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Yokohama, Japan

**DRAFT REPORT
OF THE
INTERNATIONAL TROPICAL TIMBER COUNCIL
AT ITS THIRTEENTH SESSION**

**Yokohama, Japan
16-21 & 24 November 1992**

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REPORT

Opening of the Session {Item 1}

1. The Thirteenth Session was opened by the Chairman of the Council, Mr. David W.K. Boulter (Canada).

2. The Chairman introduced several distinguished guests, including the Chief Minister of Sarawak, Malaysia, the Rt. Hon. Datuk Patinggi Tan Sri Haji Abdul Taib Mahmud, the Minister of Forests for Gabon, H.E. Eugène Capito, the Minister of Forests for Cameroon, H.E. Dr. Bava Djingoer, and the Managing Director of the Common Fund for Commodities, Mr. Budi Hartantyo.

Mr. Boulter continued by reflecting upon the first part of the First Preparatory Committee on renegotiation of the ITTA, 1983, which preceded the Council Session. At the Twelfth Session in May he had urged delegates not to be distracted by the imminent UNCED meeting in Rio de Janeiro, and at this Session he again urged delegates not to be overly concerned with those issues still unresolved after the UNCED meeting, but to focus on Council's business.

The Chairman reminded Council of the debt of gratitude due to the support of the United Kingdom for the First Prepcom in the person of the Chairman, Mr. Andrew Bennett, and to the United States for hosting the advance Working Group in Washington, D.C.

3. The Chief Minister of Sarawak, the Rt. Hon. Tan Sri Abdul Mahmud, traced for his listeners the whole history of the ITTO Sarawak Mission, from the Government of Malaysia's invitation at the Sixth Session of the ITTC in 1989 to the adoption of the Mission report at the Ninth Session in 1990. The Minister thanked those countries which had financed the ITTO projects developed out of the Mission, and thereby demonstrated solidarity with Malaysia.

In November 1991, the State Government of Sarawak made a commitment to reduce the annual timber harvest from the Permanent Forest Estate (PFE) by 1.5 mill. m³ in 1992 and by a further 1.5 mill. m³ in 1993, bringing the annual production to the Mission's estimate of the sustainable level well before ITTO's Target 2000.

Revenue from the timber industry had been the source of the State's investment funds for its socio-economic development policies, especially in the rural areas, where the incidence of poverty was still highest, although it had fallen from 37% in 1985 to 20% in 1991. The timber industry directly employed 80,000 people, 83% of whom were natives.

However, the Chief Minister informed Council that as a result of the reduction in the log harvest, 5,000 jobs had been lost, with a total income loss of US\$28 mill. In addition, the multiplier effect had led to another 8,000 jobs being lost through the backward linkages to the supply sector and forward linkages to the services sector. 1993 would see a further total job loss of 13,000.

The 3 mill. m³ harvest reduction meant a loss of US\$50 mill. annually in State revenue and a foreign exchange loss of US\$ 500 mill. When, at the ITTC(XI) Session, the representative of the Sarawak State Government announced the log harvest reduction plans, he called for international assistance to alleviate the economic hardships, but such assistance had not been forthcoming. The Minister appealed once more for this aid, not only from countries, but also from concerned NGOs.

Finance was particularly needed for Sarawak's plan to undertake the huge and expensive task of rehabilitating three million hectares of forest affected by shifting cultivation. Despite the lack of finance, to implement some of the Mission's recommendations, the Sarawak Forestry Department had recruited another 300 staff for the forest management enforcement work.

Sarawak faced a dilemma, insofar as the income from the timber industry had helped to slow the pace of shifting cultivation by providing rural people with a cash alternative to the subsistence livelihood. The people of Sarawak did not want to lose the timber income, so an integrated policy for conserving the forests whilst still deriving economic returns was necessary.

The Chief Minister explained his belief that it was essential to foster a network of cooperation. Consumer countries had to understand that timber income gave rural people a decent living. This implied the provision of resources, mutual respect, realistic expectations, and no infringement of sovereignty. Above all, the proper sphere for cooperation was a recognition of the timber production and ecological role of all types of forests, not just tropical forests, in the same spirit as the Non-Legally Binding Authoritative Statement of all Types of Forests adopted at the UNCED in Rio de Janeiro. Many NGOs also advocated the inclusion of all forests in any international arrangements.

The Chief Minister concluded by reiterating Malaysia's commitment to sustainable management of her forests. For any tropical country to achieve this, there had to be firstly the economic and political will, secondly investment in technology transfer in further processing, for rehabilitation of areas degraded by shifting cultivation, and in human resources, and thirdly extension of the concept of sustainability to encompass all forests.

4. The Minister for the Environment and Forests of the Government of Cameroon, His Excellency Dr. Bava Djingoer, recorded his country's commitment to the ideals of ITTO, in particular the sustainable management of tropical forests. Cameroon's large forest resource was the base for world ecological benefits as well as national timber production. Phase V of the National Forest Inventory, once completed, would allow a new calculation of the forest potential. In the South-East of Cameroon, a study of 11 million hectares of forests had been completed, and an Environmental Impact Study would soon commence, including pilot projects.

The task was a difficult one. Forests served the needs of local people and most forest regions were contiguous with forest areas in neighbouring countries. Severe demands were made upon human, material, and financial resources. Success depended on the joint commitment of producing and consuming countries. The ITTC was the forum needed to reconcile these interests, and a number of studies in Cameroon had been financed through ITTO, for which the Minister expressed his country's gratitude.

5. The Managing Director of the Common Fund for Commodities, Mr. Budi Hartantyo, thanked the Executive Director for his invitation and wished the Council Chairman success.

The Common Fund and ITTO shared common objectives in promoting sustainable development in the commodities sector, and the bond was enshrined in Article 26 of the ITTA, 1983. The Common Fund's Agreement entered into force on 19 June 1989 and ITTO soon became one of

the Fund's twenty-one designated International Commodity Bodies (ICBs). In practice, the collapse of many price stabilization agreements over the past decade had left little interest in the First Account Facility.

However, Mr. Hartantyo was pleased to inform the Council that the Second Account Facility was now open. To date the Fund had received more than sixty project proposals from ICBs; six had been approved by the Executive Board and thirty remained to be considered during 1993. Approved projects had been appraised against the criterion of sustainable socio-economic development, and were oriented towards creating greater cost-effectiveness, productivity-enhancement, and creation of new end-uses.

Mr. Hartantyo cited recent examples of approved projects, including the development of a new container for shipping rubber bales, and a cotton case-study project, co-financed with the World Bank, covering nine countries in three continents.

The Common Fund viewed ITTO as an ICB with great potential. Five ITTC-approved proposals had been submitted to the Fund, but only two conformed to the Fund's requirements, and these the Fund encouraged to be reformulated according to the Fund's criteria. The Fund's focus was not national, but upon commodities themselves. The Fund would however still favourably consider projects that had an impact on other producing countries, or could be replicated there, especially if Least Developed Countries could benefit. ITTO certainly had a number of potential candidates among its impressive portfolio.

Mr. Hartantyo wished to draw the Council's attention to the Fund's Decision 10(X/1992) which urged Members to empower ICBs to **borrow** from the Fund's Second Account. The Fund also expected co-financing from both multilateral and bilateral donors, besides counterpart contributions from beneficiaries. A Project Manual was under preparation to assist ICBs and their Members in the preparation of proposals for the Common Fund.

6. The Spokesperson for the Consumers, Mr. Milton Drucker (U.S.A.) thanked the City of Yokohama and the Secretariat for the preparation of the Session. The Consumers looked forward to numerous meetings with the Producers, and called for early contact between the two groups to set a progressive schedule.

7. The Spokesperson for the Producers, Mr. Amha Buang (Malaysia), also thanked the Government of Japan and the City of Yokohama for the fine facilities. There were many substantive issues on this occasion, and in particular the Spokesperson gave notice that the Producers would seriously address the issue of "labelling" in due course.

8. The Spokesperson for the NGOs, Mr. Simon Counsell, thanked the Chairman for the opportunity to present their point of view to the Thirteenth Session of the ITTC, but expressed regret that this opportunity had been denied to some of their members. They reported that the passport of Mr. Thomas Jalong, Sarawak Representative of Friends of the Earth, Malaysia, was confiscated as he attempted to board his flight to Japan to attend the present session. The NGOs requested the Malaysian Delegation to intercede with their authorities to ensure that Mr. Jalong could attend the session.

The situation inevitably drew attention to Sarawak, and Mr. Counsell noted that the Sarawak Forest Department had reported the production targets for the whole year (1992) as virtually reached by August. The NGOs believed this shed doubt on the Sarawak's authorities' ability to comply with the ITTC Mission recommendations. Sustainability was not just a question of production levels, but the NGOs queried also the inability of consumers to link their demand to sustainable levels, or to provide support for alternative developments.

NGOs had been in the forefront of exposing malpractices throughout the Asia-Pacific region, but ITTO also had a duty to investigate how illegal trade practices could be halted. The NGOs were concerned by the Executive Director's extensive reference to the issue of boycotts in his opening address because the NGOs had repeatedly warned ITTO of the possibility of consumer resistance if no progress was made on sustainable management. The NGOs called for frank discussion of the issue between governments, NGOs and trade associations.

In conclusion, Mr. Counsell expressed the NGOs belief that the successor agreement to the ITTA, 1983 should include all timber. Otherwise, tropical timber would continue to be singled out for attention of a kind beneficial neither to conservation nor to trade.

Ascertainment of the Quorum {Item 2}

9. The Executive Director informed the Chairman that a quorum existed.

Adoption of Agenda and Organization of Work {Item 3}

10. Council adopted the provisional agenda and agreed upon a schedule for the business in hand.

Report on Membership of the Council {Item 4}

11. The Executive Director reported that the membership had increased since the last Session by one producer and one consumer Member, bringing the total Membership to fifty. Document ITTC(XIII)/4 Pt.1 showed that Guyana had deposited the instrument of acceptance of the ITTA, 1983 on 30 July 1992 and therefore became the forty-ninth Member, and the twenty-third Producer Member. Guyana received 29 votes for 1992 under Article 10 (2) & (3) of the ITTA, 1983. Document ITTC(XIII)/4 Pt.2 showed that New Zealand deposited the instrument of accession to the ITTA, 1983 on 5 August 1992 and thus became the fiftieth Member, and the twenty-seventh Consumer Member.

Distribution of Votes {Item 5}

12. The Executive Director drew Council's attention to the proposed votes of all Members for 1992, as recorded in the Annex to Document ITTC(XIII)/1.

Admission of Observers {Item 6}

13. The Executive Director drew Council's attention to Document ITTC(XIII)/Info.6, and noted Council's normal practice of admitting Observers who had been granted admission to previous sessions, but examining only those who were applying for the first time. Council admitted all the Observers listed in the final document ITTC(XIII)/Info.6 Rev.1.

14. The Delegate for Austria, Dr. Josef Hackl, requested Council to examine the legitimacy of the application by a certain country for Observer status.

15. The Chairman replied that delegations would be required to make submissions on this matter to the Credentials Committee.

Report of the Credentials Committee {Item 7}

16. The Chairman of the Credentials Committee, Mr. Mbayu Felix (Cameroon), reported that the Committee had met on 17 November 1992. The Committee was composed of representatives of Australia, Brazil, Cameroon, Colombia, Japan, The Netherlands, Papua New Guinea, and the U.S.A. The Committee recommended that the credentials of thirty-seven countries applying to attend the Council Session and the Sessions of the Permanent Committees be accepted.

The Credentials Committee, in their report [Document ITTC(XIII)/7], also requested two countries to submit their credentials as soon as possible to the Secretariat, and amended the Provisional List of Observer States so that the final version [Document ITTC(XIII)/Info.6 Rev.1] could be approved by Council.

Statement by the Executive Director {Item 8}

17. In his opening statement, the Executive Director greeted the Council's distinguished guests, and, with special reference to the address by the Honourable Chief Minister of Sarawak, recalled how the commitment of the Malaysian Government to the Sarawak Mission had given real substance to the ITTO. The Chief Minister had reflected on the immediate economic impact of the commitment to sustainable forest management and these problems had already been recognized by the World Bank in its Programme of Action to Mitigate the Social Consequences of Adjustment and Development (PAMSCAD), part of its Structural Adjustment Programme.

Dr. Freezailah noted that the Renegotiation process epitomised the willingness of the Organization to examine its own objectives and achievements. ITTO had been represented on the UNCED Secretariat's Working Party on Forests, and the Executive Director had addressed the Eminent Persons Group convened by the Secretary-General of UNCED. The independent sector had staged a massive parallel event, called the Global Forum '92, and the Executive Director recalled the unforgettable atmosphere which had made UNCED a time of international reckoning, and a learning experience for all. In particular, understanding the need for global efforts to find the root causes of poverty often left participants with a feeling that the challenge had only been expressed, but not yet met.

Rio had sharpened the ITTO consciousness of its mandate. Many of the most crucial agreements, the Rio Declaration on Environment and Development, the Non-Legally Binding Authoritative Statement, and Chapters 11 and 33 of Agenda 21, read like the ITTO Action Plan. Indeed, ITTO, like other specialized agencies, was urged to play its role in implementing the action programmes, and the renegotiation was seen as strengthening the role of the Organization. In addition to the existing U.N. organizations, ITTO had now to define its position in relation to the proposed U.N. Commission on Sustainable Development, and the Office of the Administrator of the Global Environment Facility (GEF), housed in the World Bank. The retiring Secretary-General of UNCED,

Mr. Maurice Strong, had sent a letter of commendation to ITTO for its commitment and contribution to the UNCED.

The Executive Director then addressed the question of the draft Administrative Budget, which had been tabled before the Council, and called on Members to discharge their obligations to the Organization. He noted, however, that the situation had improved with many Members paying their arrears so that actual receipts in relation to the assessed budgets had increased from 67% in 1989 to 73% in 1991 and 84% in 1992.

Projects were central to the Organization's work and the Executive Director drew attention to the on-going work of the Expert Panel for the Technical Appraisal of Project Proposals and the Report of the Independent Consultants on Project Work and the Project Cycle Manuals. Initial verbal reactions to the report of the independent consultants made it clear that there was a consensus on compiling the key recommendations into an ITTO Project Formulation Manual and a Monitoring, Evaluation, and Review Manual as possible.

With respect to the work of the Panel, four sessions had reinforced the on-going improvement in the quality of proposals. The earlier debate on the imbalance between project work and non-project work i.e. policy reform was no longer so relevant. Following UNDP practice, consultants had been used to help countries formulate projects and training courses implemented. The Action Plan, Target 2000, and the various Guidelines were used as criteria in assessing the quality of projects. It was now possible to distinguish which policies were best demonstrated through projects, and which issues were best demonstrated through discussion.

The Executive Director reported that, in the Secretariat, work was proceeding on the development of the ITTO Project Management Information System (PMIS) which would record the technical, financial, and administrative history and current status of every project, pre-project, and activity approved by Council, also generating projections of the timetable to completion. He anticipated the day when the work of the Expert Panel, and project experience, would construct a kind of jurisprudential "common law" of the Organization.

Dr. Freezailah turned to the serious concern expressed by many Members over the campaign advocating restrictions or total bans on the import of tropical timber. He reminded Council of the provisions of Article 30 of the ITTA, 1983, requiring Members to avoid actions which have the effect of running counter to the Agreement. Many mixed actions were apparent, ranging from bans by individual city authorities on tropical timber to national legislation imposing unilateral discriminatory regulations, euphemistically termed "eco-labelling". Both the UNCTAD VIII "Cartagena Commitment" and the Rio Declaration on Environment and Development, Principle 12, had spoken out in favour of international cooperation to assist developing countries develop in a sustainable manner, and against disguised restrictions on international trade. Moreover, ITTO's Target 2000 supported the achievement of sustainable trade in tropical timber in the clear context of an open market.

Large numbers of trade associations had worked hard at publicity to educate the public in their respective countries on the counter-productive effect of such legislation. The Executive Director recorded with appreciation the CURE programme of IHPA and the work of the TFF in the U.S.A.; the

"Forests for Ever: Think Wood" campaign of the U.K. Timber Trade Federation; the work of the UCBT and the ATIBT, the German, Danish, and Netherlands Timber Federations in Europe; the Japan Lumber Importers Association and the Japan Plywood Manufacturers Association. In the context of Japan, Dr. Freezailah announced that the ITTO had received a sum of 10 million yen from the Association of Wood Laminating Technology of Japan "to promote sustainable conservation and management of tropical forests".

The Executive Director recorded the active work taking place in major producer Member countries such as Indonesia, Brazil, and Malaysia. Major multilateral and bilateral agencies were active in such countries, with fully established programmes to aid forestry sector development. Indonesia and Malaysia had even dispatched missions to consumer countries to explain their efforts towards sustainable forest management. Ghana, Cameroon, Gabon, and Congo have all maintained overseas timber trade missions whose task is essentially to combine consumer education with marketing.

