



**INTERNATIONAL TROPICAL TIMBER ORGANIZATION
(ITTO)**


ANNUAL REPORT FOR 1985–1987

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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

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Table of Contents

	<u>pages</u>
INTRODUCTION	1
PART I BRIEF HISTORY OF THE AGREEMENT	2 - 4
PART II ORGANIZATION AND ADMINISTRATION	
1. Membership	5
2. The International Tropical Timber Council	6 - 8
3. The Permanent Committees	9
4. Secretariat	10 - 11
PART III OPERATIONAL ACTIVITIES	
1. Introduction	12 - 13
2. Economic Information and Market Intelligence	14 - 18
3. Reforestation and Forest Management	19 - 25
4. Forest Industry	26 - 31
Annexes	
I. Status of Members as of 31 December 1987	32
II. Schedule of Official Travel, Participation at Meetings, etc.	33 - 36
III. Summary of Accounts 1985-1987	37 - 39
IV. Contributions Received for Special Account for 1986-1987	40
V. Administrative Budget 1988	41 - 42

Annual Report for 1985-1987

INTRODUCTION

This first Annual Report is published in compliance with paragraph 1 of Article 28 of the International Tropical Timber Agreement, 1983, which provides that the International Tropical Timber Council, each calendar year, shall publish an annual report on its activities and such other information it considers appropriate.

This report covers the period 1 April 1985, when the Agreement entered into force, till 31 December 1987. The report is divided into three parts. Part I gives a brief history of the Agreement, Part II deals with the membership of the Organization and the work of the Council, the Permanent Committees and the Secretariat whilst Part III reports on the operational activities of the Organization in the fields of Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry.

PART I BRIEF HISTORY OF THE AGREEMENT

1. Preparatory Meetings on Tropical Timber

The United Nations Conference on Trade and Development, in its resolution 93(IV) of 30 May 1976, on the Integrated Programme for Commodities, requested the Secretary General of UNCTAD to convene preparatory meetings for the international negotiations on individual products.

In accordance with the procedures set out in Resolution 93(IV), six preparatory meetings on tropical timber were held between May 1977 and June 1982. During that period, two inter-governmental groups of experts were convened to examine research and development and market intelligence issues. The Sixth Preparatory Meeting, held from 1 to 11 June 1982, recommended that a Meeting on Tropical Timber be convened to further consider remaining institutional issues and requested the Secretary General of UNCTAD to make provisions with a view to convening a negotiating conference early in 1983.

2. The United Nations Conference on Tropical Timber

Pursuant to that request, a Meeting on Tropical Timber was held from 29 November to 3 December 1982 and the Secretary General of UNCTAD convened the United Nations Conference on Tropical Timber on 14 March 1983.

The Conference was held in two parts: the first from 14 to 31 March 1983 and the second from 7 to 18 November 1983. On 18 November 1983, the Conference established the text of the International Tropical Timber Agreement, 1983.

3. Main Features of the Agreement

The main objective of the Agreement is to provide an effective framework for cooperation and consultation between tropical timber producing and consuming countries with regards to all relevant

aspects of the tropical timber economy. The Agreement seeks to promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions in the tropical timber market; to promote research and development with a view to improving forest management and wood utilization; to improve market intelligence; to encourage increased and further processing of tropical timber in producing member countries; to encourage reforestation and forest management activities; to improve marketing and distribution of tropical timber exports of producing members; and to encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests and their genetic resources and at maintaining the ecological balance in the regions concerned.

In order to provide an international framework for the achievement of these objectives, the Agreement establishes the International Tropical Timber Organization, which functions through the International Tropical Timber Council and the following three Permanent Committees:

- (a) Committee on Economic Information and Market Intelligence,
- (b) Committee on Reforestation and Forest Management, and
- (c) Committee on Forest Industry.

The operational activities of the Council and the Permanent Committees fall into two basic categories. The first consists of arranging for the formulation and implementation of projects in the fields of research and development, market intelligence, further and increased processing, and reforestation and forest management. The second consists, inter alia, of continuously monitoring trade and ongoing activities in the tropical timber economy; reviewing regularly future needs of trade and the support and assistance being provided at various levels for the production of tropical timber; identifying and considering problems and possible solutions to them; conducting relevant studies; and encouraging increased transfer of know-how and technical assistance.

Under the criteria specified in the Agreement, projects should be related to the production and utilization of industrial tropical timber and yield benefits to the tropical timber economy as a whole. They should also be related to the maintenance and expansion of the international tropical timber trade and offer reasonable prospects for positive economic returns in relation to costs.

The International Tropical Timber Organization will seek finance for projects approved by the Council. Such projects may be taken up by another financing and executing agency, or they may be financed from funds in the Special Account, established under the Agreement, and carried out by an executing agency. Possible sources of finance for the Special Account are the Second Account of the Common Fund when it is established, regional and international financing institutions, and voluntary contributions from Governments or other sources.

The Agreement provides that the International Tropical Timber Organization shall, to the maximum extent possible, utilize the facilities, services and expertise of existing inter-governmental, governmental or non-governmental organizations, in order to avoid duplication of efforts in achieving the objectives of the Agreement and to enhance the complementarity and the efficiency of their activities.

4. Entry into Force of the Agreement

The Agreement was open for signature at the United Nations Headquarters in New York from 2 January 1984. The requirements for entry into force were met on 31 March 1985. The Agreement will remain in force for a period of five years from the date of its entry into force, unless the Council decides to extend, renegotiate or terminate it. The Agreement provides that the Council may decide to extend the Agreement for not more than two periods of two years each.

PART II ORGANIZATION AND ADMINISTRATION

1. Membership

The Agreement entered into force on 1 April 1985 with 12 producing Members and 16 consuming Members, including the EEC and its member states.

At the end of 1987, the Organization consisted of 18 producing Members and 23 consuming Members. Details of ratification, acceptance, approval and accession are contained in Annex I.

At its First Session the Council established the conditions of accession to the Agreement and made provisions for the question to be reviewed at its Second Session. At its Second Session the Council decided that for all States acceding to the Agreement, the conditions shall be that they accept all the obligations of the Agreement and that the time-limit for the deposit of instruments of accession at the Headquarters of the United Nations shall be the duration of the Agreement.

Members
(as of 31 December 1987)

Producers

Bolivia
Brazil
Cameroon
Congo
Cote d'Ivoire
Ecuador
Gabon
Ghana
Honduras
India
Indonesia
Liberia
Malaysia
Papua New Guinea
Peru
Philippines
Thailand
Trinidad & Tobago

Consumers

Austria
Canada
China
Egypt
European Economic Community
 Belgium/Luxembourg
Denmark
France
Germany, Federal Republic of
Greece
Ireland
Italy
Netherlands
Spain
United Kingdom of Great Britain
 and Northern Ireland
Finland
Japan
Korea, Republic of

Consumers
(continued)

Norway
Sweden
Switzerland
Union of Soviet Socialist Republics
United States of America

2. The International Tropical Timber Council

2.1 Officials of the Council

The Council, at its First Session in Geneva, elected Mr. Hans-Olle Olsson (Sweden) Chairman and Mr. Poedji Koentarso (Indonesia) Vice-Chairman for 1985/86 and Mr. Denis Konan (Cote d'Ivoire) Chairman for 1987. At its Second Session in Yokohama in March 1987 the Council elected Mr. Otto Genee (The Netherlands) Vice-Chairman for 1987. At its Third Session in Yokohama in November 1987 Mr. Otto Genee and Mr. Jaime Munoz-Reyes (Bolivia) were elected Chairman and Vice-Chairman of the Council for 1988 respectively.

