany in Peru. After the approval of the Atamary project, Brazil asked if its project could also incorporate its amendments, and the Committee decided to consider Brazil's amended proposal on Friday. The Secretariat noted that an Ecuadorian project proposal on silvicultural knowledge, which had not been revised, could not be considered at this session. A pre-project proposal for a mangrove forest project in Indonesia was approved after it had been resubmitted to the Committee.

POLICY WORK: The CRF discussed policy work, which included a discussion on the revision of ITTO's criteria and indicators (C&I) reporting format based on recommendations of the Expert Panel on C&I for SFM (ITTC (XXXVI)/11) and the International Expert Consultation on C&I.

The Secretariat presented the main strategies and recommendations of the International Wildland Fire Summit. The US, REPUBLIC OF KOREA and CHINA endorsed the Summit's recommendations.

On the review and update of the ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Countries, delegates agreed to establish a voluntary working group to begin work on the scope of the review and terms of reference to guide implementation.

IN THE CORRIDORS

No one objected to the Informal Advisory Group's recommendations to avoid any substantive decisions at this session or at ITTC-38 next year given that both will be shorter than usual. Despite their public acquiescence, however, several delegates at ITTC-36 have privately expressed concern over the reduction in the length of these two meetings. Some participants worry that other ITTO members may look to this reduction in the length of spring sessions and lack of substantive decisions taken as evidence that there is no need for more than one session per year.

THINGS TO LOOK FOR TODAY

COUNCIL: Delegates will convene in Theater-Saal from 10:00 am – 12:30 pm to participate in the Annual Market Discussion and from 2:00 – 6:00 pm to hear the results of the Civil Advisory Group - Trade Advisory Group joint workshop on illegal logging and to consider ITTO Objective 2000, forest law enforcement, phased approaches to certification, and forest-related developments at UNFCCC/IPCC.

CREDENTIALS COMMITTEE MEETING: Delegates will convene in the Credentials Committee Meeting from 12:30 – 1:00 pm in Brünig I&II.