The world stage was therefore full of examples of energetic cooperation measures between consumers and producers. How was it possible that some countries had permitted their national legislatures to accept negative viewpoints as a basis for legislation? The ultimate irony was the fact that, after incurring the displeasure of their own electorates for the imposition of restrictions on timber harvesting and uncontrolled conversion of forest to agricultural land, developing country governments were now threatened with trade sanctions imposed by the importers of their products.

The Executive Director called for ITTO to act against these negative trends. Furthermore, he asked the independent sector to use its creativity and ingenuity in devising pro-active programmes of publicity and project work which would restrain the impulse towards tropical timber trade boycotts. In conclusion, he informed Council that he had deliberately decided to end his address on this note of grave concern, in order to emphasize its serious nature.

Projects:

a) Report of the Eleventh Sessions of the Permanent Committees

b) Consideration of Project and Pre-Project Proposals

{Items 9a) & b)}

18. The Chairpersons of the three Permanent Committees, Dr. Toga Silitoga (PCM), Dr. Amantino Ramos de Freitas (PCF), and Prof. Nils-Erik Nilsson (PCI) reported to Council on the work of their respective Committees. Their full reports are incorporated in this document as Annex 5. Council adopted these reports, including the recommendations made for Council's approval of particular projects and pre-projects.

Report of the Independent Consultants on Project Work and Project Cycle Manuals - Decision 2(X) {Item 10}

19. The Independent Consultants (Mr. J.F. Buist and Dr. M. Paula de Fernandes) referred to Documents ITTC(XI)/6 Rev.1 and its addenda, the body of their original report. They summarised the full terms of reference which they had addressed. The Consultants were required to consult with Members at the Twelfth Session and then the Thirteenth Session of the Council, and to help to prepare a draft decision.

The Consultants had found that both Producers and Consumers were anxious to have the Project Formulation Manual and the Project Monitoring, Evaluation, and Review Manual in use as soon as possible. Members had accepted that there should be a training course in the use of the Manuals for countries of all three producing regions. Only the draft guidelines on the hiring of consultants and the procurement of goods under the Special Account were to be postponed to the next Session.

Members had suggested that the Manuals would be easier to use if shorter, and this was one reason for the production of the two separate manuals. The revised project document format might be placed at the front of the Formulation Manual. The Manuals would still need to be up-dated in future particularly in the light of the outcome of the renegotiations, but nevertheless the Consultants believed their work had helped to improve the status and professionalism of the Organization.

Sustainable Management of Tropical Forests:

a) Reports by Members on their Proposed Progress towards the Year 2000 Target - Decision 3(X) {Item 11a)}

20. The Chairman reminded Council that it had not yet decided at which Session in each year Members' reports should be submitted. Arguments for the first session included the relevance of the Market Discussions and for the second the fact that governments would have collected information from the close of their own fiscal years. There was also a difference in Members' initiatives, because formats had not yet been provided.

21. The Representative of Sweden, Prof. Nils-Erik Nilsson, noted that his country had provided a report which included an introductory section on the importance of reporting. A chapter covered land-use and tenure in Sweden, because it was Sweden's view that private forestry was a very important feature of the sector. This was followed by a discussion of Swedish policies on sustainable management, in which the post-UNCED intention of giving environmental objectives equal status with wood-production objectives was discussed. Every Member country was presented with a book which had been used to train Swedish forest owners. Sweden firmly believed in the importance of this education.

An appendix dealt with national forest policies, and there was also a list of threatened species.

22. The Representative of Finland, Ms. Aulikki Kauppila, presented the Finnish report. While waiting for a format, Finland had in the meantime reported on its development aid policies. As agreed in Yaoundé, when Members decided to exchange experiences on the use of criteria for sustainable management, Finland had included material on this aspect.

The Second Ministerial Conference on Conservation of Forests in Europe was scheduled for next June in Helsinki, organized by Finland and Portugal in collaboration with France and Poland. The results of some of this work, which included aid to Eastern Europe, could also be useful elsewhere.

23. The Representative of Denmark, Mr. Hans Schou, noted that his country's report included material presented earlier to the Danish Parliament which covered objectives, national policies, and

global responsibilities. The document set out Denmark's position not only in relation to ITTO, but also with respect to all other fora dealing with tropical forests.

24. The Delegate of Canada, Mr. David Drake, informed Council that Canada had submitted a report, and, furthermore, a conference had been held in Ottawa in early 1992 on "Sustainable Forests: A Canadian Commitment". A wide cross-section of participants ranging from businesses to native Canadian groups had discussed a strategy document developed from meetings across the country held under the auspices of the Canadian Council for Forest Ministers.

The principles emerging included acceptance of ethical codes of practice in forest management, concern for the economic, cultural, and environmental values placed on forest by society, the need for the workforce to be able to absorb new knowledge, environmentally sound forestry practices, protection of biodiversity, the balance of harvest and growth, and biological pest control.

The new strategy, formed only six months after the World Forestry Congress, was made to re-assess the institutional and technological capability of the Canadian forestry sector. The review also reported on Canada's international aid programme. By law, the Canadian sustained yield estimates have been required by law to be presented to Parliament each year. The formatting problems reflect some of the problems also being experienced by ITTO Members reporting on progress to Target 2000.

Mr. Drake also noted that there would be a seminar in September/October 1993 in Montreal on sustainable development of boreal and temperate forests, to look for a consensus on the forest information base among other issues.

25. The Delegate of Australia, Mr. Daryl King, announced that his Government had adopted an international tropical forests conservation and sustainable use policy. The policy covers both national and international action, and embraces the Year 2000 objective. Australia also supported ITTO's work to develop means of measurement of sustainability, and all moves to halt de-forestation. In particular, Australia wished to assist bilaterally, and consult multilaterally on all activities aimed at securing permanent forest estates and secure tenure in the tropical forests, especially for countries exporting to Australia.

On the domestic front, Australia would be looking to use the outcome of the ITTO 1995 mid-term review to develop a code of conduct for Australian companies engaged in logging in other countries. The Australian Government's policy strongly supported ITTO, and the 1995 review would be a key indicator of progress to Target 2000. Australia urged Members to adopt a common reporting format at this Session to ensure comparability of reports by 1995.

26. The Delegate of the U.S.A., Ms. Stephanie Caswell, noted that this was their first report in support of tropical countries' efforts to manage their forests sustainably. Assistance in the forestry sector had averaged \$105 million in the last two years. The portfolio now included more than 120 forest management projects in 88 countries throughout the tropical world. These projects were implemented often with the aid of NGOs as well as Government agencies and focused on natural ecosystems, forest site regeneration, watershed and land-use management, agroforestry, basic

research, management, national park management, extension, fuelwood plantations, shelterbelts, and human resources development.

Agencies involved included not only USAID but also the U.S. Forest Service, providing training and research (through the University of Madison, Wisconsin, the Institute for Tropical Forestry in Puerto Rico, and the Pacific Islands Institute in Hawaii). The facilities in Puerto Rico were planned to become an international centre. The U.S. Peace Corps also had 400 volunteers working with local communities in forestry. Other agencies involved were, for example, NASA, National Science Foundation, the Smithsonian, the Environmental Protection Agency, the State Department and the National Parks Service. The total aid package in forestry added another \$45 million per year to that of USAID.

The U.S.A. also supported work on tropical forests through multilateral institutions, debt financing, and loan guarantees. Five areas were covered here: firstly, contributions to international agencies such as the World Food Programme, UNDP, FAO, the OAS, ITTO etc; secondly, contribution to multilateral development banks and concessional lending; thirdly, contributions to the Global Environment Facility and, with Brazil, to the World Bank's GEF Programme for conserving the Brazilian rainforest; fourthly, loans through the Export-Import Bank, and the Overseas Private Investment Corporation; fifthly, creative debt financing under the Enterprise for the Americas Initiative launched two years ago, and debt-for-nature swaps.

The total exceeded \$470 million per year, and there was an additional \$30 million annually from U.S.-based NGOs working in tropical countries.

27. The Representative of Indonesia, Mr. Djamaludin, indicated that his country report had been distributed. The report contained an introduction, and chapters on policy and progress. The forest resource base was described as a 30 million hectare estate from which 18.66 million hectares had been legally confirmed. The Nature Conservation area was 19 million hectares, of which 17.1 million had been legalised. An extensive programme of intensification of the production forest had begun, and 574,000 ha. of industrial plantations had been established. Concessionaires were being encouraged to improve their sustainable utilisation of the forest, and conversely penalties for infraction ranged from warnings to revocation of licences. In 1992, 29 concession licences were revoked.

Environmental assessment was now required of all producers. Terms of reference had been received from 62 and reports from 29 concessionaires. 298 concessionaires had implemented village programmes. Government export revenue had increased from \$3.67 billion in 1990 to \$3.9 billion in 1991. Plans for the short-, medium, and long-term were now required. Mr.Djamaludin concluded his speech by informing Council that Indonesia (the city of Bogor) had been made the host for the Council on Forestry Research (CIFOR), part of the CGIAR.

28. The Chairman thanked Indonesia for their report and noted that it was the only reporting country which had used the ITTO Expert Panel on Criteria for Measurement of Sustainable Management's report as an aid to formatting.

29. The Delegate of the United Kingdom, Mr. Ian Symmons, noted that his country also looked forward to the meetings in Helsinki and Montreal and to progress on performance

measurement in respect of Target 2000. The U.K. has also committed herself at earlier meetings in Munich and Lisbon to the review process for the UNCED Statement of Forest Principles. The U.K. was taking seriously its commitment to apply the UNCED principles to her own forests, despite accusations that had been levelled against her during the Preparatory Committee session.

30. The Representative of New Zealand, Mr. D. Wije-Wardana, noted that his country was the youngest ITTO Member, but the long wait before acceding to the treaty had enabled her to observe the ITTO in prospect. New Zealand's presence was evidence of her regard for the Organization.

New Zealand's natural forest cover had declined to 27% of the land area, but these 7 million ha. were now almost completely protected. 1.3 million ha. of planted forest, largely of radiata pine established from the early part of the century, now provided all the country's needs for all forest products and still left two-thirds of the harvest to be exported. New Zealand's annual wood supply would rise to 20 million m³/annum after the turn of the century, and would continue to rise thereafter.

All fiscal incentives for afforestation had been removed and the Government had sold most of the cutting rights over forests it formerly owned. Thus forestry was a viable commercial venture. A number of foreign companies had entered the forestry sector.

New Zealand was concerned at the depletion of tropical forests, and for many years she had been assisting her smaller Pacific neighbours on this matter. For this reason New Zealand was active at UNCED, and had decided to join ITTO. Mr. Wije-Wardana stressed the importance of Target 2000, and although New Zealand's solution was not universal she had learned that planted forests played a vital role in replacing the reduced supply from natural forests.

31. The Representative of Zaïre, Mr. Roger Kabeya, informed Council that Zaïre wished to participate actively in ITTO's activities. With 2.5 million km² and 40 million inhabitants, Zaïre still had a huge area of primary forest. Forest concessions were the normal mode of operation, and a size restriction of 60cm. diameter was enforced on harvested trees. In the last 15 years, through cooperation with Canada, the LANDSAT remote sensing system had been used in addition to ground truthing of 16% of the forest area.

Some 700 species had been catalogued, and much forest contained areas with few marketable species (600 km²). Terminalia superba, Afromosia spp. and Khaya spp. were some of the main species, and 80 million m³/annum was estimated as the sustainable harvest. Limbale was also becoming important, but unfortunately it occurred only sparsely in remote areas, although its potential was 100 mill. m³. Zaïre worked with MAB on conservation zones, and there were also extra-urban forests. Dense forests near the coast (in the lower Zaïre province) reserves occupies 50,000 km². Protection of mountain forests was being undertaken with the cooperation of the World Bank, and the EC with \$12 million was proposing to re-forest some 80,000 ha. over three years.

Deforestation in Zaïre, as in other countries, was primarily due to agricultural exploitation, both for shifting cultivation and for crops like coffee. Fuelwood collection was also a primary reason. Only 6 million ha. had been legally reserved for this purpose. Within this area exports amounted to 160,000 m³ per annum.

There were some 215 primary level units and very little secondary processing. The installed capacity was 1.5 mill. m³. A decreased investment was occurring, and there was an energy crisis.

Zaire had made a firm commitment to ITTO, despite current political difficulties. She hoped to host a future ITTO meeting.

b) Report by the Panel on Assessment of Resources needed by Producing Countries to Attain Sustainable Management of Tropical Forests by the Year 2000 - Decision 2(XII) {Item 11b}

32. Council received reports from only three producing countries, Gabon, Indonesia, and the Philippines assessing these resources {Documents ITTC(XIII)/5 & /5 Add.1}. Bearing in mind the necessity of preparing these estimates and recalling the report of the Panel of Experts convened under Decision 7 (XI), Council decided to reconvene a Panel at the Fourteenth Session to recommend the approach and methodology for estimating resources needed and to collate estimates submitted by Members.

c) Consideration of the Format for Both Producing and Consuming Countries' Reports to Identify Progress towards Target 2000 - Decision 4(XII) {Item 11c}

33. A Working Group prepared an Annex detailing a proposed format for reporting, and Council commended this Annex to Members for their consideration and decision at its Fourteenth Session. This Annex is reproduced in Decision 5(XIII), to be found in Annex IV of this Report.

d) Consideration of the Draft of the Guidelines for the Conservation of Biological Diversity and Members' Comments thereon - Decision 9(XI) {Item 11d}

34. Following the recommendation of the Permanent Committee on Reforestation and Forest Management, the Council decided to adopt these Guidelines and publish them as an international reference standard.

Report on ITTO Participation in the 1992 United Nations Conference on Environment and Development (UNCED '92) {Item 12}

35. The Secretariat presented the report [Document ITTC(XIII)/3] prepared by the Executive Director on the ITTO participation in the UNCED. In his earlier address, the Executive Director had already discussed at length the consequences of UNCED decisions for the mandate of ITTO, but particular attention was drawn to Principles 11, 15, and 23 on combatting de-forestation, conservation of bio-diversity, and financial mechanisms. Furthermore, the report discussed collaborative arrangements for the participation of ITTO in follow-up work, in particular with the proposed U.N. Commission on Sustainable Development, ECOSOC, and other agencies.

Measures with Regard to Article 42 of the International Tropical Timber Agreement, 1983 {Item 13}

36. The Chairman of the First Preparatory Committee on Renegotiation of the ITTA, 1983, Mr. Andrew Bennett (U.K.), reported to Council on the achievements of the First Prepcom. The full report of the Prepcom is compiled in a separate non-Council document Prepcom(II)/5. However, in his

report to Council, Mr. Bennett recorded the inconclusive nature of the deliberations, as many participants were not empowered by their governments to do more than monitor proceedings. An Article by Article approach was adopted, but even the Preamble could not be finally agreed. Nevertheless it had been possible to define the competing proposals for expanding or contracting the scope of the successor Agreement and to reach agreement on the administrative arrangements for committees to service the Negotiating Conference to be held in Geneva during 1993.

Mr. Bennett reported on the clear necessity of a Second Prepcom, and after consultations Council accepted the gracious invitation of the Government of Ecuador to hold a second Preparatory Committee in Quito from 22 to 30 January 1993, the first part to consist of a Producer Members' meeting from 22 to 26 January, and the second for all Members from 27 to 30 January. Council agreed to convene its First Special Session on 30 January 1993 to examine the results of the Second Prepcom.

Review of Contributions to the Administrative Budgets {Item 14}

37. The Executive Director referred Members to Document ITTC(XIII)/CRP/2 which had already been presented to the Finance Committee and therefore he would highlight only the important features of the document. Amounts received up to the 8 November 1992 amounted to 85% of the total dues, a very encouraging trend indeed. Items receivable from earlier years were also recorded and arrears now amounted to nearly \$2.87 million. The Special Reserve Fund remained at \$600,000. The Working Capital Account now amounted to \$1.5 million, from which, in accordance with Council's decision, the Organization had spent \$325,000 for the First Prepcom, and \$350,000 to finance the deficit of receipts in the Administrative Account. A sum of \$815,900.75 remained.

38. The Chairman noted that although the situation with the arrears was still serious, nevertheless the trends in contributions to this year's Administrative Budget was very encouraging.

Administrative Budget Proposals for 1993 {Item 15}

39. The Vice-Chairman of the Council, Mr. Samuel Appiah, reported to Council on the deliberations of the Finance Committee, which he had chaired. The Committee had met three times formally, and worked through several informal groups. To reduce the burden of the increased administrative budget other solutions had to be found other than a drastic reduction in the budget, which would seriously affect the work of the Organization.