2.2 First Session, Geneva, 17 to 28 June 1985 (first part),
25 to 29 November 1985 (second part) and 28 July to 1 August
1986 (third part)

The Secretary-General of the United Nations convened the First Session of the International Tropical Timber Council in conformity with Article 37, paragraph 5, of the International Tropical Timber Agreement, 1983.

At the First Session, the Council decided that the Headquarters of the Organization shall be in Yokohama, Japan, and appointed Dr. Freezailah Bin Che Yeom (Malaysia) as Executive Director.

The Council adopted its Rules of Procedure with the exception of Article 32, concerning languages of the ITTO. The Council also approved the Administrative Budget for the initial period,

November/December 1986 and the first half of 1987 and authorized the Executive Director to engage two consultants and to recruit four executive and/or professional staff members.

2.3 Second Session, Yokohama, 23-27 March 1987

The Second Session of the Council was solemnly opened by His Excellency Mr. Tadashi Kuranari, Foreign Minister of Japan, and Mr. Michikazu Saigo, Mayor of Yokohama. The Executive Director presented a draft programme of work and the Council authorized him to commission 14 pre-project studies and for this purpose to draw on the pre-projects sub-account up to an amount of US\$640,000.

The Council also requested the Executive Director to arrange for work to commence immediately on building the market intelligence capability of the Organization. The Council had before it a draft of the Structure of the Organization and approved two more professional posts. It further approved the Administrative Budget for the second half of 1987.

Japan pledged an amount of US\$2 million to the Special Account. Switzerland pledged US\$1 million for projects approved by the Council and subsequently selected for co-financing by its Authorities in accordance with their priorities. The Netherlands was prepared to co-finance projects and to consider a contribution to the Special Account with a collective value of US\$600,000. In addition, 14 non-governmental conservation organizations pledged contributions to the Special Account totaling US\$12,320 (see Annex IV).

The Council further decided that the three Permanent Committees should meet for their First Sessions in conjunction with the Third ITTC Session.

The non-governmental organizations present appointed a representative who addressed the Council in support of ITTO.

2.4 Third Session, Yokohama, Japan, 16-20 November 1987

The Council had before it the reports of the First Session of the Permanent Committees and took note of the recommendations of these Committees on projects. The Council decided to approve 16 projects and authorized immediate financing and implementation of 12 of the approved projects. The Council urged Members to consider contributions to the Special Account.

The Council approved the text of a Headquarters Agreement between the Government of Japan and ITTO, drafted by the Headquarters Committee. It further approved the Financial Rules and Rules relating to Projects. The Administrative Budget for 1988 was also approved by the Council including the engagement of one additional professional staff member (Annex V).

The Council heard general statements from representatives of the Japanese Federation of Economic Organizations (Keidanren); UNCTAD; ITC (UNCTAD/GATT); FAO; African Timber Organization; SKEPHI (Indonesia) also on behalf of JATAN (Japan), Australian Conservation Foundation and Rainforest Information Centre (Australia), Fundacion Natura (Ecuador), Friends of the Earth International (U.K.), Environmental Policy Institute (U.S.A.), WWF International (Switzerland); and, the European Association of Importers of Tropical Timber in the EEC countries (UCBT).

The representative of UNEP informed the Council that his Organization was ready to give financial support for approved projects within the limits of its means.

3. The Permanent Committees

3.1 Officials of the Permanent Committees

The Permanent Committee on Economic Information and Market Intelligence, at its First Session, elected H.E. Mr. J.L.M. Amissah (Ghana) Chairman and Mr. Yasuo Chiba (Japan) Vice-Chairman for 1987 and 1988.

The Permanent Committee on Reforestation and Forest Management, at its First Session, elected Mr. Mohd. Darus Haji Mahmud (Malaysia) Chairman and Mr. Jean Clement (France) Vice-Chairman for 1987 and 1988.

The Permanent Committee on Forest Industry, at its First Session, elected Dr. Markku Simula (Finland) Chairman and Mr. Clarence Bacchus (Trinidad and Tobago) Vice-Chairman for 1987 and 1988.

3.2 Meetings of the Permanent Committees

The First Sessions of the three Permanent Committees took place from 11-13 November 1987 in Yokohama. After technical appraisal of the 31 project proposals submitted, the Committees recommended to the Council to approve a number of projects, some with minor revisions. Other proposals would be subject to revision and further consideration by the Committees. Whilst others were not recommended for further consideration by the Organization.

The Committees reviewed pre-project work currently undertaken and decided to approve three new pre-project studies, which require a budget allocation of US\$235,000.

The Committees further focussed their attention on overviews of the work programme and guidelines of the Organization in the three main fields of activities.

4. Secretariat

At its First Session, the Council decided that the Headquarters of the Organization should be in Yokohama, Japan, and appointed Dr. Freezailah Bin Che Yeom (Malaysia) the first Executive Director. The Council also authorized the Executive Director, as an interim arrangement, to engage two consultants for a period of four man-months and to recruit four executive and/or professional staff members.

Dr. Freezailah arrived in Japan to take up his duties on 1 November 1986 and after a week left for Europe. Using Geneva as a base till the end of 1986, he travelled extensively to establish contacts, held consultations as widely as possible and made the necessary preparations for holding the Second ITTC Session and the establishment of the Secretariat in Yokohama. During this period the Executive Director was assisted by two consultants Dr. A.J. Leslie and Mr. T. Hpay. Dr. Freezailah subsequently returned to Yokohama on 8 January 1987 (Annex II).

At its Second Session, the Council adopted an organizational structure of the Secretariat consisting of seven posts of professional and higher category, including the Executive Director and five posts of general service category.

The Executive Director appointed Dr. Manoel Sobral Filho (Brazil) Assistant Director, Forest Industry, effective from 4 March 1987; Mr. Iem G. Roos (The Netherlands) Assistant Director, Management Services, effective from 27 April 1987; Dr. Nils Svanqvist (Sweden) Assistant Director, Reforestation and Forest Management, effective from 1 July 1987; and Mr. James E.K. Aggrey-Orleans (Ghana) Assistant Director, Economic Information and Market Intelligence, effective from 27 October 1987. Dr. James P. Cunningham (U.S.A.) was appointed as Statistician from 1 August 1987.

At the end of 1987 the staff in the general service category appointed consisted of three secretaries.

Japan provided the Secretariat with fully equipped offices on the eighth floor of the Sangyo Boeki Center Building in Yokohama from January 1987. Conference facilities have also been made available for Sessions of the International Tropical Timber Council and the Permanent Committees whenever required on the ninth floor of the building. In addition, Japan made available the services of three staff in the general service category.