The committee therefore proposed the compromise set out in Document ITTC(XIII)/2 Amend.1. An amount of \$150,000 would be drawn from the Working Capital Fund to defray part of the proposed 1993 expenditure, thus reducing the assessments of Members. Concern was expressed about the unsustainability of using savings to pay for current consumption in the longer term. It was suggested that the programme support percentage might be raised from 5% to 10%, for example.

To circumvent the problems and expense of sending funds to overseas projects in certain countries, it was recommended that the Organization be permitted to open an account in the United States of America for Special Account transactions.

Mr. Appiah thanked the Secretariat and Member delegations who had assisted the Finance Committee. Council then adopted Document ITTC(XIII)/2 Amend.1.

40. The Representative of China, Mr. Jianjang, asked how the \$150,000 taken from the Working Capital Fund was to be accounted for. Mr. Appiah replied that there was \$800,000 in the Working Capital Fund, and these would be reduced by the stated amount to lessen Members' assessed contributions.

Financial Resources of the Special Account:

a) Review of the Pre-Project Sub-Account

b) Review of the Project Sub-Account

{Items 16a) & b)}

41. The Chairman drew Council's attention to Document ITTC(XIII)/CRP/1. The Secretariat reported that this "CRP" document was prepared for every Council Session to inform Members on the status of voluntary contributions and expenditure relating to projects and pre-projects. The layout was explained and Council adopted this document, after including some minor corrections requested by Norway and the United Kingdom.

c) New Contributions to the Special Account {Item 16c)}

42. The Chairman invited delegations to announce their pledges to ITTO's Special Account for projects and pre-projects.

43. The Representative of Japan, Mr. Yoichi Suzuki, introduced the Chairman of the Asahi Wood-Tech. Co. Ltd., Mr. Kaibori, and Mr. Matsuki, Executive Director of the Japan Lumber Importers' Association (JLIA).

44. Mr. Kaibori announced a contribution from his own company, Asahi Wood-Tech., and four other corporate members of the Association of Wood Laminating Technology of Japan, of 10 million yen to ITTO to be used, after due consultation, for projects and pre-projects promoting the conservation and sustainable management of tropical forests. Mr. Kaibori's Association hoped that all similar manufacturing organizations throughout the world would see fit to make similar contributions.

45. Mr. Matsuki congratulated the Council on creating a dynamic organization dedicated to a holistic approach to tropical forests. The equal partnership of producers and consumers was a tribute to the Organization as a whole. Since the Seventh Council Session in 1989, JLIA had continued its contributions to the Special Account, and this year was to be no exception, with the pledge he was now pleased to announce of 10 million yen, to be used, after due consultations, for projects and pre-projects promoting sustainable development of tropical forests.

46. The Delegate of the United States of America, Mr. Milton Drucker, announced that for the third year in succession the U.S.A. would commit \$1 million to the Organization in recognition of the continued improvements in the Project Cycle and in the quality of project proposals submitted and approved.

47. The Representative of Switzerland, Mr. Nicholas Imboden, noted that his country had to date committed over \$3 million to ITTO as a tangible sign of its recognition of the importance of project work. This sum had almost entirely been spent, and the magnitude of this amount made Switzerland one of the ITTO's major voluntary contributors. Mr. Imboden was pleased to announce a further Swiss pledge of \$1 million.

It was the wish of the Government of Switzerland that these funds be used on projects and pre-projects which would help the attainment of Target 2000. Switzerland proposed to outline her objectives in greater details during the second part of the First Preparatory Committee on Renegotiation of the ITTA, 1983. In accordance with standard Swiss practice, only countries which had honoured their obligations to the Administrative Budget of ITTO would be eligible to benefit from the Swiss voluntary contribution.

48. The Delegate of The Netherlands, Mr. Hans Obdeyn, announced on behalf of his Government a pledge of 120,000 Dfl. to be used for projects especially those contributing to the achievement of Target 2000.

49. The Delegate of the United Kingdom, Mr. Andrew Bennett, recorded the particular interest of his Government in supporting projects and activities which helped the development of policies and guidelines, and which generally sought to increase knowledge and awareness among Member countries. The U.K. would continue to seek such opportunities. However, for large pilot projects, the U.K. would try to seek other sources of funds because larger programmes of activity like the Tropical Forestry Action Programme were seen as more suitable for such disbursements.

50. The Delegate of Denmark, Mr. Hans Schou, announced his Government's intention to support projects which were in accordance with ITTO's guidelines and contributed to the operationalization of these guidelines.

51. The Delegate of Norway, Mr. Erik Byørnbye, announced that a decision would be made late in the Session of his Government's voluntary contribution.

52. The Delegate of Australia, Mr. Don Banfield, announced his Government's intention to continue making voluntary contributions to ITTO during the current financial year.

53. The Delegate of Sweden, Prof. Nils-Erik Nilsson, recalled that one project to which Sweden had pledged funds, PD 83/90 (F,I) "Research and Development in Logging" had now been sunset. But Sweden would be interested in cooperating with any other donor to use the funds liberated from this project to develop any smaller project with similar objectives.

54. The Chairman thanked donors for their pledges and announced that, as usual, an NGO seminar would be held during the Session, and this time the theme was "Illegal Logging".

Appointment of Auditors for 1992 {Item 17}

55. The Secretariat referred to the Document ITTC(XIII)/6 which requested Council to appoint an auditor to audit the Organization's accounts for 1992. Council could either re-appoint Arthur Andersen & Co. which had served the Organization for one year (the 1991 accounts), or choose another firm.

56. The Delegate of the United Kingdom, Mr. Andrew Bennett, enquired whether the Secretariat had put the audit out for tender, as proposed last year. Whilst capability was important, the Members were still concerned about relative costs.

57. The Secretariat replied that last year two quotations were received and Council had decided to appoint Arthur Andersen & Co., although there was in fact little difference between the two

quotations. Auditors, in making quotations, were able to consult previous accounts and thus to know what audit fee had been allocated.

58. The Chairman proposed that the current auditors (Arthur Andersen - Eiwa Audit Co.) should be re-appointed and this was agreed.

Election of Chairman and Vice-Chairman for 1992 {Item 18}

59. Council unanimously elected Mr. Samuel Kwasi Appiah (Ghana) as Chairman of the Council for 1993, and of Mr. Yoichi Suzuki (Japan) as Vice-Chairman for the same year.

Dates of the Fifteenth Session of the Council and the Thirteenth Sessions of the Permanent Committees {Item 19}

60. Council decided that the dates of its Fifteenth Session, and by association the dates of the Thirteenth Sessions of the Permanent Committees would be 10-17 November 1993 and the venue Yokohama, Japan.

Other Business {Item 20}

61. The Chairman opened the floor under this agenda item for discussion on the issue of "labelling".

62. The Spokesperson for the Producers, Mr. Amha Buang, reported to the Council on an issue the Producers' Group regarded as a matter so serious as to warrant Members' immediate attention. Unless appropriate measures were taken, Members' confidence in the continuing existence of the ITTO would be undermined, and the renegotiations on the ITTA, 1983 adversely affected.

Mr. Amha was referring to the Austrian Federal Act on the Marking of Tropical Timber and Products of Tropical Timber, And on the Creation of a Quality Mark for Tropical Timber and Timber Products From Sustainable Forest Management, which came into force on 1 September 1992. He outlined the basic stipulations of the Act, namely, the mandatory marking of at least 50 species of tropical timber used in any type of marketed product to declare it contained tropical timber, and secondly, the creation of a quality mark to prove the origin as one of sustainably managed forests.

A Tropical Timber Committee chaired by the Minister of the Environment was provided for in which detailed conditions would be laid down to determine the meaning of sustainable management. Licenses were to be used to enforce the quality mark and fines of up to 100,000 Austrian Schillings for non-compliance.

The Producers' Group, Mr. Amha reported, was united in its opposition to this legislation. The grounds of their objection were firstly that a country endowed with temperate forests producing a 14.6 million m³ harvest in 1990, and earning 8% of export revenue from forest products should not seek to unfairly enhance its competitiveness in third country import markets vis-à-vis tropical timber by setting an example of discriminatory legislation which ran counter to efforts to expand free trade. Secondly, the mere act of marking constituted a stigma which subtly persuaded consumers to switch to temperate timber, not to mention the additional costs of compliance with the quality mark legislation.

The legislation was not aimed at one particular exporting country, but was nevertheless discriminatory, representing a clear example of a non-tariff barrier. Furthermore, the legislation was totally inconsistent with the Statement on Forests to which Austria was a party at the UNCED. This

statement called for improved market access and free trade, better prices and higher value added forest products in the exporting countries. Surprisingly, Austria passed the law within two weeks of the end of UNCED.

Mr. Amha asked why Austria had not extended the legislation to cover temperate timber. Was Austria free of problems in sustainably managing her own forests? Did she not have acid rain, encroachment by grazing, and excessive extension of the road network? Few tropical countries had so little residual natural forest as had European countries. Selective felling in tropical forests was criticised but clear-felling in temperate forests was not.

The producers were most disappointed that the legislation was contrary to Article 30 of the ITTA, 1983. ITTO had not discussed the issue of labelling, and Austria should not have taken unilateral action. The producers doubted whether Austria's claimed knowledge of sustainable management in her own forests could be extended to the species-complex tropical environment. ITTO was not included by name on the Tropical Timber Committee which would make the decisions although local trade unions with a vested interest in temperate timber would be.

Mr. Amha stated that although there were earlier examples of local authorities taking such unilateral actions, Austria was the first case of a sovereign nation taking this approach. By impeding trade unfairly, Austria would contribute to a fall in demand and prices for tropical timber products, a derived fall in value of forests, and a consequent increase in forest clearance for agriculture. Less than 1% of the volume of trees harvested in developing countries was exported as timber products. Even carbon dioxide emission was largely a problem of developed countries through energy usage (50%) and CFCs (25%); only 9% of greenhouse gas emissions, according to the IPCC, could be ascribed to slash-and-burn practices in the tropics.

On behalf of the Producers, Mr. Amha called on Austria to repeal her discriminatory legislation against tropical timber. Only this action would restore producers' confidence in the attainment of ITTO's objectives.

63. The Delegate of Brazil, Conselheira Anna-Maria Mosella Portella, expressed the deep concern of her delegation over the Austrian law. The law did not cover related products, and burdened producers with the additional costs of the label and the negative image. In the view of Brazil, the law was a disguised obstacle to trade in the context of GATT Art.XX, and disregarded agreements made at Rio, such as the Non-Legally Binding Authoritative Statement of Principles on Forests, especially paragraphs 13 and 14, the Rio Declaration, and Agenda 21.

International cooperation was needed, not unilateral attempts to interfere with the policies of other countries. Brazil called upon Austria to move instead to technology transfer and generally to the provision of new resources to build constructive partnerships.

64. The Delegate for the Cameroon, Mr. Mbayu Felix, speaking for his Minister and Delegation, stressed that the Austrian law was an intolerable act. All African Member countries were opposed to the law. The unilateral nature of the legislation made its enactment totally contradictory to the principles of ITTO. Members had opted to implement sustainable management of their forests, and were still working on the criteria to define its achievement; and they still lacked the resources.

Africa faced an unprecedented economic crisis. Sustainable management of forests could bring long-term benefits to the poorest sectors of African economies. Mr. Felix cited the examples of ITTO projects in Africa which all worked for the Organization's goals and similar efforts underway in neighbouring countries. Negative movements like the Austrian legislation should be resisted.

65. The Delegate for Indonesia, Mr. Djamaludin, expressed his country's strong support for the position outlined by the Spokesperson for the Producers.

66. The Representative of the European Community, Mr. Enzo Barattini, remarked that the issue under discussion was an important one, having been raised by GATT, as well as during ministerial level talks within the E.C. and ASEAN. The E.C. believed the labelling issue required a comprehensive technical examination. Meanwhile the Community supported the need for international cooperation.

67. The Delegate of the Union de Commerce et Bois Tropicaux pour la CEE, Mr. Morton Bjørner, drew a picturesque parallel by suggesting the Austrians were attempting to enjoy the Wiener Waltz on New Year's Day in the year 2000 (ITTO's target year for all internationally traded tropical timber to originate from sustainably managed forests). But they were well ahead of schedule, because the conductor and orchestra had still to rehearse, and even before that the musicians had to tune their instruments. Moreover the audience had to pay for their tickets in advance. He hoped he spoke for all the trade associations when he stated that Austria had not tried to spoil the music, but had made a premature and ill-rehearsed decision to start the waltz.

68. The Delegate for the Friends of the Earth, Mr. Simon Counsell, stated that the debate on this issue was long overdue, and noted that several labelling and certification systems were in existence, all of which had been developed outside the multilateral forum offered by ITTO, and none of which referred to the Organization's guidelines.

Secondly, Mr. Counsell reminded Delegates that his Organization's Representative, part of the U.K. Delegation to the ITTC(VIII) in 1989, had offered the Council the opportunity to debate the issue at that time, through a pre-project proposal, but the chance was lost. As long as ITTO failed to address this issue, unilateral initiatives like the present one would continue to occur.

69. The Delegate of Austria, Mrs. Elizabeth Weghofer, informed Council that public opinion in her country had been calling for visible action on conservation of tropical rain forests for some time. The Austrian Parliament felt bound to acknowledge the concerns of the Austrian people.

The legislation was not motivated by protectionism, and no quota restrictions were being placed on imports from any country. Moreover, it affected equally Austrian processors of imported tropical timber. The Austrian Parliament merely wished to inform a consumer market increasingly demanding better information. ASEAN itself had acknowledged in principle that labelling could in some instances be legitimate.

Since Austria recognised that tropical timber was an important export for some countries, she was willing to intensify dialogue. Recently the Austrian Government allocated 200 million schillings for assistance to sustainable forest management. A high-ranking Austrian delegation had only recently met with members of the Malaysian Government.

Austria supported ITTO's Target 2000 and its work on guidelines and criteria. Mrs. Weghofer regretted the defensive reflexes apparent in the Executive Director's address to Council but welcomed multilateral discussions on the labelling issue within the framework of ITTO.

70. The Delegate of Austria, Mr. Johannes Skriwan, noted that arguments relating to GATT rules should be dealt with under the aegis of that forum.

Mr. Skriwan argued that the allegations of Austrian protectionism were unfounded, as Austria had little tropical timber processing industry to protect. The Austrian law did not impose any restriction on trans-national transactions, or even on wholesale purchases, but only on retail sales to the final consumer. Therefore it did not trespass on the sovereignty of any other party to the ITTA. Nor did the law seek to qualify tropical timber on the market in relation to temperate timber, but only to identify it. After all, it was a duty of importers to seek to promote the quality of their product. Finally, the ordinance on the quality mark had not yet been put into effect.

Dr. Lim, a Minister in the Malaysian Government, had recently expressed regret that his mission to Europe had not included Austria. He might have been able to raise the sensitivity of the issue for exporters. Mr. Skriwan also pointed out that the Tropical Timber Committee was designed co-opt international expertise and the guidelines established by the ITTO were specifically mentioned in Clause 5 of the Law. The Austrian legislation proposed to integrate the results of international dialogue.

71. The Delegate of UNCTAD, Mr. David Elliott, thanked Council for the work done in preparation for the Negotiating Conference scheduled for 13-16 April (First Part) and 21-25 June 1993 (Second Part). The Conference would be held under the auspices of UNCTAD in Geneva and would be jointly serviced by the UNCTAD and ITTO Secretariats. The Preparatory Committees served to outline the positions of Consumers and Producers.

UNCTAD's experience was that the whole process of re-negotiation took longer than participating governments expected. Procedural matters should be covered well before the Conference to minimise delay.

Mr. Elliott recalled the Cartagena Commitment, paras. 151-2, when the UNCTAD Conference recognised that the combination of improved market access for developing countries' exports and sound environmental policies would be beneficial for the tropical environment. Trade policy measures for environmental purposes should not constitute disguised trade restrictions. Unilateral actions should be avoided. International consensus should govern environmental endeavours.

If a trade measure was used, it should be non-discriminatory, and not restrictive. It should account for the special assistance needed to help developing countries achieve international environmental targets. UNCTAD should systematically explore the links between commodity policy and sustainable development. The UNCTAD Secretariat was currently requesting donor assistance for this work.

72. The Representative of FAO, Mr. I.J. Bourke, thanked the Chairman for affording FAO the chance to participate as an Observer at both the Council and the Prepcom. He saw the Session as notable for its further efforts to concentrate on Target 2000, and the means of achieving it.

FAO was evaluating its own post-UNCED role, and it proposed to strengthen those areas where it had long experience and a comparative advantage, in particular long-term forecasts of demand and supply, forest resource assessments, and non-wood forest products.

The renegotiation was a valuable opportunity to assess the future of ITTO's work. FAO believed any successor agreement should remain focussed on tropical timber, and not be widened to embrace temperate timber and non-wood forest products. Secondly, the original objective of the ITTA for work on markets and trade remained valid. Finally, FAO strongly supported cooperation between organizations working in the field of tropical forestry. Both FAO and ITTO had their own special areas of expertise. FAO looked forward to even closer mutual interaction in the future.

73. The Representative of the UNEP, Mr. Bai-Mass M Taal, thanked Council on behalf of Dr. Tolba, the Executive Director of the U.N. Environmental Programme, for its invitation. UNEP had been a supporter of several ITTO projects, including the Bangkok Workshop on Global Forest Options. In September 1992, the African Ministerial Conference on the Environment (AMCEN), at its Fourth Session in Bangui, Central African Republic, considered the ITTO Target 2000. The Committee on Forests and Woodlands of AMCEN endorsed Target 2000, and their report would be presented to the Bureau of AMCEN, meeting in Nairobi, Kenya, in early 1993. If the Bureau also endorsed the report, then Target 2000 would have the political backing of O.A.U. and E.C.A. Those Members of AMCEN who were timber producers but not currently Members of ITTO expressed their interest in joining the Organization. The Secretariat was requested to contact those countries on the modality of becoming ITTO Members.

74. The Representative of Indonesia, Mr. Djamaludin, thanked those who had helped to make the Council Session a success, and congratulated the new Chairman, Mr. Appiah, on his appointment.

75. The Delegate of an NGO, Mr. Ariel Araujo, informed Council that the World Council of Indigenous Peoples had been at a meeting in Malaysia when these people had decided to create an organization that would defend their interests at every level. This was made in response to centuries of usurpation of their territories and disruption of their lives from the destruction of the forest on which their livelihood depended.

This alliance was divided only geographically throughout the continents. They still entertained serious doubts about the role of ITTO in the conservation of tropical forests. In particular there was concern about violation of land rights of the indigenous people of Sarawak, and the confiscation of the passport of Thomas Jalong, representative of the World Alliance for Tropical Forests.

Nevertheless, the constitution of the alliance authorized it to cooperate with international organizations and Mr. Araujo hoped the relations with ITTO would improve in the future. The Alliance wished to see the successor agreement give opportunities for indigenous peoples to be involved in decision-making at ITTO. Another concern of indigenous people was the scant mention of their

predicament in the published ITTO guidelines on sustainable management, and in particular no guarantee of protection of their lifestyle or their territory.

But other important international agreements, for example Agenda 21, did give recognition to these rights of indigenous peoples. Furthermore, the guidelines for conservation of biological diversity also omitted to mention indigenous peoples who had traditional knowledge of methods for protecting numerous species of forest flora and fauna. Legal demarcation of ancestral landholdings was necessary. Real changes in ITTO's development policy guidelines were necessary. The special societies of indigenous peoples also needed legal recognition.

The indigenous peoples of the world declared once more that they were the original people and the guardians of the tropical forests. The forests were not just an economic resource, but they possessed spiritual values and were an integral part of the life of their communities. Any policy applying to forests should respect cultural as much as biological diversity.

76. The Spokesperson for the environmental NGOs, Mr. Simon Counsell, criticised the Session's overwhelming domination by debate on projects to the exclusion of policy reforms. Terms of trade, market access, and other central issues were neglected while consumer delegations diverted attention to projects. Consumer delegations had failed to state how they would halt the import of products from illegally felled trees, and help producers to prevent such criminal activities.

Whenever the ITTC had discussed policy issues, as with labelling, their approach had been reactive and acrimonious rather than proactive and cooperative. If the meeting had achieved anything, it had shown how great was the need for a better successor agreement based on trust instead of double standards. The NGOs believed the Second Prepcom was essential and a quick roll-over of the old agreement would be highly detrimental. The NGOs commended the courage of the producers in looking to more radical alternatives for the new agreement.

77. The Delegate of the U.S.A., Mr. Robert Johnston, speaking on behalf of the timber trade, reported the agreement revealed at this session by all involved in the trade, producer or consumer, that unilateral government-mandated labelling schemes were a negative factor in the trade. They lessened the likelihood that resources for sustainable management would be available to those producers who most needed them.

Secondly, the trade wished to recall attention to the fact that 2000 was the ITTO Target year, and resources used now to make the final touches of the building before laying the foundation were mis-allocated. Sustainable management required a long-term perspective. Members of the trade needed to live within the terms of the agreement, and a common interest in the success of Target 2000 would enhance the spirit of cooperation.

Decisions and Report of the Session {Item 21}

78. The Representative of the United Kingdom, Mr. Andrew Bennett, speaking on behalf of the E.C., stated that the member states of the Community accepted that Decision 5(XIII) should help to build the consensus among ITTO Members towards Target 2000 agreed at the ITTC(VIII) in Bali.

79. The Representative of China, Mr. Jiang Jianjun, asked for his country to be included in the training programmes envisaged under Decision 6(XIII), although China was a consuming member.

The Chairman replied that efforts were always made to ensure ITTO's developing economy consumer members were granted benefits of this nature.

80. Council adopted the decisions recorded in Annex IV of this report of the Session.

Closing Session

81. The Representative of the European Community, Mr. Enzo Barattini, expressed the Community's appreciation of the large number of delegations present at this meeting, in particular from Africa, and also the strong NGO participation. The address given by the Rt. Hon. Chief Minister for Sarawak was viewed by the Community as evidence of the State's commitment to implementing the ITTO Mission's recommendations. For projects, the Community reiterated its request for approvals to recognize those projects which served the Target 2000 policy, and to develop the formats for reporting. The Project Formulation Manual would be a very useful aid to the development of such projects. In future, it was hoped that Council Sessions could be shorter as a result of improved efficiency.

Mr. Barattini concluded by thanking the Chairman, the Spokespersons, the Chairmen of the Committees, the interpreters, and the City of Yokohama.

82. The Spokesperson for the Producers, Mr. Amha Buang, recalled a tough session which had nevertheless led to progressive decisions. Exhortation and criticism was easy, but implementation of the real work for sustainability was difficult. To ITTO's critics, Mr. Amha set the task of finding another organization so willing to invite them to all meetings and to listen to their viewpoint. Mr. Amha also thanked the Chairman for his astute leadership, the Executive Director and the support of the interpreters and translators; he congratulated the new Chairman Mr. Appiah and the new Vice-Chairman Mr. Suzuki. His working relations with his consumer counterpart had also been good.

Finally the producers wished to express their gratitude to the Government of Japan and the City of Yokohama. Mr. Amha concluded by welcoming all delegates again to the Fourteenth Session of the ITTC to be hosted by Malaysia.

83. The Spokesperson for the Consumers, Mr. Milton Drucker, welcomed what the Consumers' Group saw as progress on many issues: the Guidelines on Conservation of Biological Diversity had finally been approved; at least draft formats for reporting on progress towards Target 2000 had been produced; the project cycle manuals would be published and distributed with appropriate training; the labelling issue had been well-aired; and clear responses were being heard on developments in Sarawak. It remained only for him to thank the Chairman for his leadership, his producer counterpart for a successful cooperation, and all the supporting staff at this Council Session.

84. The Executive Director, in his closing speech, expressed his gratitude to Japan, the City of Yokohama, and many other people, in particular the supporting staff, the interpreters, and the translators. Despite the difficulties of achieving progress in the First Prepcom, Dr. Freezailah saw great benefit in the decision to hold a Second Prepcom. The issues to be addressed were increasingly of a higher order, and he wished to draw Members' attention to Agenda 21, and to the need to position ITTO in a pro-active relationship with major international bodies such as the new U.N. Commission on Sustainable Development, FAO, UNCTAD, and GATT.

Dr. Freezailah exhorted Council Members to ponder deeply on the renegotiation issues to make the Second Prepcom productive and to avoid arriving at the Negotiating Conference in disarray. On behalf of his Secretariat, the Executive Director thanked Council for its understanding treatment of the Administrative Budget, and appealed to Members in arrears to settle these debts without delay.

Dr. Freezailah concluded by making special mention of the Chairman's capabilities in successfully handling a busy year, and congratulated the in-coming Chairman, Mr. Appiah, on his appointment.

85. The Chairman, in his closing remarks, thanked the Chairmen of the Permanent Committees, and expressed appreciation of the work of the Secretariat. He complimented the NGOs and the trade associations on the temperate nature of their interventions. Being a technical person rather than a professional diplomat, the Chairman recalled that he had learned the lesson from his parents that anger generated only heat, but humour sometimes light.

Although the translators were "out of sight" and the interpreters were "out of mind", the Chairman recognised their indispensable services.

As this was his final Session as Chairman, Mr. Boulter wished to stress the importance of project work and the maintenance of a balance among projects. The Action Plan, with its strong emphasis on strategy and the setting of priorities, had tended to be forgotten. Tasks were often assigned to the Secretariat, but no resources were granted to enable them to carry out the tasks. An Executive Committee was needed to assist the Secretariat, and the Finance Committee should make a full review of the Special Account, addressing specific problems with energy.

Looking back over the past five years, progress had been uneven, but that was no reason to lose courage in facing the future. Now was the wrong time to shrink into a risk-averse strategy and the right time to change up to a higher gear.

In closing the Thirteenth Session, Mr. Boulter informed Council that he nevertheless intended to continue as an active force in ITTO, at the Second Prepcom in Quito, in Geneva, and at the Fourteenth Session of the International Tropical Timber Council.

Annex I

LIST OF PARTICIPANTS

{ Document: ITTC(XIII)/Info.5 Rev.1 }

Distr.
GENERAL

ITTC(XIII)/Info.5 Rev.1
20 November 1992

English/French/Spanish

THIRTEENTH SESSION
16-21 & 24 November 1992
Yokohama, Japan

LIST OF PARTICIPANTS

THIRTEENTH SESSION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL
AND ELEVENTH SESSIONS OF THE PERMANENT COMMITTEES
Yokohama, 16-21 & 24 November 1992

MEMBERS

AUSTRALIA

- | | |
|---------------------------------|--|
| * Mr. Don Banfield | Assistant Secretary, Forests Branch, Department of Primary Industries and Energy, Canberra |
| ** Mr. Paul Sutton | Counsellor (Agriculture), Australian Embassy, Tokyo |
| Mr. Daryl King | Director, Environment Economics and International Projects, Department of the Arts, Sport, the Environment and Territories, Canberra |
| Mr. Peter John Hancock | Director, International & Environment Section, Forests Branch, Department of Primary Industries and Energy, Canberra |
| *** Dr. Kenneth Ronald Shepherd | Manager, Forestry and Environment Division, Anutech, Pty, Ltd., Canberra |

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- | | |
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| * Ms. Elisabeth Weghofer | Federal Ministry of Economic Affairs, Vienna |
| ** Mr. Josef Hackl | Federal Environment Agency, Vienna |
| Mr. Johannes Skriwan | Minister, Austrian Embassy, Tokyo |
| Mr. Andreas Herdina | First Secretary, Austrian Embassy, Tokyo |

BRAZIL

- | | |
|------------------------------------|---|
| * Mrs. Annamaria Mosella Portella | Counsellor, Ministry of Foreign Relations |
| ** Mr. Everton Vieira Vargas | Counsellor, Embassy of Brazil in Tokyo |
| *** Mr. Hélio Dos Santos Pereira | Adviser, Ministry of Environment Adviser, Brasília |
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Annex II

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THIRTEENTH SESSION
16-21 & 24 November 1992
Yokohama, Japan

AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Distribution of Votes
6. Admission of Observers
7. Report of the Credentials Committee
8. Statement by the Executive Director
9. Projects:
 - a) Report of the Eleventh Sessions of the Permanent Committees;
 - b) Consideration of Project and Pre-Project Proposals.
10. Report of the Independent Consultants on Project Work and Project Cycle Manuals - Decision 2(X)
11. Sustainable Management of Tropical Forests:
 - a) Reports by members on their proposed progress towards the Year 2000 Target - Decision 3(X);
 - b) Report by the Panel on Assessment of resources needed by producing countries to attain sustainable management of tropical forests by the Year 2000 - Decision 2(XII);
 - c) Consideration of the format for both producing and consuming countries' reports to identify progress towards Target 2000 - Decision 4(XII);
 - d) Consideration of the Draft of the Guidelines for the Conservation of Biological Diversity and Members' comments thereon - Decision 9(XI).

12. Report on ITTO participation in the 1992 United Nations Conference on Environment and Development (UNCED '92)
13. Measures with regard to Article 42 of the International Tropical Timber Agreement, 1983
14. Review of Contributions to the Administrative Budgets
15. Administrative Budget Proposals for 1993
16. Financial Resources of the Special Account:
 - a) Review of the Pre-Project Sub-Account;
 - b) Review of the Project Sub-Account;
 - c) New Contributions to the Special Account.
17. Appointment of Auditors for 1992
18. Election of Chairman and Vice-Chairman for 1992
19. Dates of the Fifteenth Session of the Council and the Thirteenth Sessions of the Permanent Committees
20. Other Business
21. Decisions and Report of the Session

Annex III

**MEMBERSHIP OF COUNCIL AND DISTRIBUTION OF VOTES
FOR MEMBER STATES FOR 1992**

(as at the close of the Thirteenth Session of the Council)

DISTRIBUTION OF VOTES

| | | <u>No. of Votes</u> | |
|--------------------------------|-----|---------------------|-------------|
| | | <u>1992</u> | <u>1993</u> |
| <u>PRODUCERS</u> | | | |
| Africa | | | |
| Cameroon | 28 | 28 | |
| Congo | 28 | 27 | |
| Côte d'Ivoire | 28 | 28 | |
| Gabon | 28 | 28 | |
| Ghana | 28 | 27 | |
| Liberia | 27 | 27 | |
| Togo | 27 | 27 | |
| Zaire | 28 | 28 | |
| Asia & Pacific | | | |
| India | 38 | 38 | |
| Indonesia | 174 | 178 | |
| Malaysia | 147 | 147 | |
| Papua New Guinea | 33 | 32 | |
| Philippines | 35 | 32 | |
| Thailand | 24 | 24 | |
| Latin America | | | |
| Bolivia | 30 | 28 | |
| Brazil | 155 | 151 | |
| Colombia | 33 | 31 | |
| Ecuador | 22 | 20 | |
| Guyana | - | 20 | |
| Honduras | 17 | 15 | |
| Panama | 18 | 16 | |
| Peru | 35 | 33 | |
| Trinidad and Tobago | 17 | 15 | |
| Total: | | 1,000 | 1,000 |
| <u>CONSUMERS</u> | | | |
| Australia | 19 | 19 | |
| Austria | 11 | 11 | |
| Canada | 15 | 12 | |
| China | 28 | 30 | |
| Egypt | 14 | 15 | |
| European Community | | | |
| Belgium/Luxembourg | 27 | 27 | |
| Denmark | 12 | 11 | |
| France | 49 | 47 | |
| Germany | 41 | 37 | |
| Greece | 13 | 13 | |
| Ireland | 12 | 13 | |
| Italy | 39 | 38 | |
| Netherlands | 45 | 44 | |
| Portugal | 17 | 18 | |
| Spain | 25 | 26 | |
| United Kingdom | 56 | 50 | |
| Finland | 10 | 11 | |
| Japan | 335 | 346 | |
| Nepal | 10 | 10 | |
| New Zealand | - | 10 | |
| Norway | 11 | 11 | |
| Republic of Korea | 89 | 95 | |
| Russian Federation | 13 | 14 | |
| Sweden | 11 | 11 | |
| Switzerland | 11 | 11 | |
| United States of America | 87 | 70 | |
| Total: | | 1,000 | 1,000 |

Annex IV

TEXT OF THE MAIN DECISIONS

ADOPTED BY THE COUNCIL AT ITS THIRTEENTH SESSION

{ Documents: ITTC(XIII)/8
ITTC(XIII)/9
ITTC(XIII)/10
ITTC(XIII)/11
ITTC(XIII)/12
ITTC(XIII)/13
ITTC(XIII)/14
ITTC(XIII)/15
ITTC(XIII)/16 }

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GENERAL

ITTC(XIII)/8
24 November 1992

Original: ENGLISH

THIRTEENTH SESSION
16-21 & 24 November 1992
Yokohama, Japan

DECISION 1(XIII)

PROJECTS AND PRE-PROJECTS

The International Tropical Timber Council,

Having considered, at its Thirteenth Session, the recommendations of the three Permanent Committees on Projects as contained in documents PCM(XI)/10 Rev.1, PCF(XI)/11 Rev.1 and PCI(XI)/10 Rev.1,