The City of Yokohama has throughout provided generous support to the Organization.

PART III OPERATIONAL ACTIVITIES

1. Introduction

Although the International Tropical Timber Agreement, 1983 came into force on 1 April 1985, the operational activities of the Organization really commenced after the Second Session of the Council held in Yokohama on 23-27 March 1987 as the First Session of the Council was devoted to institutional and other matters.

Based on a Draft Work Programme presented to the Second Session of the Council, several pre-projects were approved as indicated in Table 1.

Table 1
Summary of Pre-projects Approved

	<u>Second ITTC</u>		<u>Third ITTC</u>	
	<u>No.</u>	<u>Cost</u> (US\$)	<u>No.</u>	<u>Cost</u> (US\$)
Economic Information and Market Intelligence	4	70,000	-	-
Reforestation and Forest Management	5	490,000	2	135,000
Forest Industry	4	80,000	1	100,000
	13	640,000	3	235,000

Thirty-one project proposals were submitted for appraisal and evaluation by the three Permanent Committees at their First Sessions. One of these proposals (PD 19/87) was presented for evaluation by all the three Committees in view of its wide and integrated approach but for purposes of reporting, it is included under Forest Industry. Sixteen of these project proposals, of which brief descriptions are found in the divisional reports, were approved by the Council based on the recommendations of the Permanent Committees as shown in Table 2. From the approved projects, twelve will be implemented immediately with voluntary contributions mentioned earlier whilst the remaining four

projects will be implemented as and when funds are available.

Two project proposals were approved for sponsorship, whilst the others would be subject to further deliberation. For the twelve projects approved for immediate financing, the Secretariat undertook preparations and consultations over financing and start-up of projects. In conjunction with the designated Executing Agencies, Agreements were drawn up and donors were consulted. It was expected that Agreements for project implementation would be signed early in 1988.

Table 2
Summary of Projects

	<u>No. Received</u>		<u>Approved</u>		<u>Immediate Implementation</u>	
	<u>Secre-</u> <u>tariat</u>	<u>Mem-</u> <u>bers</u>	<u>No.</u>	<u>Cost</u>	<u>No.</u>	<u>Cost</u>
Economic Information and Market Intelligence	8	1	4	519,118	4	519,118
Reforestation and Forest Management	3	4	4*	3,086,400	3	1,859,300
Forest Industry	6	9	8	2,843,907	5	770,465
	17	14	16	6,449,425	12	3,148,883

- US\$2,342,033 will be contributed from the Special Account and the remaining will come from participating Members.

* In addition, two projects were approved for sponsorship.

2. Economic Information and Market Intelligence

2.1 Pre-Projects

Four pre-project studies were undertaken on the following subjects:

- (i) Export market structure: end-use analysis,
- (ii) Export pricing structure: creating market transparency,
- (iii) Statistical information and market indicators: areas of ITTO's possible cooperation with relevant organizations,
- (iv) A framework for consultations and regular exchange of information on the tropical timber economy.

The first pre-project study, PPR 1/87, undertaken by FAO was entitled "Pilot Study of Markets of High-Value Tropical Timber Products in Italy". The Study indicates that tropical timber products have a special status in the high-value category. However, since the Italian market is different in some ways from other markets in Europe, it is recommended that the features of other European markets should be studied to determine the prospects for the use of tropical timbers of the high-value category. Out of this came the project proposal PD 1/87.

The second pre-project study, PPR 5/87, entitled "Preliminary Market Transparency Study for Tropical Timber Produced in the ASEAN Region" was also undertaken by FAO. The objective is to analyze the export pricing structure for selected timber products in the ASEAN region. The feasibility of establishing a market information and price monitoring system which can serve as a model for other tropical timber producing regions was also investigated. The ASEAN producing countries generally lack detailed trade information. It would be necessary to design and establish a mechanism for regular

collation, analysis and dissemination of information. The findings of this study formed the basis of the project proposal PD 5/87.

The third pre-project study, PPR 6/87, entitled "A forum for Producing and Consuming Countries of Tropical Timber" was undertaken for ITTO by a consultant, Mr. T. Hpay. He examined the rationale for strengthening the institutional capability of ITTO to ensure effective cooperation, consultation and exchange of information on all aspects of the tropical timber economy in consonance with Article 1(a) of the ITTA and to complement the technical work of the Permanent Committee on Economic Information and Market Intelligence. The Study recommends the establishment of a Forum of experts who will work closely with the Secretariat to distil information necessary for alerting producers and consumers on important developments in the tropical timber economy. The proposals are contained in project proposals PD 6/87.

The fourth pre-project study, PPR 7/87, was also compiled by Mr. T. Hpay. Under the title "Areas of ITTO's Possible Cooperation with Relevant Organizations", the Study explores within the family of UN agencies for existing facilities and sources of collaboration. Five project proposals; PD 7.a/87, PD 7.b/87, PD 7.c/87, PD 7.d/87 and PD 7.e/87 resulted from this Study.

2.2 Projects

Of the nine projects which were examined by the First Session of the Permanent Committee on Economic Information and Market Intelligence and considered by the Third Session of the ITTC, eight resulted from the foregoing four pre-project studies. On the recommendation of the Committee four of the proposals (PD 1/87; PD 7.a/87; PD 7.b/87 and PD 14/87) were approved by the Council whilst the others needed revision before further consideration by the Committee.

- (i) PD 1/87: Structure of Tropical Timber Markets in Belgium-Luxembourg, Federal Republic of Germany, Netherlands and United Kingdom and Methods to Study the Main End-Use Segments (US\$211,418)

This nine-month project encompasses two specific clusters of activities to be completed by the end of 1988. One cluster of activity involves undertaking market studies in five EEC countries, with particular emphasis on end-uses, for the medium to high-value species of tropical sawnwood, veneer and plywood for which information will be collected and analyzed. The other cluster of activity is designed to develop and test a methodology for carrying out in-depth marketing studies covering such aspects as product descriptions, prices, channels of distribution, promotion and service requirements. The project will contribute to improving market intelligence.

- (ii) PD 7.a/87: Development of the Monthly Bulletin "Tropical Forest Products in world Timber Trade -- Phase 1" (US\$60,000)

This is a collaborative ITTO/FAO project to upgrade the existing FAO Monthly Bulletin in respect of timeliness, country coverage, product coverage, analytical content and general presentation. Implementing this project is a step to develop a close consultative working mechanism between FAO and ITTO in order to generate information and help to develop ITTO's own capability. Following the first phase of upgrading this Bulletin, it is envisaged that at a future phase, with the development of ITTO's in-house statistical capability, the processing software may be assimilated by ITTO and the Bulletin can be published by ITTO from machine-transferred data.

- (iii) PD 7.b/87: Study on Trends in The European Market for Tropical Hardwoods (US\$60,700)

This project, to be implemented over a seven-month period, was designed by the ECE/FAO Timber Committee in order to obtain economic information and statistical data through a study of the trends in the European market for tropical hardwoods. Largely analytical in nature, the study is patterned after the ECE's well-known European Timber Trends and Prospects studies, and supplants an earlier specialized report on tropical timber use in Europe.