1. Decides

i) To approve the following Projects:

| | |
|----------------------|---|
| PD 27/92 Rev.1 (M) | Extension and Promotion of an Information System for Tropical Timber Properties to Encourage Appropriate Use of More Species (\$460,360.00) |
| PD 31/92 (M) | Selection and Introduction of Lesser-Known and Lesser-Used Species for Specific End-Uses - Phase 3 (\$357,700.00) |
| PD 36/92 (M) | Collection and Computer Processing of Forest Statistics with a View to Improving the Management of the Forest Resources of Gabon (\$649,950.00) |
| PD 40/92 Rev.1 (M) | Study on the Internal Timber Market in Cameroon for the Purpose of Improving the Management of the Forest Resources (\$137,820.00) |
| PD 8/92 Rev.2 (F) | Study on the Growth of Native Species of Commercial Interest in Honduras (\$922,467.00) |
| PD 9/92 Rev.1 (F) | Forest Development in Islas de la Bahia, Honduras, Central America (\$722,619.00) |
| PD 15/92 Rev.3 (F) | Establishment of a Germ Plasm Bank and Pilot Reforestation Units (\$394,520.00) |
| PD 16/92 Rev.2 (F) | Timber Logging in Rondonia - Phase I: Socio-Economic and Environmental Diagnosis (\$352,800.00) |
| PD 26/92 Rev.1 (F,I) | Development of Methods and Strategies for Sustained Management of Moist Tropical Forest in Cameroon (\$1,816,810.00) |

| | |
|----------------------|--|
| PD 32/92 Rev.1 (F) | Agro-Forestry Systems for the Communities of Nova California and Extrema, Rondonia, Brazil (\$1,066,460.00) |
| PD 37/92 Rev.1 (F) | Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest (\$1,265,292.00) |
| PD 39/92 Rev.1 (F) | Dissemination and Training on ITTO Guidelines and Criteria (\$624,750.00) |
| PD 42/92 Rev.1 (F,I) | Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio (\$1,177,050.00) |
| PD 43/92 Rev.1 (F) | Strengthening of the Amazon Forest Development Centre for the Sustainable Management of Tropical Forests (\$519,120.00) |
| PD 45/92 Rev.1 (F) | Agro-Forestry Systems for the Communities of Medicilandia-Para, Brazil (\$1,195,779.00) |
| PD 47/92 Rev.1 (F) | Project on Sustainable Forest Management, Production and Regulation in an Area of the Colombian Andes (\$742,875.00) |
| PD 17/92 Rev.3 (I) | Technology Transfer/Commercialization of Selected Cocowood Utilization Technologies (\$626,990.00) |
| PD 35/92 (I) | Vocational Training Center for the Forest Industry - Timber, Furniture Industries and Environment in the Amazonian Region (\$1,354,967.00) |
| PD 46/92 (I) | World Conference on Tropical Plywood in the Latin America/Caribbean Region (\$223,650.00) |

ii) To authorize financing for immediate implementation of the following Projects:

PD 27/92 Rev.1 (M)
PD 31/92 Rev.1 (M)
PD 9/92 Rev.1 (F)
PD 39/92 Rev.1 (F)
PD 46/92 (I)

iii) To authorize financing for immediate implementation of the following Project approved at the Eleventh Session and re-designated with a phased implementation at this Session:

PD 172/91 Rev.2 (F) {Phase 1} (\$526,339.00)

iv) To authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account, of the following Projects approved at this Session:

PD 36/92 (M)
PD 40/92 Rev.1 (M)
PD 8/92 Rev.2 (F)
PD 15/92 Rev.3 (F)
PD 16/92 Rev.2 (F)
PD 26/92 Rev.1 (F)
PD 32/92 Rev.1 (F)
PD 37/92 Rev.1 (F)
PD 42/92 Rev.1 (F)
PD 43/92 Rev.1 (F)
PD 45/92 Rev.1 (F)
PD 47/92 Rev.1 (F)

PD 17/92 Rev.3 (I)
PD 35/92 (I)

- v) To authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account, of the following projects approved at earlier Sessions and re-designated with phased implementations at this Session:

| | |
|---------------------|---|
| PD 171/91 Rev.2 (F) | Phase 1 (\$905,596.00) & Phase 2 (\$1,364,189.00) |
| PD 172/91 Rev.2 (F) | Phase 2 (\$629,974.00) |
| PD 14/92 Rev.2 (F) | Phase 1 (\$1,500,000.00), Phase 2 (\$1,000,000.00) & Phase 3 (\$500,000.00) |

- vi) To authorize the release of a further amount of \$138,000.00 to allow the continued implementation of Project PD 86/90 (F) until the 30 June 1993.
- vii) To authorize the release of a further amount of \$500.00 to allow for the draft final report on PD 97/90 Rev.1 (F) to be independently reviewed.

2. Notes the recommendations of the Permanent Committees that additional funds should be released to allow continued implementation of the following Projects and authorizes such releases as soon as earmarked funds are available in the Special Account:

| | |
|---------------------|----------------|
| PD 157/91 Rev.1 (F) | (\$210,000.00) |
| PD 4/87 Rev.1 (I) | (\$410,130.00) |
| PD 60/89 (M,F,I) | (\$220,000.00) |
| PD 73/89 (M,F,I) | (\$330,000.00) |

3. Notes the decision of the Permanent Committees to implement the following Pre-Projects:

| | |
|--------------------|---|
| PPD 9/92 (M) | Technical Workshop on Pre-Project Report PPR 23/91 (M) (\$84,000.00) |
| PPD 6/92 Rev.1 (F) | Study of the Stratification of the First Forest Zone of Gabon for the Purpose of Forest Management (\$157,500.00) |
| PPD 12/92 (F) | Publication and Dissemination of the ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests (No budget) |
| PPD 8/92 Rev.2 (I) | Creation of a Center for the Promotion of Lesser-Known Species in Europe (\$52,500.00) |
| PPD 10/92 (I) | Harmonization and Integration of Work Proposed Under PD 177/91 (M,F,I) and PD 41/92 (F) (\$44,000.00) |
| PPD 11/92 (I) | Reviewing and Preparing Supporting Documents for Work on Guidelines for Sustainable Development of Forest Industries (\$57,200.00) |

4. Authorizes financing of the following Pre-Projects for immediate implementation:

PPD 6/92 Rev.1 (F)
PPD 10/92 (I)

5. Authorizes financing for immediate implementation as soon as funds are available in the Special Account, of the following Pre-Projects approved at this Session:

PPD 9/92 (M)
PPD 12/92 (F)
PPD 8/92 Rev.2 (I)
PPD 11/92 (I)

6. Authorizes extended implementation of the following Pre-Project which was approved at the Eighth Session.

Realistic Strategies for the Conservation of Biodiversity in Tropical Moist
Forests
(\$45,000.00)

7. Urges Members to consider financing those approved Projects and Pre-Projects for which funds are not immediately available.

8. Appeals to Members in accordance with Decision 6(XIII) to make unearmarked contributions to the Special Account which comprise at least 10% of the total value of their pledge, the remainder being voluntary contributions allocated to approved Projects or Pre-Projects, and furthermore decides that such unearmarked contributions shall not be allocated without the prior authorization of the Council.

9. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects and Pre-Projects for which funds are not immediately available.

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16-21 & 24 November 1992
Yokohama, Japan

DECISION 2(XIII)

CONCERTED ACTION TO PROMOTE POLICIES
CONDUCTIVE TO SUSTAINABLE FOREST MANAGEMENT

The International Tropical Timber Council,

Recognizing the importance of the objectives of the ITTO as set out in Article 1 of ITTA, 1983;

Reaffirming the obligations of all Members under the ITTA and their commitment to the objectives of that Agreement;

Conscious of the need, in consonance with the ITTA, "to provide an effective framework for cooperation and consultation between tropical timber producing and consuming Members with regard to all relevant aspects of the tropical timber economy";

Further recognizing the importance of creating conditions of cooperation in consonance with Article 1(h) of the ITTA, "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";

Recalling the Final Declaration of UNCTAD VIII "A New Partnership for Development: The Cartagena Commitment;"

Further recalling the documents adopted at UNCED, in particular the Non-legally binding authoritative statement of principles for a global consensus on the management, conservation, and sustainable development of all types of forests;

Recognizing that unilateral action restricting international trade in tropical timber is considered by many Members to be harmful to forest conservation and sustainable management;

Noting that issues related to possible restrictions on trade in tropical timber are under active discussion at the General Agreement on Tariffs and Trade;

Calls upon Members to ensure that any actions regarding tropical timber in international trade should be taken in conformity with the spirit and objectives of the ITTA, 1983, and should promote conditions of better market access and equitable prices for tropical timber.

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16-21 & 24 November 1992
Yokohama, Japan

DECISION 3(XIII)

SUSTAINABLE FOREST MANAGEMENT IV

The International Tropical Timber Council,

Recalling Agenda 21 adopted by UNCED in June 1992 in Rio de Janeiro;

Recalling Decision 2(XII) reiterating the sovereign rights of all Members over the management of their natural resources;

Recalling the report of the Panel of Experts that was convened under Decision 7(XI) to estimate the resources that would be needed by producing Members to attain sustainable management of their tropical forests by the Year 2000;

Taking into account the need for the producing Members to submit their respective estimates to the Executive Director to permit an adequate assessment of those resources;

Decides:

1. To reconvene a Panel of Experts at its next session to recommend the approach and methodology for estimating resources needed and to collate estimates submitted by Members.
2. To invite producing Members which have not yet submitted their respective estimates to do so in order to assist the Panel of Experts in their work;
3. To encourage the transfer of technology on mutually agreed terms, taking into account the needs of developing country Members, and encourage the continued provision of financial resources for the sustainable management of tropical forests for the production of internationally traded tropical timber, where appropriate.

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ITTC(XIII)/11
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THIRTEENTH SESSION
16-21 & 24 November 1992
Yokohama, Japan

DECISION 4(XIII)

CONSERVATION OF
BIOLOGICAL DIVERSITY IN TROPICAL PRODUCTION FORESTS

The International Tropical Timber Council,

In accordance with Article 1(h) of the ITTA,

Noting the report of the Working Group to formulate "Guidelines for the Conservation of Biological Diversity in Tropical Production Forests", established in Decision 6(X);

Further noting the recommendation of the Permanent Committee on Reforestation and Forest Management contained in Document PCF(XI)/11 Rev.1;

Decides:

- (a) To adopt the ITTO Guidelines for the Conservation of Biological Diversity in Tropical Production Forests contained in forthcoming Document ITTC(XI)/7 Rev.3 as described in the above report of the Permanent Committee as an annex to the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests;
- (b) To commend the ITTO Guidelines as an international reference standard to Members and the international community in general as a major contribution towards the goal of sustainable utilization and conservation of tropical forests and their genetic resources;

Requests the Executive Director to publish the document widely as an annex to the ITTO Guidelines on the Sustainable Management of Natural Tropical Forests and promote its use throughout the international community, whilst not preventing Member countries from pursuing project proposals in accordance with the objectives of the ITTA, and to transmit the document to relevant international organisations, particularly the United Nations Environment Program;

Further requests the Executive Director to include the ITTO Guidelines for the Conservation of Biological Diversity of Tropical Production Forests at the next printing of the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests.

Recognizing the possible need to update these guidelines as appropriate in the light of work being done in the context of the Convention on Biological Diversity and in the light of other relevant work;

Invites Member countries to take the ITTO Guidelines into account when submitting project proposals in this field.

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DECISION 5(XIII)

FORMAT OF ITTO REPORTS

The International Tropical Timber Council,

Recalling Articles 27 and 28 in Chapter IX of the ITTA 1983 which provide for Members to report on statistics, studies and other information relevant to the trade in tropical timber;

Further recalling the commitment made to Target 2000 at the VIII Session of the ITTC, as well as Decision 3(X) which invites Governments to provide information annually on their progress towards this Target;

Noting other relevant decisions which have been taken by the ITTC on this matter, in particular Decision 4(XII), and other work which has been undertaken, including the criteria for measurement of sustainable tropical forest management;

Reaffirming the importance of accurate and comprehensive information from Members to promote the activities of the Organization and to assist in achieving the objectives of the ITTA;

Recognizing the desirability of rationalizing the provision of information into one annual report by Members;

Further recognizing that the availability of data is presently limited for some Members;

Reiterates its invitation to assist Members to prepare their reports, upon their request, and to finance such assistance via the Special Account where appropriate.

Decides to commend the Annex to Members for their consideration and for decision at the Fourteenth Council Session in Kuala Lumpur.

ANNEX

REPORTING FORMAT

The following reporting format has been provided by the Council to assist Members in the preparation of annual reports as provided for under Articles 27 and 28 of the Agreement and for informing the Council of progress towards meeting the Year 2000 Target.

In commending this format, Council noted that Members would only be expected to report once annually on those aspects relevant to their own specific circumstances and which are within the scope of the Agreement. Council also noted that the availability of data is presently limited for some Members and that this would affect their reporting capability.

Council also noted that having submitted their first reports utilizing this format, Members would only be expected to provide updated information in subsequent annual reports.

REPORTING FORMAT

1. INTRODUCTION/SUMMARY

2. INSTITUTIONAL AND POLICY FRAMEWORK

- . Legal and institutional framework for national tropical forest policy and implementation of tropical forest management plans.
- . Relationship of ITTO Decisions, Target 2000 and ITTO Guidelines to national forest policy.
- . Relevant legislation and other measures affecting trade in tropical timber.
- . Measures to increase the efficiency of tropical timber utilization and promote production of value added timber products.

3. TROPICAL FOREST RESOURCE BASE

- . Areas and distribution of protection forests, production forests and plantations and their relation to national goals and targets.
- . Plantation establishment targets and annual planting regimes.

4. PRODUCTION AND TRADE OF LOGS, SAWNWOOD, VENEER, PLYWOOD, FIBREBOARD

[Trade statistics should be reported using the internationally agreed harmonized tariff schedule]

- . Production level by major products by species groups and estimates of future production.
- . Export and import values and volumes.
- . Prices for major products by species groups.
- . Stocks.
- . Share of tropical timber in total timber trade.
- . Annual trends in timber production from the forest, consumption and international trade.

5. INTERNATIONAL CO-OPERATION

- . International financial and technical cooperation relevant to tropical forest management and international trade in tropical timber.
- . Research and development in tropical forest resource issues.
- . Measures to increase production and utilization efficiency including measures to increase value added in producer countries.

6. ENVIRONMENTAL MEASURES

- . Environmental legislation and policies as related to tropical timber: environmental assessments, regulations for forest operations, and other relevant measures.

7. SOCIO-ECONOMIC EFFECTS

- . Economic flows associated with production and/or use of tropical timber.
- . Provisions for involvement of local communities.
- . General economic conditions which affect supply and demand of wood products.

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16-21 & 24 November 1992
Yokohama, Japan

DECISION 6(XIII)

PROJECT WORK AND PROJECT CYCLE MANUALS

The International Tropical Timber Council decides to:

- i) adopt the proposals and recommendations made by the Independent Consultants on Project Work and the Project Cycle Manuals, set out in ITTC(XII)/6 Rev.1, as amended by ITTC(XII)/6 Rev.1 and Add.1/Amend.1 and Annex 1 to this Decision;
- ii) request the Executive Director to proceed immediately, under PD 73/89 (M,F,I) (Assistance for Project Identification and Formulation), with publication of a Manual for Project Formulation and a Manual for Project Monitoring, Review and Evaluation containing the relevant parts of the above document, together with an appropriate supply of the new Project Document and other forms;
- iii) request the Executive Director to institute a programme to disseminate the Manuals, and to train project formulators in their use, in all three producing Member regions, along the lines in Annex 2 to this Decision, under PD 73/89 (M,F,I), and to propose, if necessary, an extension of that project;
- iv) invite donor Members and other sources to contribute the necessary resources to finance the work set out above from the Special Account;
- v) adopt the other procedures and arrangements recommended in ITTC(XII)/6 Rev.1, as amended by ITTC(XII)/6 Rev.1 and Add.1/Amend.1 and Annex 1 to this Decision, insofar as they have not already been dealt with in Decision 5(XII);
- vi) examine further at its next Session the proposals and recommendations of the Independent Consultants on guidelines for the employment of consultants and guidelines for the procurement of goods and services, as set out in documents ITTC(XII)/6 Add.1 and ITTC(XII)/6 Add.2, as amended by ITTC(XII)/6 Rev.1 and Add.1/Amend.1.

ANNEX 1

The Appraisal and Approval Procedures recommended by the Independent Consultants in Attachment 4 to their Report [ITTC(XII)/6 Rev.1] are adopted with the following changes:

Role of the Expert Panel [paragraph 26 (iv) and (v)]

The Expert Panel will comment to the Council on the adequacy and completeness of the PD, on whether it is advisable to have specific Pre-Project activities to complete the definition of the project, and on whether such Pre-Project activities should therefore be immediately agreed by ITTO; but all PD proposals will nevertheless continue to be circulated to the Council for decision, as at present.

Unearmarked Pledges [paragraph 31 (viii)]

The Council shall encourage donors to make preferably at least 10% of any pledge made to the Special Account unearmarked, on a voluntary basis, in which case each donor may stipulate to which Sub-Account this percentage is to be allotted.