- (iv) PD 14/87: Market Intelligence Analysis of the Wood Flow as the Basis for an Early Warning System for the Tropical Timber Market (US\$187,000)

This project was submitted by the Government of The Netherlands. The proposals were conceived and formulated by the Stichting Bos en Hout (SBH) of The Netherlands, which is designated also as the Executing Agency. The project is a study into the feasibility of establishing a Market Intelligence System for collecting information in all EEC member countries on a continuing basis. The study is to be completed over a period of 30 months in two phases: Phase 1 by late 1989 and Phase 2 by late 1990. It was emphasized that the Secretariat should coordinate the closely related objectives of project PD 1/87 by FAO, and project PD 14/87 to avoid duplication. The two Executing Agencies have been in consultation and agreed to undertake their activities so as to make their outputs complementary and mutually-reinforcing.

2.3 Other Activities

The Second Council Session decided that work should commence immediately on building an in-house market intelligence capability. A substantive report giving a full account on this subject is being submitted separately. A programme of work has been laid out exploring

all sources of reliable and timely information in the area of tropical forest resources and the timber trade. The first requirement is the installation in the Headquarters Secretariat of essential technical computer equipment, which has been acquired with the support of Japan. Substantial effort of trained technical staff is required to develop the remaining infrastructure components of compatible program systems, and machine-readable data bases of standard format and coding.

Through collaborative arrangements, the Secretariat has access to the data bases of FAO, UNCTAD and the ECE Timber Committee. Access will be sought to the statistical programmes of the UN, its Regional Economic and Social Commissions, Specialized Agencies and those of the EEC and OECD. The cooperation of ITTO Members is being sought to provide necessary statistical and other information for the analytical work of ITTO.

3. Reforestation and Forest Management

3.1 Pre-Projects

The Second Session of ITTC in March 1987 approved five pre-projects in the field of Reforestation and Forest Management as follows:

- (i) Productivity of Logged-over Forests,
- (ii) Natural Forest Management and Conservation,
- (iii) Reforestation,
- (iv) Conservation and Sustained Timber Supply,
- (v) Future Needs of Trade in Tropical Timber
 - a) Swietenia
 - b) Tectona.

The Japan Overseas Forestry Consultants Association (JOFCA) had already before the Second Session initiated work on the pre-project, Productivity of Logged-over Forests, in the Asia/Pacific Region, and a report, PPR 2/87, Rehabilitation of Logged-over Forests, containing the main findings was presented at the Third Session in November 1987. The pre-project also resulted in a project proposal, PD 2/87, Rehabilitation of Logged-over Forests in Asia/Pacific Region, and inspired the submission of another proposal, PD 10/87, Forest Management of Natural Forests in Malaysia.

The International Institute for Environment and Development (IIED) was awarded a contract for implementing the pre-project on Natural Forest Management and Conservation which covers all three producing tropical regions and aims at identifying issues which contribute to the success or failure of sustainable forest management and determine the further research and development work which is required for designing guidelines or codes of conduct for management. An inception report outlining the plan for implementation of the pre-project was presented at the Third Session of ITTC in November 1987 by IIED. The pre-project is expected to be completed in August 1988.

The Harvard Institute for International Development (HIID) was commissioned to conduct the pre-project study on Conservation and Sustained Timber Supply, which aims at reviewing existing knowledge, in all three producing regions, on assessing the total value of all goods and services accruing from tropical forest management which justify the conservation and utilization of these forests for sustained production of such goods and services, including from timber. An inception report containing a plan for the study and some of its initial findings was presented by HIID at the Third Session of ITTC. The report of the pre-project is expected to be ready in February 1988 together with one or more project proposals.

The implementation of the two pre-projects on Future Needs of Trade in Tropical Timber has been deferred awaiting the outcome of the other three pre-projects which they, to some extent, will complement.

The Permanent Committee on Reforestation and Forest Management, during its First Session in November 1988, considered the following three pre-projects:

- (i) Study on Enrichment Planting,
- (ii) Study on Plantation Establishment Methods,
- (iii) Improvement of Harvesting Systems for Sustainable Management of Tropical Hardwoods.

The two pre-project studies on planting were approved for implementation. Decision on the third, Improvement of Harvesting Systems for Sustainable Management of Tropical Hardwoods, was deferred and the Secretariat was requested to submit it to the Second Session with further details.

The pre-project study on Enrichment Planting aims at reviewing current knowledge on costs and benefits of enrichment planting and at compiling information on successful implementation of this regeneration method. The study should identify needs for further research in this field and propose research projects for ITTO to consider.

The pre-project on Plantation Establishment Methods will collect and assess current knowledge on costs and effects of intensive soil preparation in plantation establishment and the added impact of fertilization and use of improved plant material, in order to identify research needs to fully appreciate under which conditions such soil preparation is economic and practical.

3.2 Projects

Seven project proposals were examined by the Permanent Committee on Reforestation and Forest Management and upon recommendation of the Committee, the Council approved four projects (PD 2/87; PD 10/87; PD 15/87 and PD 17/87) for implementation. In addition, two projects (PD 8/87 and PD 9/87) were approved for ITTO sponsorship. Another proposal, PD 22/87, needed modification before further consideration.

3.2.1 Projects approved for immediate implementation

- (i) PD 10/87: Forest Management of Natural Forests in Malaysia (US\$595,150)

This project was identified during the work on the pre-project on Productivity of Logged-over Forests and was proposed by the Government of Malaysia. The project will initiate research into natural regeneration and growth potential of various types of Hill Dipterocarp Forests in order to derive efficient silvicultural and management systems and associated harvesting techniques for them. The research will be conducted in two virgin forest areas and two logged-over areas and include application of various cutting regimes and silvicultural treatments which aim at achieving sustainable timber production. The project will initially be implemented over a 10-year period. The ITTO support to the implementation work will be limited to the first three years, but periodic reviews will be conducted throughout the duration of the project. The total budget is US\$595,150 plus contribution in kind by the

Government of Malaysia. ITTO's share of the budget is US\$272,350. The balance, US\$322,800, will be contributed by the Government of Malaysia.

- (ii) PD 15/87: The Biology of the Okoume (*Aucoumea klaineana* Pierre) in Gabon (US\$845,000)

This project was proposed by the Government of Gabon and the Government of The Netherlands. It will develop artificial regeneration techniques for Okoume and research the interrelationship between reproductive biology, growth and geographic distribution of this species. The project will also investigate vegetative propagation techniques, establish seed orchards, clonal gardens and select high quality seed trees from natural stands. It will also work on developing silvicultural methods for Okoume, based on natural regeneration. The project forms an integral part of a development cooperation programme of the Governments of Gabon and The Netherlands. It will be implemented over a three year period. The total budget is estimated at US\$845,000 of which ITTO will contribute US\$417,500, and the Governments of The Netherlands and Gabon together US\$427,500.

- (iii) PD 17/87: Investigation of the Steps Needed to Rehabilitate the Areas of East Kalimantan Seriously Affected by Fire (US\$472,000)

The Government of Indonesia had employed an international consultant for a pre-project study of the rehabilitation of the burned-over forests of Kalimantan and for drafting the project proposal. The project will survey the forest areas of East Kalimantan, Indonesia, which were damaged by fire and drought in 1982/83, to determine their present condition, classify them according to possibilities for rehabilitation, design a plan for rehabilitation work and propose research in aid of this rehabilitation work.

It will use available imagery and survey information and collect vegetation and soil information in the field and review relevant research, completed and in progress elsewhere. Attempts will be made to derive a fire risk warning system from climatic information and data on forest conditions of the period preceding the fire. The project will receive technical support from Technical Cooperation for Area Development (German assistance) and from provincial and national institutions concerned with mapping, planning, forestry and land development. The estimated implementation period for the project is one year only, but a planned second phase will continue the work. The total budget is US\$472,000 of which ITTO will contribute US\$377,600 and the Government of Indonesia US\$94,400.

3.2.2 Project approved for implementation pending financing

- (i) PD 2/87: Rehabilitation of Logged-over Forests in Asia/Pacific Region (US\$1,227,100)

The project is a result of the pre-project on Productivity of Logged-over Forests and is partly an extension of the pre-project and partly concerned with research establishment. It will review available research results and other relevant knowledge on stand rehabilitation, compile research results and practical knowledge into rehabilitation prescriptions and identify gaps in existing knowledge and encourage research efforts to fill these gaps. The project will make a preliminary classification for logged-over forests which has direct relation to the treatment required to restore their timber producing capacity and assess the extent of each class. Based on this assessment and the review of available knowledge, a research programme will be compiled and some research initiated. The duration of the project is two years. Participating countries will be contributing in kind. Malaysia, Indonesia, Papua New Guinea and China have expressed interest in participating.

3.2.3 Projects approved for sponsorship

- (i) PD 8/87: Tropical Forest Resources Assessment (1990):
Natural Forests

The project will collect, collate, analyze, interpret and compile for dissemination current information the natural forest resources of all tropical countries. The primary sources of information will be existing reports, maps, etc. Where available data are not reliable, interpretation of satellite imageries will be made. The reference year for area and growing stock information will be 1990. The project is planned to be carried out over a 2-1/2 period and to be completed in June 1990.

- (ii) PD 9/87: Tropical Forest Resource Assessment (1990):
Plantations

The project will collect, collate, analyze, interpret and compile for dissemination current information on forest plantations of all tropical countries. The sources of information will be existing reports, maps, etc. of the countries concerned. The reference year for area and growing stock information in the final report will be 1990. The project is planned to be carried out over a 2-year period and will be completed in December 1989.

3.3 Other Activities

The Assistant Director for Reforestation and Forest Management visited Indonesia, Papua New Guinea and Thailand during December 1987 to review possible areas of ITTO assistance and to discuss project concepts. The visits also served the purpose of establishing contacts for direct communication between the Secretariat and the forest authorities of these countries.

The World Bank and the State of Sabah, Malaysia, conducted a seminar on "The Future Role of Forest Plantations in the National Economy and Incentives Required to Encourage Investments in Forest Plantation Development", in Kota Kinabalu, Sabah, on 30 November to 4 December 1987. ITTO was represented at this seminar and contributed to the deliberations of the working group dealing with economics of forest plantations.

The Secretariat established contact with several of the leading environmental NGO's and started dialogues with those organizations on issues of mutual interest.

Prior to the Third Session of the International Tropical Timber Council in November 1987, the WWF distributed a paper containing a set of project concepts, presented in the form of draft project proposals, for consideration by the Council and the Permanent Committee on Reforestation and Forest Management. These concepts were not considered as project proposals for approval and financing by the Committee and the Council as they were not submitted by Members of the Organization, as stipulated in the International Tropical Timber Agreement, 1983, or prepared under contract with the ITTO. However, the paper contains very useful ideas and concepts which can and should be incorporated in ITTO projects. The delegates of the Council expressed the opinion that the policy concepts contained in the project outlines of the paper are worthy of consideration when planning ITTO activities. Some of the ideas presented in the paper have been considered in the projects and pre-projects submitted to the Third Session.

4. Forest Industry

4.1 Pre-Projects

At its Second Session in March 1987, the ITTC approved the following four pre-project studies in the field of forest industries:

- (i) Lesser-known Species,
- (ii) Increased and Further Processing (Training),
- (iii) Sawing of difficult Species,
- (iv) Seasoning Difficult Species.

The Centre Technique Forestier Tropical was commissioned to prepare a study concerning lesser-known species from Africa and Latin America/Caribbean Regions to evaluate the potential and problems related to the commercialization of these species. The pre-project study generated a comprehensive report on lesser-known species, PPR 3/87, and five project proposals designed to overcome problems on the production, utilization and trade in Western Europe for African and Latin American/Caribbean lesser-known species.

The Government of Finland, through FINNIDA's Forestry Training Programme, assisted the Organization in carrying out a study on training needs and supply of training services in Forest Industry in developing countries (PPR 4/87). The pre-project study also generated a project proposal for the implementation of a series of training courses in Forest Industries planning and management.

Terms of reference were prepared for the pre-project to review and assess the problems of processing difficult to cut tropical hardwood timbers from Africa and Latin America/Caribbean, and to propose possible approaches and practical solutions to overcome tropical wood properties hindering sawmilling and processing. It is expected that this study will be contracted in 1988.

The terms of reference were also prepared for the study to review and assess the problems involved in the seasoning of mixed

species of tropical hardwood timber and propose possible approaches and solutions to increase efficiency of seasoning mixed tropical hardwood species, with particular reference to African and Latin American/Caribbean species. It is expected that this study will be contracted in 1988.

The Committee on Forest Industry, at its First Session, approved a pre-project study on 'Development of Integrated Approaches for Sustainable Utilization and Conservation of Tropical Forest in the Amazon Region'. This study is to investigate the role and potential of integrated forest industries based on sustainable utilization of tropical forests in the Amazon region as a form of land use to meet social, economic and environmental considerations. The study is to extend further, propose modalities and operational scale phased testing of such integrated forest industries. The terms of reference of the study were completed, and the work is expected to be initiated early in 1988.

4.2 Projects

Fourteen project proposals were submitted for appraisal and evaluation at the First Session of the Permanent Committee on Forest Industry. On the recommendation of the Committee, the Council approved eight projects proposals; PD 3.d/87, PD 3.e/87, PD 4/87, PD 11/87, PD 12/87, PD 13/87, PD 20/87 and PD 21/87; six proposals were recommended for approval subject to revision and further consideration by the Committee including PD 3.a/87, PD 3.b/87, PD 3.c/87, PD 16/87, PD 18/87 and PD 19/87, whilst project proposal PD 23/87 was not available in time for the consideration of the Committee at its First Session.

4.2.1 Projects approved for immediate implementation

- (i) PD 3.d/87: Proposals for Actions in Favour of the Lesser Known Species: Measures in Support of the Lesser Known Species of Africa and Latin America/Caribbean (US\$242,000)

This project is designed to improve the tropical timber trade and economy by increasing trade acceptance and commercialization of lesser known species from Africa and Latin America/Caribbean Regions. The promotion of lesser known species will be pursued by providing the manufacturers in the producing and importing countries with literature and promotional materials covering processing, utilization and properties of selected lesser-known species. Technical notes describing both African and Latin American/Caribbean species will be published, in addition to an atlas covering exclusively species from the latter. This atlas will follow the format of the one recently published by ATIBT illustrating and describing African hardwoods. This project is to be implemented over an 18-month period.