Model Project Agreement (Annex B)

Individual agreements will vary as necessary from this Model in accordance with the particular features of each project and any legal requirements of the relevant member or members.

ANNEX 2

Elements of a Programme for
Training in the Use of the Manuals

1. The aim of the programme will be to make potential proposers of Projects and Pre-Project activities fully familiar with the use of the Manuals.
2. The new PD format would be applied, so far as practicable, to proposals submitted to ITTC(XV) in November 1993, but would become standard only for proposals submitted to the following Council Session.
3. A specialized institution or firm would be employed as consultants to prepare a series of workshops (more than one in each Region, if necessary), in the appropriate languages, to be run by the above consultants in Africa, Asia/Pacific and the Latin America/Caribbean Regions. Participants in the workshops from individual Member countries would belong to one appropriate national institution, chosen by the relevant government as the focal point for disseminating knowledge of the procedures and concepts contained in the Manuals to other institutions within that country.
4. Appropriate training materials, in all relevant languages, including audio-visual materials as necessary, would be produced by the consultants mentioned above, based upon the Manuals, and used in the workshops.
5. Subsequently a series of national workshops would be requested by individual Members, at their wish, to transfer the training technique fully to the national institution mentioned in paragraph 3 above, and to assist it to disseminate the concepts and procedures for ITTO project formulation, and for project monitoring, review and evaluation, among all concerned. This would include trade associations, academic institutions and NGOs. These workshops would also use the materials mentioned in paragraph 4 above, and provided under the Programme, supplemented as necessary with the help of the consultants who would participate, as appropriate, in the proposed national workshops.

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16-21 & 24 November 1992
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DECISION 7(XIII)

APPOINTMENT OF AUDITOR FOR
THE 1992 FINANCIAL YEAR ACCOUNTS

The International Tropical Timber Council,

Noting the requirements of Rules 7 and 16 of the Financial Rules and Rules relating to Projects,

Decides to re-appoint the firm named below to audit the Accounts of the Organization for the Financial Year 1992.

Arthur Andersen & Co., S.C., -- Eiwa Audit Corporation
Nihon Seimei Akasaka Building
1-19, Akasaka 8-chome
Minato-ku, Tokyo 107
Japan

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Yokohama, Japan

DECISION 8(XIII)

FINANCIAL TRANSACTIONS AND FINANCIAL INSTITUTIONS

The International Tropical Timber Council,

Affirming the importance of project activities as described in Article 23 of the ITTA, 1983,

Recalling Chapter III of the Financial Rules and Rules relating to Projects as set forth by the Council at its Third Session in Document ITTC(III)/17,

Noting the high transaction costs incurred, and the additional administrative demands inherent in the existing system of receiving voluntary contributions and disbursing funds to Executing Agencies for projects, pre-projects, and activities being implemented in ITTO producer member countries,

Desiring to minimise transaction costs, and to increase the efficiency of the transfer of funds to ITTO projects,

Authorizes the Executive Director, in accordance with Rule 10 of the Financial Rules and Rules relating to Projects, to open one account at a major bank in the United States of America in the name of the "International Tropical Timber Organization (Special Account: Overseas Sub-Account No.1)", and one account at a major bank in France in the name of the "International Tropical Timber Organization (Special Account: Overseas Sub-Account No.2)",

Decides that both Overseas Sub-Accounts may be used to receive voluntary contributions and to make disbursements to projects, pre-projects, and activities **provided that** the amount of each disbursement shall be refunded within two months of disbursement either by a remittance from the Special Account funds held in the Japanese bank already approved by Council to the relevant Overseas Sub-Account or by debit entry against the relevant earmarked voluntary contribution already deposited within the Overseas Sub-Account.

Further decides that either Overseas Sub-Account may be used as an intermediary banking facility for receipt of the revenues described in Rule 6 (b) of the Financial Rules and Rules relating to Projects **provided that** such revenues shall be transferred within two months of their receipt to the bank already approved by Council under the aforesaid Rule 6 (b).

Re-iterates that all provisions of Chapter III of the Financial Rules and Rules relating to Projects shall continue to enforce the implementation of this Decision.

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ITTC(XIII)/16
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THIRTEENTH SESSION
16-21 & 24 November 1992
Yokohama, Japan

DECISION 9(XIII)

RENEGOTIATION OF ITTA, 1983

The International Tropical Timber Council,

Recalling its Decision 3(XI) of 4 December 1991 on the arrangements for the renegotiation of the ITTA, 1983;

Noting that the UNCTAD has arranged two Sessions of Negotiating Conferences to be held in Geneva on 13-16 April 1993 and 21-25 June 1993;

Taking note of the Report of the Chairman of the informal Working Group which convened in Washington D.C. (USA) from 24-25 September 1992 (Document PrepCom(I)/3);

Noting further the progress made at the First Session of the Preparatory Committee in Yokohama from 11-13 November 1992 and 23-24 November 1992;

Recognizing the need to continue further consultations in order to achieve as broad an agreement as possible on major issues;

1. Decides to convene a Second Session of the Preparatory Committee to be held from 22 January to 30 January 1993; the first part of which, a meeting for Producer Member States, will take place from Friday 22 January to Tuesday 26 January 1993. The second part, for all members, will take place from Wednesday 27 January to Saturday 30 January 1993;
2. Accepts the generous offer of the Government of Ecuador to host the Second Session of the Preparatory Committee;
3. Requests the Executive Director to invite all member States of the ITTO, as well as such other States, intergovernmental and non-governmental organizations as the Council shall decide to admit;
4. Authorizes the Executive Director to transfer the sum of US\$ 50,000 from the Working Capital Account of the Administrative Budget to finance partly the cost of the Second Session of the Preparatory Committee and to undertake consultations with potential donors in order to secure the balance of funds needed to meet the full costs of the Session;
5. Appeals to all Members to study the relevant documentation and develop their negotiating position to facilitate deliberations at the Preparatory Session;
6. Further decides to convene the First Special Session of the Council on 30 January 1993 to review the outcome of the Second Preparatory Session and to consider what further steps are needed before the start of the first Negotiating Conference under the auspices of UNCTAD.

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Annex V

REPORTS OF THE ELEVENTH SESSIONS OF THE THREE PERMANENT COMMITTEES

**{ Documents: PCM(XI)/10 Rev.1
 PCF(XI)/11 Rev.2
 PCI(XI)/10 Rev.1 }**

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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
ELEVENTH SESSION OF THE PERMANENT COMMITTEE ON
ECONOMIC INFORMATION AND MARKET INTELLIGENCE

Table of Contents

Report

Appendix 1 Technical Assessment of Projects

Appendix 2 Technical Evaluation of Projects in the field of Economic Information and Market Intelligence

REPORT

1. Opening of the Session

The Eleventh Session of the Committee was opened on 16 November 1992 at a Joint Session of all three Permanent Committees under the Chairmanship of Dr. Toga Silitonga (Indonesia), Chairman of the Permanent Committee on Economic Information and Market Intelligence. The list of Participants is reproduced in document ITTC(XIII)/5.Rev.1.

2. Adoption of Agenda and Organization of Work

The Committee adopted the Agenda of its Eleventh Session as contained in document PCM(XI)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is reproduced in documents ITTC(XIII)/Info.6 Rev.1

4. Report on Project Work in Progress

The Committee considered the Report, document PCM(XI)/3 prepared by the Secretariat, on the progress or status of projects approved for implementation by the Council. The Committee took note of the Progress Report on the following projects :

- | | | |
|----|---------------------|---|
| a) | PD 42/88 Rev.1 (M) | The Structure of China's Tropical Timber Market, the Current Situation of International Cooperation of PRC, and the Prospects for the Year 2000. |
| b) | PD 118/90 (M) | Training Workshops on Tropical Forestry and Timber Trade Statistics. |
| c) | PD 124/91 Rev.1 (M) | Study on the Substitution of Bamboo for Tropical Timber as Raw Material in China. |
| d) | PD 173/91 Rev.2 (M) | Market News Service for Tropical Timber and Timber Products, Phase II. |
| e) | PD 182/91 Rev.1 (M) | Analysis of Macro-economic Trends in the Supply and Demand of Sustainably Produced Tropical Timber, Phase I: Analysis of the Asia-Pacific Region. |
| f) | PD 167/91 Rev.1 (M) | Diagnosis and Evaluation of the Brazilian Forestry Sector |

5. Review of ITTO Activities in Progress

The committee reviewed and took note of the Secretariat document containing reports in the Progress on the following activities:

- I. **Feasibility of Strengthening Incentives for the Management of Tropical Moist Forest for Sustained Production in a Producer Country.**

The study is being conducted by the IIED in cooperation with the Government of Ghana. Dr. Caroline Sargent presented a progress report to the Committee.

/...

The study is being conducted by the IIED and the WCMC. The target countries are Cameroon, Ecuador and Indonesia. Dr. Mark Collins of the WCMC presented the progress report on this study which also contained the report on the completion of Phase I and the outline of the study to be undertaken under Phase II.

II. Forest Resource Accounting: Monitoring Forest Condition and Management

The study is being conducted by the IIED and the WCMC. The target countries are Cameroon, Ecuador and Indonesia. Dr. Mark Collins of the WCMC presented the progress report on this study which also contained the report on the completion of Phase I and the outline of the study to be undertaken under Phase II.

III. The Economic Linkages between the International Trade in Tropical Timber and the Sustainable Management of Tropical Forests

The study was conducted for the ITTO by the London Environmental Economics Centre (LEEC), London. Dr. E. Barbier of the LEEC, Leader of the Research Team, formally presented the draft Final Report to the Committee. The full text of the draft Report was only ready for distribution to delegations shortly before the meeting. Consequently discussions in the Committee were based on the Executive Summary which had been reproduced in the relevant Secretariat document and distributed to delegations. Nonetheless, several delegations raised issues over some of the summary findings of the Report.

In view of the short time available between the issue of the report and the meeting of the Committee and also the lack of copies in a language other than English, it was not possible following a presentation of the Executive Summary, to have a full and detailed discussion of this important document.

It was, therefore, decided that in order to give time for a thorough discussion of the report, an opportunity should be afforded for a comprehensive discussion during the next Twelfth Session of the Committee in Kuala Lumpur.

The theme for the Market Discussions at this meeting will, therefore, be:

***Policy Issues and Options Concerning Linkages Between the Tropical Timber Trade and Sustainable Forest Management.**

Of the usual two days allocated for the market discussions, one and a half days will be allocated to this issue.

To ensure a wide ranging discussion all delegations are invited to compose their delegations with a specific view to the discussion of this most important issue.

To get to the core of the study from the start of the discussion, all delegations are urged, following their indepth study of the LEEC report to prepare and submit to the Secretariat a short summary of their priority views before the end of March 1993.

Copies of the Study in French and Spanish will be dispatched to members early in February 1993, at the latest.

6. Report on Completed Projects

The Committee had before it for consideration a Report, document PCM(XIII)/5 prepared by the Secretariat on two completed projects.

1. PD 66/89 (M) **Study of the Trade and Markets for Tropical Hardwoods and Derived Manufactures in North America**

The Study was commissioned from a consultancy firm, Ward International Associates Inc., (formerly John V. Ward & Associates), Washington, DC., USA.

The Committee took note of the study and invited members to submit to the ITTO Secretariat by 29 December 1992 any comments which may be considered for revision before the final publication.

2. PD 158/91 Rev.1 (M) **Market Intelligence: Analysis of the Wood Flow as a Basis for an Early Warning System for the Tropical Timber Market - Phase II: Testing the System**

Although this phase of the Project has been completed, the final Report was yet to be submitted for consideration. The representative of the SBH, Ir. R.C. de Boer made a presentation on the final stages in the process of completing the project. The final Report including the conclusions and firm proposals for a follow-up phase III, is to be submitted for consideration by the Committee at its next Twelfth Session in Kuala Lumpur in May 1993. Meanwhile, it was hoped that the Committee could indicate its interest in seeing the project continued through follow-up phase.

General discussion on the project as reported indicated a number of views :

- a. The possibility of extending the methodology to cover temperate hardwood and softwood, thus providing a total overview of the wood flow in the world timber trade. The representatives of SBH and of the Netherlands pointed that the methodology used for the current project had been taken from the one used to show the wood flow of all timber trade in the Netherlands. It would therefore be possible to extend that methodology to a study covering temperate hardwood and softwood. However, this would involve many practical difficulties of coverage and costs which the ITTO may not be able to cope with in terms of its statutory mandate and available finances.
- b. The possibility of extending the study to cover other target countries outside the EC and Switzerland, for instance, Japan and USA. The representative of SBH was of the view that the possibility of extending the system could be examined. But in the meantime, the scope of data collection for the seven European countries that were under review in PD 158/91 Rev.1 (M) should be extended to cover market information in 1992. In this way the system can be improved in a continuous manner.
- c. There was a query of why the project did not include a study based on prices and the price structure of timber. The representative of the SBH responded that this would be difficult as any such information depended on the time of transactions, quality of species, trade contracts and other factors in the trade. The Vice Chairman of the Committee referred the Committee to the availability of some information on prices in the ITTO Market News Service.

There was agreement that the output of the project provided good market information and the Committee would be interested in examining further at the appropriate time proposals for a follow-up project in order to continue the market exercise.

7. Consideration of Project Proposals

The Committee had before them five project proposals evaluated by the Expert Panel for the Technical Appraisal of Project Proposals, and further considered by an informal Working Group of the Committee. The details of the technical assessment of the projects are given in Appendix 1 of this Report.

1. PD 27/92 Rev.1 (M) **Development of an Information System for Tropical Timber Properties to Promote Appropriate Use of More Species.**

The Report of UK and Netherlands in response to the comments by the Expert Panel indicated that a meeting had taken place by Oxford Forestry Institute and the Agricultural University of Wageningen the prospective executing agencies of Project PD 31/92 Rev.1 (M) and PD 27/92 Rev.1 (M) respectively to ensure that the outputs of the two projects under consideration were complementary. The Committee decided to recommend PD 27/92 Rev.1 (M) for approval and implementation.

2. PD 36/92 (M) **Collection and Computer Processing of Forest Statistics with a View to Improving the Management of the Forest Resources of Gabon.**

The Committee decided to recommend this project for approval and implementation.

3. PD 40/92 Rev.1 (M) **Study of the Internal Timber Market in Cameroon for the Purpose of Improving the Management of the Forest Resources.**

After a few clarifications from the Representative of Cameroon, the Committee decided to recommend the project for approval and implementation.

4. PD 31/92 Rev.1 (M) **Selection and Introduction of Lesser-Known and Lesser-Used Species for Specific End-Uses: Phase 3**

It was emphasized that the output of this project should be complementary to that of Project PD 27/92 Rev.1 (M). The Committee took note of the arrangements being made for collaboration by the two executing agencies and also with CTFT's database. Furthermore, the representative of Brazil expressed some reservations on how contacts between the authorities of Brazil and the same executing agency under the earlier phase II of the project i.e. PD 134/91 (I) had proceeded.

She urged a more satisfactory arrangement which will ensure that all contacts with private industry and other Brazilian collaborators could be facilitated by channelling them through IBAMA to ensure that the Government of Brazil, a member State, was kept well posted on cooperative arrangements in the development of the Project.

The Committee decided to recommend this project for approval and implementation.

5. PD 211/91 Rev.1 (M) **Expansion and Application of a Tropical Timbers Information (TTI) Database**

The Committee's discussion followed the recommendations of the Expert Panel which concluded that it might be necessary to organize a technical workshop for further substantive and more focused debate on the pre-project Report (PPR 23/91 (M) "Study on the Conservation Status of Tropical Timbers in Trade"). The discussion should address the overall concern over the conceptual framework and review in particular the methodology to be used in collecting data. The review of the methodology should focus on how data is collected and how criteria and indicators are determined and defined in relation to the overall objectives and needs for tree species and habitat conservation.

In response to the Panel's comments, the two submitting Governments, UK and Netherlands submitted to the Committee a proposal for organizing a technical workshop of some fifteen experts and tentatively scheduled for March 1993. The venue of the Workshop would be decided after due consultations. The budget for this, not exceeding US\$ 80,000, would be borne by the UK and the Netherlands.

The Committee agreed to recommend the organization of the Workshop after due consultations on the logistics.

8. Annual Review and Assessment of the World Tropical Timber Situation
(Revision of document ITTC(XII)/3 "Elements for 1991 Annual Review") Joint Session

Due to pressure of time it was not possible to take up this matter in Joint Session of the three Committees.

Copies of the revised "Elements for the Annual Review had, however, been widely distributed for study by all delegations. It was recommended that any further revisions requested could be communicated to the Secretariat. The Annual Review still contained gaps in the information provided despite ITTO having country correspondents in many countries. Members were reminded of the necessity of ensuring that qualitative and comprehensive information were provided by them in response to the Questionnaires forwarded to them by the ITTO Secretariat.