- (ii) PD 3.e/87: Proposals for Actions in Favour of the Lesser Known Species: Creation of an International Research and Development Network (US\$255,000)

This 12-month project will establish a data bank covering initially approximately 100 species. The work will be centralized at the Centre Technique Forestier Tropical (CTFT), but will rely upon a network of research and development institutions in the producing regions. The latter will be involved in the definition of contents and format of the files, as well as being expected to provide the core of the information to be stored in the data bank. ITTO will coordinate the work and the evaluation and monitoring procedures.

- (iii) PD 13/87: International Seminar on Furniture Development and Promotion (US\$75,465)

This is a seminar to assess the developmental needs of the furniture industry in the Asian and Pacific countries. Topics will cover production aspects (quality control, design, finishing), industrial management, and marketing of furniture products.

- (iv) PD 20/87: Publication of Technical Documents and Relevant Information to the Forest Products Industry (US\$98,000)

This project will fill a gap in currently available technical and training materials in languages of several producing Member countries. The project will also produce promotional materials on Amazonian timber species in English and may start an ITTO technical series. In addition English, French, Spanish and Portuguese versions of several relevant technical publications will be produced as training materials for forest industries development.

- (v) PD 21/87: Round Table on Opportunities and Constraints to Latin American Tropical Hardwood-Based Industrial Development (US\$100,000)

This project will prepare documents for Latin American/Caribbean countries, reviewing the tropical hardwood timber industry situation and provide a forum for discussing forest industries development in the context of national forest development plans; proposals covering specific industrial ventures; opportunities and constraints to further processing tropical hardwood within the region; and ways to properly address the question of financing the modernization of the region's forest industries.

4.2.2 Projects approved for implementation pending financing

- (i) PD 4/87: Regional Training in Planning and Management of Forest Industries in Developing Countries (US\$921,000)

The project will design and implement a three-year training programme for the three producing regions aimed at increasing and improving the appropriateness and contribution of existing and new timber-based industries to regional and sub-regional development. The project will (1) review the curricula of the existing training institutions specializing in forest industries; (2) prepare appropriate training materials and further training proposals necessary for forest industries planning, management and operation; (3) design and hold six seminars to improve the knowledge and skills of about 120 managers of forest industry enterprises and representatives of public agencies from producing regions.

- (ii) PD 11/87: Malaysian Timber Industry Board and Timber Industry Upgrading (US\$658,000)

This project will design and implement a five-year training programme for forest industries and executives from Malaysia. The training programme contemplates both short term courses in technical areas in the timber industry (marketing, furniture standards and design, feasibility studies, and so on) as well as formal courses at graduate level. The implementation of this training programme will assist the forest industries of Malaysia to cope with the large demand of trained personnel and experts needed by its expanding industrial facilities.

- (iii) PD 12/87: Research on Utilization of Tropical Timber in Construction (US\$494,442)

The project will undertake a five-year research programme in timber housing and construction, to be carried out by the Forest

Research Institute of Malaysia, with the objective of increasing and improving the utilization of timber in housing and building construction. Research emphasis will be on timber use and performance in load bearing applications, and expected outputs include several technical papers, manuals and design guides. From the total budget, ITTO's contribution amounts to US\$273,884 and the balance will be borne by Malaysia.

4.3 Other Activities

In response to a request from the Chairman of the Commission W18B (Tropical and Hardwood Timber Structures) of CIB (International Council for Building Research and Documentation), the Secretariat prepared a paper to the first Conference of the Commission, held in Singapore on 26-28 October 1987. The Secretariat's paper focused mainly on the possibilities of interaction between ITTO and CIB W18B and discussed main problems and action needed to increase and improve the utilization of tropical hardwood timber in structural applications. The Conference proceedings include a series of project proposals related to structural use of tropical hardwood timber, some of which are of interest to ITTO and might be submitted by Members for evaluation and appraisal by the Committee on Forest Industry.

Annex I

Status of Members as of 31 December 1987

<u>Participant</u>	<u>Signature</u>	<u>Provisional application</u>	<u>Ratification, accession (a), acceptance (A) approval (AA)</u>
Austria			6 Mar 1986 (a)
Belgium/Luxembourg	29 Jun 1984	28 Sep 1984	21 Feb 1986
Bolivia	1 Nov 1984	25 Jun 1985	
Brazil	31 Mar 1985	31 Mar 1985	
Cameroon	15 Apr 1985	14 Jun 1985	19 Nov 1985
Canada			21 May 1986 (a)
China			2 Jul 1986 (a)
Congo	7 Mar 1985		28 Mar 1985
Cote d'Ivoire	27 Mar 1985	27 Mar 1985	
Denmark	29 Jun 1984		28 Sep 1984
Ecuador	31 Mar 1985	31 Mar 1985	
Egypt	31 Mar 1985	31 Mar 1985	16 Jan 1986
European Economic Community	29 Jun 1984	29 Mar 1985	
Finland	10 May 1984		13 Feb 1985
France	29 Jun 1984	29 Jun 1984	6 Aug 1985 (AA)
Gabon	26 Sep 1984	19 Mar 1985	
Germany, Federal Republic of	29 Jun 1984	29 Jun 1984	21 Mar 1986
Ghana	29 Mar 1985		29 Mar 1985
Greece	29 Jun 1984	28 Nov 1984	
Honduras	27 Sep 1984	29 Mar 1985	
Japan	28 Mar 1984		28 Jun 1984 (A)
India			19 Feb 1986 (a)
Indonesia	13 Jun 1984		9 Oct 1984
Ireland	29 Jun 1984		4 Oct 1984
Italy	29 Jun 1984		29 Mar 1985
Korea, Republic of			25 Jun 1986 (a)
Liberia	8 Mar 1984		29 Mar 1985
Malaysia	14 Dec 1984		14 Dec 1984
Netherlands	29 Jun 1984	20 Sep 1984	29 May 1987 (A)
Norway	23 Mar 1984		21 Aug 1984
Papua New Guinea			27 Nov 1986 (a)
Peru	31 Mar 1985	31 Mar 1985	
Philippines	31 Mar 1985	31 Mar 1985	
Spain	27 Feb 1985	24 Apr 1985	1 Apr 1986
Sweden	23 Mar 1984		9 Nov 1984
Switzerland	30 Apr 1985		9 May 1985
Thailand			9 Oct 1985 (a)
Trinidad & Tobago	29 Apr 1985		9 May 1986
Union of Soviet Socialist Republics	28 Mar 1985		20 May 1985 (A)
United Kingdom	29 Jun 1984		18 Sep 1984
United States of America	26 Apr 1985	26 Apr 1985	

Annex II

Schedule of Official Travel, Participation at Meetings, etc.1. Administration

Shortly after taking up his appointment, and whilst based in Geneva during November/December 1986, the Executive Director travelled extensively to establish contact and hold consultations with various individuals and organizations. These visits and participation at various meetings are summarized below:

- i) 11 November 1986 - Courtesy call on DG, UNCTAD, Geneva
- ii) 12 November 1986 - Consultations with Chairman of First ITTC, Geneva. Several consultations and discussions followed after this.
- iii) 18-19 November 1986 - Visited FAO, Rome. Discussions with Deputy DG of FAO, ADG, Forestry and other senior personnel.
- iv) 25-26 November 1986 - Granted audience to meet H.H. Prince Bernard at Soesdijk Palace; Courtesy call on Minister for Economic Cooperation, The Netherlands; consultations with officials of Forestry Agency and members of the Trade.
- v) 28 November 1986 - Visited EEC, Brussels; Courtesy call on Ministry of Foreign Affairs, Brussels; Meeting and discussions with members of UCBT/Union Pour Le Commerce Des Bois Tropieaux, Brussels.
- vi) 1-3 December 1986 - Participated and made presentation at 3rd ATIBT International Forum on Tropical Timber, Marrakech, Morocco.
- vii) 8-11 December 1986 - Courtesy call and discussions with officials of Department of Trade and Industry, London; Meeting with members of the Timber Trade Federation; discussions with officials at IIED, London.

- viii) 12-13 December 1986 - Consultations with Chairman of Second ITTC, Abidjan, Côte d'Ivoire.
- ix) 17 December 1986 - Courtesy call and consultations with H.H. Prince Saddrudin Khan, Geneva.
- x) 18-19 December 1986 - Courtesy call on DG of UNIDO and discussions with relevant officials, Vienna.
- xi) 2-3 March 1987 - Attended Headquarters Agreement Committee Meeting, Geneva.
- xii) 6 March 1987 - Visited CTFT, Paris.
- xiii) 6-8 May 1987. - Attended TFAP Meeting, FAO, Rome.
- xiv) 12-15 May 1987 - Attended Headquarters Agreement Committee Meeting, Geneva.
- xv) 15 May 1987 - Courtesy call and discussions at Federal Office for Foreign Economic Affairs, Berne.
- xvi) 18-19 May 1987 - Courtesy call on Minister for Forestry and discussions with senior officials, Jakarta. Discussions also at ASEAN Secretariat, Jakarta.
- xvii) 24 July 1987 - Addressed UNCTAD VII, Geneva.
- xviii) 4 September 1987 - Discussions with officials of EEC member states, Tokyo.
- xix) 21-24 September 1987 - Attended Headquarters Agreement Committee Meeting, Geneva.
- xx) 28 September 1987 - Made presentation at FAO Expert Consultation on Wood-Based Panels, Rome.
- xxi) 30 September 1987 - Addressed the 3rd Asian International Forestry Seminar, Singapore.
- xxii) 2-3 October 1987 - Courtesy call on Minister for Primary Industries, Malaysia and discussions with senior officials, Kuala Lumpur.
- xxiii) 16 October 1987 - Discussion and presentation to members of Japanese Trade and Industry on ITTO, Tokyo.
- xxiv) 1-3 December 1987 - Attended TFAP Meeting, Brussels.

- xxv) 4-5 December 1987 - Courtesy call on Minister of Agriculture, Minister for Economic Cooperation, The Netherlands; discussions with Vice-Chairman of ITTO and senior officials, The Hague.
- xxvi) 7-9 December 1987 - Visited Ministry of Foreign Affairs and Agriculture, Paris; Discussions with President and Secretary of ATIBT, Paris.
- xxvii) 22-29 July 1987 - Asst. Director for Management Services attended UNCTAD VII, Geneva.
- xxviii) 15-16 October 1987 - Asst. Director for Management Services attended meeting of Headquarters Agreement Committee, Geneva.

2. Economic Information and Market Intelligence

- i) 12-16 October 1987 - The Statistician attended the Joint Session of the Timber Committee of ECE and the European Forestry Commission, Geneva.
- ii) 19-21 October 1987 - The Statistician visited FAO to coordinate FAO project presentations for ITTC(III) and related matters, Rome.

3. Reforestation and Forest Management

- i) 30 November-
4 December 1987 - Asst. Director participated in a Seminar on Forest Plantation Developments, Kota Kinabalu, Malaysia.
- ii) 5-17 December 1987 - Asst. Director visited Indonesia, Papua New Guinea and Thailand.

4. Forest Industry

- i) 28 March-3 April 1987 - Asst. Director participated at the 13th Session of the FAO Asia-Pacific Forestry Commission, Beijing.
- ii) 13 June-4 July 1987 - Asst. Director visited Malaysia, Finland, The Netherlands, UNIDO (Vienna), FAO (Rome), CTFT (Paris) to have consultations.

Annex III

SUMMARY OF ACCOUNTS 1985 - 1987ADMINISTRATIVE ACCOUNTBALANCE SHEET

(US dollars)

	1986	
	<u>December 31</u>	<u>October 31</u>
<u>ASSETS</u>		
Cash and bank deposits	\$ 48,963	\$ -
Arrear contributions	248,950	81,750
Receivable from UNCTAD	7,407	215,953
Advance to the Executive Director	<u>7,241</u>	<u>-</u>
	\$ <u>312,561</u>	\$ <u>297,703</u>
 <u>LIABILITIES AND CONTRIBUTIONS</u>		
Accrued liabilities	\$ 66,239	\$ -
Advance received from United Nations	-	200,000
Contributions received in advance	<u>\$ 85,070</u>	<u>79,448</u>
	<u>151,309</u>	<u>279,448</u>
 Members funds:		
Budgeted surplus of revenues over expenditures	100,000	-
Surplus of revenues over expenditures	<u>61,252</u>	<u>18,255</u>
	<u>161,252</u>	<u>18,255</u>
	\$ <u>312,561</u>	\$ <u>297,703</u>

	1987	
	<u>December 31</u>	<u>June 30</u>
<u>ASSETS</u>		
Cash and bank deposits	\$ 378,093	\$ 384,827
Arrear contributions	810,958	378,834
Receivable from UNCTAD	-	27,321
Receivable from Japan	23,687	-
Prepaid expenses	5,573	-
Advance to and receivable from staff members	<u>9,860</u>	<u>2,400</u>
	\$ <u>1,228,171</u>	\$ <u>793,382</u>
 <u>LIABILITIES AND CONTRIBUTIONS</u>		
Payable to Japan	\$ -	\$ 4,699
Accrued liabilities	2,607	16,564
Deposits received from staff members	-	7,844
Contributions received in advance	<u>51</u>	<u>93,076</u>
	<u>2,658</u>	<u>122,183</u>
 Members funds:		
Budgeted surplus of revenues over expenditures	282,000	282,000
Reserve for next year revenues and expenditures account	3,613	586
Surplus of revenues over expenditures	<u>939,900</u>	<u>388,613</u>
	<u>1,225,513</u>	<u>671,199</u>
	\$ <u>1,228,171</u>	\$ <u>793,382</u>

STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
(US dollars)