9. Decision on Fellowship Applications under Project PD 60/89 (F,M,I)

A Selection Panel, comprising the Vice Chairman of the Council, the Chairmen and Vice Chairmen of the Permanent Committees, reviewed applications so far received for fellowships. The Panel's recommendations appear under the appropriate section of the report of the Permanent Committee on Forest Industry.

10. Non-Project Work

(i) ITTO Annual Forecasting Enquiry

The Secretariat renewed its appeal to members to make prompt responses to the Annual Forecasting Enquiry Questionnaires forwarded to members. Members were urged to provide as much reliable and comprehensive data as possible.

The representative of USA requested that the next Statistical Forecasting Enquiry Questionnaire be sent to them on diskette in either database or spread-sheet format in order to be able to quickly input the relevant information.

(ii) Sponsorship of Rubberwood Symposium organized by ITC

The Representative of the ITC, Mr. Leif Salomonsson, informed the Committee about an International Symposium on the Global Development of the Rubberwood Industry being organized by the ITC. The Symposium is designed as part of an initiative to promote the development of rubberwood as an additional resource of the tropical forest. It has the support of producers, consumers, environmental NGOs and timber trade and industry.

The Symposium is scheduled to take place in May 1993. In view of ITTO's interest in the subject, ITC would request ITTO's co-sponsorship, without any financial obligations. The objective of the Symposium is to discuss the findings of a number of studies on rubberwood commissioned by ITC: on world demand and supply; further processing; and investment opportunities in rubberwood industry. The discussions will result in exchange of information and wider dissemination of the outputs of the research work taking place in that sphere.

Delegations generally spoke of the growing potential of rubberwood as a tropical forest resource and the usefulness of such a symposium. The Committee therefore agreed to recommend that the Council decide to ITTO's being a co-sponsor with the ITC and others of the International Symposium.

(iii) 1993 Market Discussion

The Committee was informed that consultations were still proceeding on the 1993 Market Discussion which will be organized in conjunction with the planned discussion of the ITTO study commissioned from the LEEC entitled "The Economic Linkages Between the International Trade in Tropical Timber and the Sustainable Management of Tropical Forests". Details of the organization would be communicated to members in due course of time.

11. Election of Chairman and Vice-Chairman

Following usual consultations among the Committee, Mr. Arthur V. Morrell (UK) was elected Chairman of the Committee for 1993 and Mr. Charles Anguilely (Gabon) was elected Vice Chairman.

12. Dates and Venue of the Thirteenth Session

The decision on this item was to be taken by the Council.

13. Any Other Business

- i. The representative of FAO drew the Committee's attention to the increased interest shown at this Session by members in projects which would provide market and trade information. Numerous references had been made to the value of such information, and members had indicated considerable interest in the projects which reported results in this area. He expressed his support for such work and suggested that delegates should demonstrate their strong interest in further work in this area by encouraging approval and funding of such projects henceforth.
- ii. The representative of FAO further drew the Committee's attention to the large number of projects being undertaken or proposed which contained market research and information elements. These were mostly dealt with in both PCM and PCI. It was essential that duplication should be avoided within ITTO's Committees as well as with information produced by other organizations. The Vice Chairman of the Committee and the representative of USA both supported this view and suggested that in future, joint sessions of PCM and PCI Committees should be held on projects of mutual interest or potential overlap.

The Committee took note of the statement by the FAO representative.

iii. ITTO Pre-Project Activity

The representative of Brazil submitted a project idea appertaining to a comparative market evaluation study, including the trade flow, pricing, and pricing structure of the main traded tropical and non-tropical timber and timber products.

The Committee welcomed and endorsed the idea and requested that Brazil submit a full project proposal as soon as possible.

14. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations :

- i) that PD 27/92 Rev.1 (M) be approved for implementation
- ii) that PD 31/92 Rev.1 (M) be approved for implementation
- iii) that PD 36/92 (M) be approved for implementation
- iv) that PD 40/92 Rev.1 (M) be approved for implementation
- v) that funds (not exceeding \$ 80,000) be allocated to organize a Technical Workshop on PPR 23/91 (M) "Study on the Conservation Status of Tropical Timbers in Trade".
- vi) That Council take note of the revised text of the "Elements for the 1991 Annual Review and Assessment of the World Tropical Timber Situation".
- vii) That Council agree to ITTO co-sponsoring the proposed International Symposium on the Global Development of the Rubberwood Industry to be organized by the ITC.

15. Report on the Session

The Committee adopted this Report for submission to the Council.

Appendix 1

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. **PD 27/92 Rev.1 (M)** **Development of an Information System for Tropical Timber Properties to Promote Appropriate Use of More Species**

This Project proposes to undertake further development of an Information System for Tropical Timber Properties (PROSPECT) generated by the Oxford Institute of Forestry under two earlier ODA funded projects. The PC-compatible database in place was designed to store information extracted from published literature about tropical hardwood species from all areas of the world and has the capability of evaluating either species for a given end-use or end-uses for a given species. At present it contains comprehensive information on 94 properties and 80 end-uses, as well as information on taxonomy and geographical distribution, for 900 tropical timber species. Data on other 400 tropical timber species have been collated and recorded on datasheets but have not as yet been compiled on the computerized database.

The development tentatively aims at increasing the overall number of tropical timber species included in the database to 2,000. The main project activities include computerized data entry of the previously recorded information on the above mentioned 400 species; further analysis, collation and computerized compilation of possibly an additional 700 tropical timber species, time permitting; revision of the wood property grouping system; investigation of the possibilities of developing computerized species comparison graphs; verification of the quality of the information sources used; and the fine tuning of the system's capabilities by subjecting it to tests by potential users in both producer and consumer member countries.

It is envisaged that at the end of the two-year project, the system will be ready for widespread promotion and use on its own and in conjunction with "MoreLKS" [PD 18/87 Rev.1 (1) "Selection and Introduction of Lesser-Known and Lesser-Used Species for Specific End-Uses" and its Phase 2, PD 134/91 Rev.2 (I)] and other complementary databases such as the wood anatomy study being developed in Peru (PD 37/87 Rev.3 (I) Industrial Use of New Species in Peru".

Appraisal by the Panel of Experts

The Panel considered that the Project Proposal is well prepared and indicates a technical competence in developing a data base. In considering however, the objectives and scope of the proposal the Panel's discussion necessarily ranged over the other ITTO-sponsored projects designed to provide information or develop data bases to improve the state of knowledge on tropical timber species, in particular PD 3d/87 (I) and PD 3e/87 (I) implemented by CTFT, PD 18/87 Rev.1 (I) and PD 134/91 Rev.1 implemented by the Agriculture University in Wageningen, and PD 37/87 Rev.3 (I) implemented by the Peruvian National Forestry Chamber. The Panel took note of the intention of the OFI to take into account the outputs of existing comparable projects. It appeared self-evident that the time had come to take a critical look at how best to encourage coordination and consolidation of the on-going work in the field and more importantly, assess the extent of use of the data and information thus far generated.

Recommendations by the Panel of Experts

The Panel felt that the priority for ITTO, is not to provide more financial resources at this stage for developing another data base of comparable scope but rather to promote consolidation and coordination in order to rationalize the functions of the sponsored data bases. That way it would be possible to eliminate overlap and ensure prudent use of scarce financial resources.

The Panel recommended that, as a preliminary step, the OFI should consult with, in particular, CTFT, and the Agriculture University of Wageningen and demonstrate clearly how far the output of the present draft Project would complement other efforts and avoid duplication.

Conclusion

The Panel, therefore, concluded that more precise information was needed to address its concerns over overlap, and to justify a possible appraisal of a reformulated draft project proposal.

Response to the Panel's Comments

Additional paragraphs (For inclusion in the text at the points indicated):

a. (for insertion under "3. CO-OPERATION WITH OTHER DATABASE PROJECTS")

Five separate meetings have been held between OFI representatives and the Wageningen team and two with a representative from CTFT during the last year and a half. The conclusions reached from these meetings are :

1. The Wageningen and OFI systems are largely complementary and overlap of input is minimal. PROSPECT provides a broad database with end-use classification facilities for a wide range of uses. There is a facility for the user to modify property requirements for end-use to suit local conditions. The system is designed to be flexible and cater for the use of timber in local as well as export markets. MoreLKS is an end-use classification system designed for promoting the use of lesser-known species for the five principle end-uses for tropical timber initially in Europe and later for uses in Japan the USA and tropical countries. It will therefore be seen that whilst all projects mentioned in the technical committee's comment on the first draft of this proposal refer to databases, this is not strictly correct. In fact two out of three (the Dutch and the Peruvian) are not. They are in essence systems for end-use classifications. The French is the nearest to a database but with only 120 species; it cannot be classified in the same category as PROSPECT which contains so far 900 species, with 400 more on cards, 94 properties and 80 uses. This is a versatile system using a modern database package. It can therefore be used to select from its information, details of the properties required for a specific end-use and match is suitability with other species.

2. Wageningen has put forward a proposal for phase 3 of their ITTO project. This states "a bridge will be built to link the extensive databases on tropical wood properties of the Oxford Forestry Institute and Centre Technique Forestier Tropical" and "a group of experts from OFI, CTFT and Wageningen Agricultural University will study the possibilities and conditions of linking their databases and the type of software to be used. As far as possible they will develop the software. Their impressions and results will be reported to the Advisory Group and included in the final report of the project." During phase 3 the plan is to add marketing ("quantity of timber used in a specific end-use, quality requirements, terms of payment and trade associations") and "ecological" availability and sustainability) information.

3. Developments put forward in this proposal involve mainly the entry of more species into PROSPECT and additions and refinements to the methods of comparing the relative suitability of different species for an end-use.

The two proposals do not, therefore, duplicate or conflict with each other.

4. The differences between the system suggest that using both will be an advantage over using one singly. Comparison of both methods of end-use classification for a particular species and use would be valuable in giving a double check. Both systems can only be guides; they cannot provide an entirely case iron method of classification. The process of investigating whether a given species is suitable for different end-uses could proceed as follows:

- check possible uses with the MoreLKS end-use classification system
- scan possible uses with the PROSPECT "end-uses for a given species" evaluation system
- identify recommended uses common to both systems
- use the "species for a given end-use" facility, for the uses identified above, to assess the suitability of the given species relative to other species (PROSPECT)
- determine if the species has previously been used for the identified uses (PROSPECT)
- check property data and bibliographic sources (PROSPECT)

- check availability and sustainability for the species (MoreLKS)
- check market information (MoreLKS)

b. (for insertion under "7. OUTPUTS")

Already demonstration copies of PROSPECT have been distributed to several Government establishments in Britain, Wageningen, CTFT and organizations in Honduras, Cameroon and Ghana. Enquiries have been received from considerable numbers of potential purchasers of the system, most of whom have been informed that it is not yet ready for use. Feedback so far suggests that the major reservation on the usefulness of the system is that it does not yet contain enough species. There is every indication that it will be both popular and useful.

c. (revision of "8. ACTIVITIES, paragraph 6")

- Ghana: a request has been received from the chairman of the Timber Export Development Board to use PROSPECT. They now have a trial copy containing Ghanaian species.
- Honduras: a similar request has been received from the head of CUPROFOR, the ODA funded wood-use centre. They also have a copy containing Central American timbers.

Conclusions of the Committee

The Committee decided to recommend PD 27/92 Rev.1 (M) for approval and implementation.

2. PD 36/92 (M) Collection and Computer Processing of Forest Statistics with a View to Improving the Management of the Forest Resources of Gabon

The Project proposes to undertake an analysis of the forestry sector in Gabon through systematic collection, to the maximum extent possible, of comprehensive statistical data and information on the forest resources, forest development (harvesting, reforestation, forest industries) and markets (home and export).

The analysis of the forestry sector would take into account :

- (i) Comparative information gathered from specified target countries of the sub-region in order to harmonise statistical data.
- (ii) Methods of integrating various existing ITTO guidelines on management of natural forests, planted forests, conservation of bio-diversity and the criteria for the measurement of sustainability of forest management.

The data will be used to install and develop a Computerised Information System which would serve as a permanent infrastructure for collecting, processing and analysing relevant statistical data for the purposes of forest management and forestry sector planning in Gabon.

Appraisal by the Panel of Experts

The Panel considered that the project proposal is highly relevant to ITTO's objectives; in this case, assistance for the establishment of statistical infrastructure and improving the state of knowledge on the forest resources of Gabon in order to facilitate forest sector planning and management. The output of the project will also provide valuable data and information to strengthen ITTO's Annual Review, not only on trade and industries but also on the resource base. In this regard the details of the Project are well formulated and designed to achieve the stated objectives. Special attention however, should be given to the system of data collection in order to ensure reliability of the information.

Recommendations by the Panel of Experts

The Panel recommended that for a successful implementation of the project, the following range of activities should be underscored :

- 1) the need to give focus to the scope of activities spanning the two years;
- 2) special attention should be given to the training and development of personnel to undertake and continue the work;
- 3) the designated Expert consultants in forest economics and systems analysis should be French-speaking to facilitate communication and training of personnel of the project in Gabon;
- 4) the need to ensure that there is effective cooperation in data collection with the 6 target countries of the sub-region; furthermore an efficient organization of the regional Workshop envisaged to ensure wide dissemination of forest statistics and sub-regional coordination of efforts.

Conclusion

While these minor amendments were considered desirable, the Panel concluded that the Project should be recommended to the Permanent Committee for final appraisal and approval.

Conclusion of the Committee

The Committee decided to recommend this project for approval and implementation.

3. PD 40/92 Rev.1 (M) Study of the Internal Timber Market in Cameroon for the Purpose of Improving the Management of the Forest Resources.

The Project's objective is to undertake an up-to-date diagnosis of the internal timber market in Cameroon. The scope of the study will be limited to logs and such primary forest products as sawn timber, plywood, veneer, as well as those familiarly classified as "wild" sawn wood, service wood and fuelwood. It will determine :

- (i) the current and potential demand for such products,
- (ii) the structure (size and growth rate) of the market,
- (iii) the demand in relation to the production of different categories of products; the possible development of production to meet medium-term demand and needs, with an analysis of the adverse environmental impact of different methods of production,
- (iv) distribution channels and commercial operators,
- (v) means of market access,
- (vi) structuring of prices of different categories of products to ensure long-term competitiveness.

Appraisal by the Panel of Experts

The Panel recognised that the Project Proposal would fill the gap in the knowledge of Cameroon's timber market, in particular of domestic consumption in relation to total production. Such information is needed for proper forest management and forestry sector planning in general. In Africa, such studies should be conducted within a regional context, in view of the relatively small, limited and fragmented domestic markets that exist in Africa. The Panel was informed of studies that have been made by the African Timber Organization (ATO) on the East-African markets and some further studies envisaged on individual country markets in other parts of Africa. There also exists in France a study recently undertaken on forest resources and timber production in certain African countries. The object of that study was to analyze the level of competitiveness of African timbers vis-a-vis Asia's and Latin America's in the area of industrial production and development. The Panel noted that such studies would be valuable reference material for undertaking the study in Cameroon. Furthermore, they will

prove also useful if the study is to be conceived and conducted as a model or pilot study with a methodology to be applied to similar market studies in the region.

The Panel felt that the scope of the study should not cover fuelwood and other forest products which are outside the purview of the ITTA. Instead the study should focus mainly on industrial wood, the "wild" sawnwood and the informal market on which up-to-date studies are needed. The Panel noted internal inconsistencies in the formulation of parts of the project document, such as the need to ensure a balance between the study of both demand and supply and this to be reflected appropriately in the activities envisaged under the project; inadequate duration for the implementation, personnel for the project and consequently of the project budget.

The Panel expressed doubts about the place of an ecological impact assessment in the study and the feasibility of carrying out such an exercise in this context with any measure of success.

Recommendations by the Panel of Experts

The Panel recommended that :

- a) A thorough literature survey should be undertaken before the start up of the study.
- b) The scope of the project should not cover fuelwood and an environmental impact assessment.
- c) Special attention should be given to the organization of a methodical system of data collection to ensure the high quality and reliability of the information gathered.
- d) The balance between the demand and supply in the study should be correspondingly reflected in the plan of activities.
- e) There should be a review of the duration envisaged for the project; the personnel needed, in particular the need for a forestry statistician, and consequently their implications for the project budget.
- f) The project budget should make the required provision for ITTO Programme Support cost.

Conclusion

The Panel concluded that, subject to the incorporation of the above essential modifications which are necessary for the success of the project, the Project should be commended to the Permanent Committee for appraisal and approval.