	Two months ended December 31, 1986	Period from inception in 1985 to October 31, 1986	
	<u> </u>	<u> </u>	
Revenues:			
Contributions from Member countries	\$ 257,000	\$ 250,000	
Expenditures			
Salaries, benefits and travel	59,184	-	
Other operating costs	<u>54,819</u>	<u>231,745</u>	
	<u>114,003</u>	<u>231,745</u>	
Excess of revenues over expenditures	142,997	18,255	
Surplus of revenues over expenditures:			
Balance at beginning of the period	18,255	-	
Appropriation for budgeted surplus of revenues over expenditures	<u>(100,000)</u>	<u> </u>	
Balance at end of the period	\$ <u>61,252</u>	\$ <u>18,255</u>	

	Year ended December 31, 1987	<u>Six months ended</u> December 31, 1987	
			June 30, 1987
Revenues:			
Contributions from Member countries	\$2,110,000	\$1,228,000	\$ 882,000
Interest income	3,613	3,027	586
Other income	167	-	167
Reimbursement by Japan	<u>335,028</u>	<u>161,509</u>	<u>173,519</u>
	<u>2,448,808</u>	<u>1,392,536</u>	<u>1,056,272</u>
Expenditures:			
Salaries and benefits	641,632	454,000	187,632
Installation and transportation	144,873	96,307	48,566
Other operating costs	<u>598,042</u>	<u>287,915</u>	<u>310,127</u>
	<u>1,384,547</u>	<u>838,222</u>	<u>546,325</u>
Excess of revenues over expenditures	1,064,261	554,314	509,947
Surplus of revenues over expenditures:			
Balance at beginning of the period	61,252	388,613	61,252
Appropriated for budgeted surplus of revenues over expenditures	<u>(182,000)</u>	-	<u>(182,000)</u>
Allocation to next year revenues and expenditures account	<u>(3,613)</u>	<u>(3,027)</u>	<u>(586)</u>
Balance at the end of the period	\$ <u>939,900</u>	\$ <u>939,900</u>	\$ <u>388,613</u>

SPECIAL ACCOUNT

STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1987 AND
THE PERIOD FROM INCEPTION IN 1985 TO DECEMBER 31, 1986
 (US dollars)

	Year ended December 31, 1987	Period from inception in 1985 to December 31, 1986
<u>Project Sub-account</u>		
Revenues:		
Voluntary contributions	\$1,455,647	\$ -
Expenditures:		
Bank charge	<u>263</u>	<u>-</u>
Surplus of revenues over expenditures:		
Surplus for the period and balance at end of the period	<u>\$1,455,384</u>	<u>\$ -</u>
<u>Pre-Project Sub-account</u>		
Revenues:		
Voluntary contributions	\$ 559,802	\$ 155,595
Interest income	<u>149</u>	<u>-</u>
	<u>559,951</u>	<u>155,595</u>
Expenditures:		
Pre-Project cost	339,888	-
Bank charge	<u>691</u>	<u>-</u>
	<u>340,579</u>	<u>-</u>
Excess of revenues over expenditures	219,372	155,595
Surplus of revenues over expenditures:		
Balance at beginning of the period	155,595	-
Appropriation for specified Pre-Projects	(<u>253,523</u>)	<u>-</u>
Balance at the end of the period	\$ <u>121,444</u>	\$ <u>155,595</u>

Annex IV

Contributions Received for Special Account for 1986-1987
(US\$)

Project Sub-Account

International Institute for Environment and Development (IIED)	500
TERRA International	100
SKEPHI	50
JATAN	210.53
Private (Japan)	2,033.21
Friends of Earth	500
Private (Japan)	123.71
Rain Forest Information Centre	60
Government of The Netherlands	310,761.37
Government of Japan	1,141,307.88
	<u>US\$1,455,646.70</u>

Pre-Project Sub-Account

Government of Japan	US\$714,737.29
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TOTAL: US\$2,170,383.99
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Annex V

Estimated Expenditure for the Financial Year 1988.

		(US\$)	
A.	<u>Salaries and Benefits</u>	1,382,457	
	A1. Salaries		563,488
	{A2. Staff assessment		37,877}*}
	A3. Post adjustment		631,819
	A4. Rental subsidy		70,000
	A5. Education grant plus travel		70,000
	A6. Dependency allowance		10,500
	A7. Home leave		3,000
	A8. Language allowance		3,800
	A9. Overtime		3,000
	A10. Assignment allowance		26,850
B.	<u>Installation and Initial Travel</u>	37,350	
	B1. Installation grant		32,550
	B2. Lumpsum		4,800
C.	<u>Official Travel</u>	160,000	
	C1. Tickets		-
	C2. DSA		-
D.	<u>Social Security</u>	133,785	
	D1. Provident fund		92,318
	D2. Accident/health exp. insurances		14,000
	D3. Japanese national scheme		27,467
E.	<u>Consultants</u>	50,000	
	E1. Fees		-
	E2. Travel		-
	E3. DSA		-
	E4. Others		-
F.	<u>Other Costs</u>	214,000	
	F1. Communications		40,000
	F2. Publications		30,000
	F3. Transport		30,000
	F4. Library		40,000
	F5. Supplies		30,000
	F6. Hospitality		25,000
	F7. Bank charges		4,000
	F8. Auditor		15,000
G.	<u>Council Meetings</u>	40,000	
	G1. Costs not met by Japan		40,000
H.	<u>Costs Met by Japan</u>		
	H1. Office, equipment, utilities		p.m.
	H2. Council meetings		p.m.
	H3. Initial travel		p.m.
	H4. Removal costs		p.m.
I.	<u>Contingency</u>	160,408	
		<u>US\$2,178,000</u>	
		=====	

* Applied to Japan only

Estimated Receipts to the Administrative Budget for 1988
(Total: US\$2,178,000)

Contributions:

	<u>Votes</u>	
A. <u>Producers</u>	<u>for 1987</u>	
Africa		
Cameroon	34	37,026
Congo	33	35,937
Cote d'Ivoire	34	37,026
Gabon	34	37,026
Ghana	33	35,937
Liberia	33	35,937
Asia		
India	43	46,827
Indonesia	141	153,549
Malaysia	158	172,062
Papua New Guinea	35	38,115
Philippines	47	51,183
Thailand	26	28,314
Latin America		
Bolivia	38	41,382
Brazil	191	207,999
Ecuador	29	31,581
Honduras	25	27,225
Peru	44	47,916
Trinidad and Tobago	22	23,958
Total	1,000	1,089,000
B. <u>Consumers</u>		
Austria	12	13,068
Canada	17	18,513
China	39	42,471
Egypt	15	16,335
European Economic Community		
Belgium/Luxembourg	24	26,136
Denmark	14	15,246
France	56	60,984
Germany, Federal Republic of	49	53,361
Greece	14	15,246
Ireland	12	13,068
Italy	41	44,649
Netherlands	38	41,382
Spain	24	26,136
United Kingdom of Great Britain	55	59,895
and Northern Ireland		
Finland	11	11,970
Japan	350	381,150
Korea, Republic of	87	94,743
Norway	11	11,979
Sweden	11	11,979
Switzerland	11	11,979
Union of Soviet Socialist Republics	14	15,246
United States of America	95	103,455
Total	1,000	1,089,000