Response to the Panel's Comments

In reply to the justifiable comments and recommendations, the main points that drew attention are as follows:

- (a) A review of the existing documentation on the subject has been included and will be undertaken within the framework of the preparatory phase.
- (b) The study will not include fuel wood or firewood, nor the environmental factors. The specific objectives have been amended accordingly.
- (c) Particular attention will be given to the preparation of the survey, for which sufficient time has been allowed (one month).
- (d) Supply and demand will be surveyed in greater detail.

- (e) Given the importance of the study, which could serve as a model for similar regional studies, the duration of the project has been lengthened to 18 months. A forest statistician has been added to the personnel.
- f) The budget has been amended accordingly.

Conclusions of the Committee

After a few clarifications from the Representative of Cameroon, the Committee decided to recommend the project for approval and implementation.

4. PD 31/92 Rev.1 (M) Selection and Introduction of Lesser-Known and Lesser-Used Species for Specific End-Uses: Phase 3

This Project is the third phase following an original Project PD 18/87 Rev. 1, and its second phase in PD 134/91 (I). The overall objective envisages, over a three and a half year period, a 4 - phased research work on selection and market introduction of lesser known species. It is designed to develop a computer-based analytical system which allows for the matching of some 21 technical properties of timber species with several criteria prevailing in Western Europe, Japan, U.S for the following end-uses: window frames, outside doors, cladding, furniture and flooring. Entry of the details of properties of a timber species into the computer system is designed to provide useful insights into its applicability for a specified end-use, both at preferred and at a minimum level. Thus, if for instance, a timber species does not meet certain requirements, the system may indicate steps which may be taken to improve its potential applicability for a specified end-use.

In the previous two phases (the second phase just concluded) the development of the system was extended to cover end-use requirements, not only in Western Europe but also Japan and USA; information on certain commercial details such as the form and conditions on which a specified species of timber is supplied; markets (including market prices) timber properties, available quantities, quality requirements.

An Advisory Group, consisting of experts from 9 cooperating Governments and the ITTO Secretariat, has been established and convened in January 1992 to assess the effectiveness of the model. The Group's recommendations on the further development of the computer program and information base form the basis of the present Phase 3.

Under the Phase 3 (to be followed subsequently by a Phase 4) the computer program and its information base will be further expanded to cover the requirements of at least one important end-use for Japan, the USA and the home markets of producing countries. More information will be sought on commercial data such as parcel details, the form in which timber is offered, quality regulations, price conditions and transport costs. Information on production and sustainability (ecological conditions) will be added.

Appraisal by the Panel of Experts

The Panel assessed the draft Proposal as the third Phase in the progressive development of a data base which would ultimately improve the possibilities of enhancing the use of lesser known species and introducing such species into the world market. The Panel took note of the monitoring of progress by the international Advisory Group who have made valid recommendations on the requirements for the development of the computer system and information base.

The Panel urged efforts to be made to avoid duplication with other existing data bases. They, therefore, welcomed information on current levels of cooperation and exchanges between this project and other complementary projects. A query was however, raised on the absence in the project budget of provision to cover ITTO Programme Support Cost.

Recommendations by the Panel of Experts

The Panel made the following recommendations :

- a) There should be continuing coordination and linkage between the project and other comparable projects currently sponsored by the ITTO.
- b) Emphasis should be given to enhancing the extent of use of the output of the project.
- c) Caution should be exercised in establishing the reliability of information provided on the sustainability of species.
- d) Provision must be made in the project budget for ITTO Programme Support.

Conclusion

The Panel concluded that, with the incorporation of these minor amendments, the Project should be commended to the Permanent Committee for final appraisal and approval.

Response to the Panel's Comments

- i) There should be continuing coordination and linkage between the project and other comparable projects currently sponsored by ITTO.

We intend to disseminate the essential information on the project's progress and the progress reports to those projects which have links with our project, and especially with CTFT and OFI.

- ii) Emphasis should be given to enhancing the extent of use of the output of the project.

Brochures of Phase 1 will be sent to ITTO's list of selected institutes and organizations. Dissemination of the final results of the project will be discussed by the Advisory Group meeting in Phase 3. Demonstrations of the project's progress to both national and international organizations are continuing.

In Phase 4 workshops will be organized in producing and consuming countries to instruct all members of the industry.

- iii) Caution should be exercised in establishing the reliability of information provided on the sustainability of species.

Only information approved by ITTO will be included in the database.

- iv) Provisions must be made in the project budget for ITTO Programme Support.

The budget has been adapted by taking the ITTO-Programme Support into account.

Conclusions of the Committee

The Committee decided to recommend this project for approval and implementation.

5. **PD 211/91 Rev.1 (M) Expansion and Application of a Tropical Timbers Information (TTI) Database.**

This Project proposes to further develop the Tropical Timbers information (TTI) database established by the World Conservation Monitoring Centre during the implementation of the Pre-Project Study on the Conservation Status of Tropical Timbers in Trade [PPR 23/91 (M)]. It is a revision of an earlier version of the Project which was submitted to and considered by the Expert Panel at its Second Session in August 1991.

The present Project, structured in three phases, aims to :

- Phase I.- Complete the geographical coverage of the TTI database to cover all areas having important native tropical timbers.
- Phase II.- Review the results of the Pre-Project Phase and Phase I in preparing a global Tropical Timbers Information (TTI) database by means of a workshop to be held at the November 1993 meeting of ITTO.
- Phase III.- Monitor in more quantitative detail the trade levels and conservation status of those species identified in Phases I and II as being of international conservation concern.

The main activities to be carried out during the life span of the Project include: gathering qualitative information on tropical timber species from Latin America, Oceania and Indian Ocean islands and merging it with information already gathered during the Pre-Project Phase for Africa and Asia; creating, from this database, a country/area matrix listing major tropical timber species and their natural distributions; rating each species according to the IUCN Conservation (Red Data Book) Categories; reviewing the information held in, and the priorities arising therefrom, the developed database by means of a workshop to be held during the November 1993 meeting of ITTO; disseminating to all Members a PC-compatible database incorporating the workshop's conclusions regarding tropical timber species of international conservation concern; and gathering of qualitative data on those species considered to be threatened either by their trade or biological rarity and vulnerability.

It is envisaged that, by the end of the 2½-year Project, the information gathered on tropical timber species could be of considerable value in assessing accurately the contents of proposals brought forward for consideration by the Conference of the Parties to CITES.

Appraisal by the Panel of Experts

The Panel noted that the Project proposal had undergone some revision as regards its substance and budget with the aims and objectives well formulated to show their relevance to ITTO's Action Plan and Target 2000. The Panel recalled that following its previous recommendation, the Committee, at its Session in Yaounde, had undertaken some discussion of the Pre-Project Report [PPR 23/91 (M)] "Study on the Conservation Status of Tropical Timbers in Trade" of which the present project proposal is a follow-up. It also recalled, however, that in view of time constraints due to concurrent Council and Committee deliberations at that Session, there is still need for further substantive and focused discussion of that Pre-Project Report.

As regards the elements of the present Project proposals, the Panel expressed doubts about the feasibility of such data collection and the reliability of the data; more seriously, using such data as indicators for determining the conservation status of species in trade, in view of the paucity of information, gaps in assessing biological and other relevant information on individual species. In addition, various fundamental issues and concepts need thorough analysis and definition before such investigation could be meaningful. In view of these difficulties the Panel is therefore doubtful that any available data on forest resources and timbers in trade could be linked to indicate "conservation status" of such species, bearing also in mind the relatively larger volumes consumed domestically. A data base so established might be of little value in fostering current efforts and co-operation in promoting sustainable forest management and trade.

Recommendations by the Panel of Experts

The Panel emphasized the importance of taking a good handle on any exercise aimed at collecting information for such data bases. In this regard the Panel recommends:

- 1) that such exercises should take into account the follow-up work of the FAO/UNEP World Forest Resources Assessment.

- 2) that ITTO be enabled to develop, with the intensive cooperation of its members, its in-house data base on trade (domestic and international), and other aspects of total harvesting and consumption of tropical timber at the level of each species.
- 3) that another opportunity should be provided for further substantive and more focused debate on the pre-project report which should address the overall concern over the conceptual framework and review in particular the methodology to be used in collecting data. The review of the methodology should focus on how data is collected and how criteria and indicators are determined and defined in relation to the overall objectives and needs for tree species and habitat conservation.

Conclusion

The Panel concluded that the Committee should consider the organization of a technical workshop to undertake such further discussion, as recommended.

Response to the Panel's Comments

We confirm our agreement that this proposal, along with the Pre-Project Report (PPR 23/91 M), "Study on the Conservation Status of Tropical Timbers in Trade", should be discussed in a workshop to be established by the Economic Information and Market Intelligence Committee when it meets in Yokohama next month. The workshop would take place in January with the objective of reviewing the project proposal and revising it as necessary for resubmission to the Expert Panel in February and thereafter to the Council in Kuala Lumpur in May 1993. It would be appropriate for the workshop to take place at the headquarters of the World Conservation Monitoring Centre in Cambridge.

WCMC and ODA share the concerns of the Panel over the need to ensure that the conceptual framework and data collection methodologies are correctly focused. For the proposed database to be useful it is clear that these issues must be developed in full collaboration with timber producing nations. On the question of the availability of information on which to construct a database, it is worth noting that detailed submissions on the status of timber trees proposed for CITES listing have proved possible.

On the other points raised by the Expert Panel we have the following observations. We agree that the project should take into account follow-up work on the FAO/UNEP World Forest Resources Assessment. WCMC has been actively involved in this assessment, with our support, and has prepared a database of the tropical protected areas system which is being used by FAO to evaluate the coverage of tropical vegetation zones. However, WCMC consider, and we agree, that as the final results of the Assessment have not yet been published it would be premature to include assumptions about them in their project proposal.

We quite agree that it is important for ITTO to develop its own databases on the timber trade. The information to be developed under this project would be fully available to the Secretariat, as well as to ITTO members.

Conclusions of the Committee

The Committee agreed to recommend the organization of a Workshop after due consultations on the logistics.

APPENDIX 2

TECHNICAL EVALUATION OF PROJECTS IN THE AREA OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE

| PROJECT DOCUMENT | ITTA OBJECTIVES Article 1 | AREA OF ACTIVITY | | CRITERIA Art.23 Para.6 | ITTO BUDGET (US\$) | DURATION | GEOGRPHICAL COVERAGE | RECOMMENDATION (*) |
|-----------------------|---------------------------------|------------------|------------------|------------------------------|--------------------------|----------|-------------------------|---|
| | | Art.23 Para.2 | Art.23 Part.2 | | | | | |
| PD 27/92 Rev.1(M) | b,c,d,h | | a,b,c,d | a,b,c,d,e | 460,360 | 2 years | Global | 4 |
| PD 31/92 Rev.1(M) | b,c,d,h | | a,b,c | a,b,c,d,e | 357,000 | 3½ years | Africa | 4 |
| PD 36/92 (M) | b,c,d,e | | a,b,c,d,e | a,b,c,d,e | 649,950 | 2 years | Africa | 4 |
| PD 40/92 Rev.1(M) | b,c,d,e | | a,b,c,d | a,b,c,d,e | 137,820 | 1½ years | Africa | 4 |
| PD 211/91 Rev.1(M) | - | | - | - | - | - | - | Preliminary Workshop on PPR 23/91 |

- (*)
1. Recommend to the ITTO Council that the proposal should not be further considered by ITTO.
 2. Recommend to the ITTO Council that the proposal be revised.
 3. Decide on pre-project activities including Executing Agency and estimated budget.
 4. Recommend to the ITTO Council to approve the (amended) proposal for implementation by ITTO.
 5. Recommend to the ITTO Council that ITTO should sponsor the proposal in accordance with Article 20.
 6. Recommend to the ITTO Council that ITTO should approve the proposal for ITTO sponsorship without funding and refer it to other relevant financial institutions.

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Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
ELEVENTH SESSION OF THE PERMANENT COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
16 - 21 NOVEMBER 1992**

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Protection of Tropical Forests Against Fire

REPORT

1. Introduction

The Eleventh Session of the Committee was opened, on 16 November 1992 in the joint Session of the three Permanent Committees under the Chairmanship of the Chairman of the Permanent Committee on Economic Information and Market Intelligence, Dr. Toga Silitonga (Indonesia). The first working session of the Committee was held on 17 November and presided over by the Chairman of the Permanent Committee on Reforestation and Forest Management, Dr. Amantino Ramos de Freitas (Brazil). The list of Participants is reproduced in Document ITTC(XIII)Info.5 Rev.1.

882. Adoption of Agenda and Organization of Work

At the first meeting on 17 November 1992, the Committee formally adopted the Agenda of its Eleventh Session as contained in document PCF(XI)/1.

3. Admission of Observers

A list of observers admitted by the Committee to attend its Eleventh Session is contained in document ITTC(XIII)/ Info.6 Rev. 1.

4. Review of Activities in Progress

The Committee has, at various Sessions, decided to undertake a number of Activities which are in progress. A brief report on these Activities is contained in document PCF(XI)/3 and was presented to the Committee as follows:

- (i) The Committee decided, at its Fifth Session in October/November 1989, to include in the Programme of Work, contained in document PCF(V)/3-4 Rev. 2, action to "Develop Demonstration Models of Management for the Sustainable Production of Timber and Non-timber Products and Conservation".

The Committee expressed its disappointment at the slow progress with this key activity and recommended that the Council urge the Executive Director to give high priority to developing a standardized nomination form to facilitate the establishment of a register of such demonstration areas in the ITTO Network for the information of members. This form should be prepared before the Fourteenth Session of the Council and should be based on the various ITTO Guidelines on the Sustainable Management of Tropical Forests and the Criteria for Sustainable Management adopted by the Council in Decision 3(XII). The Committee also recommended that the Council request the Executive Director to take immediate action and write to all member countries encouraging them to submit nominations for the ITTO network register as soon as such a form is developed. The Committee felt that in this regard, high priority should be given to completing standardized nomination forms for the areas previously nominated by the Governments of China, Australia, Ghana and Papua New Guinea.

- (ii) In Decision 2(VIII) the Council decided, upon recommendation of the Committee, to implement the activity "The Economic Case for Natural Forest Management". The implementation of this activity has been initiated at the Forest Research Institute of Malaysia (FRIM).

The Committee noted the report of the mid-term review for this study presented as Annex 1 of document PCF (XI)/3 and endorsed the continuation of the study within current budget allocations in the manner suggested by this review.

- (iii) The Committee decided at its Seventh Session in November 1990 to adopt the recommendations contained in document PCF(VI)/12, "Human Resources Development and Training Needs" and recommended that the Secretariat should coordinate the implementation of these recommendations with other international agencies, in first hand FAO and ILO.

The Committee noted that the pressure of other work had again prevented the Secretariat from taking specific action in this field since the last Session. However, it also noted the active work in this field under PD 86/90 (F) [International Network for Developing Human Resources for Tropical Forest Management] and its proposed extensions and felt that future considerations of "Human Resources Development and Training Needs" in the field of Reforestation and Forest Management should be considered in the context of these projects. The Committee therefore felt that the Secretariat could drop reference to this activity in its report on Activities to future Session of the Committee.

- (iv) The Council decided, at its Ninth Session in Yokohama in November 1990, to establish a temporary Working Group, which should develop recommendations and principles for the preparation of Guidelines for Management of Tropical Forests Plantations.

The Committee noted the support of the Government of Australia for the publication of these guidelines and looked forward to having the guidelines available in published form before its next Session.

- (v) The Government of Thailand submitted to the Seventh Session of the Committee a Project Proposal entitled Technical Workshop to Explore the Feasibility of Forest Options, contained in document PCF(VII)/10 Rev. 1. The Committee decided to recommend to the Council that the proposed project be executed as an Activity with ITTO co-financing, provided that also other international organizations pledge substantial support for it. The Council decided, at its Ninth Session in November 1990 to adopt the recommendation made by the Committee.

The Committee noted the report of the Secretariat on this matter and urged it to take steps to facilitate the completion of final reporting on this activity and the transfer of residual funds to the follow-up workshop approved under PD 149/91 Rev.3 as recommended by the Tenth Session of the Committee and approved in Decision 1(X) of the Council.

- (vi) In response to decision 6(X) of the Council, a Working group was convened to prepare Guideline Proposals on the "Conservation of Biodiversity in Production Tropical Forests" to complement previously approved "Guidelines on the Sustainable Management of Natural Tropical Forests". The Report of this Working Group was presented to Council in Document ITTC (XI)/7. This report was reviewed by the Committee and following considerable discussion, a revised document (ITTC(XI)/7 Rev.2) was accepted by the Committee as a basis for further discussion on the subject. The Council considered the Committee's deliberations and in Decision 9(XI) requested the Executive Director to submit the above revised document to member countries to act as a working paper for possible consideration at the 13th Session of the ITTC.

The Committee noted the report of the informal Working Group that reviewed the revised document [ITTC(XI)/7 Rev.2] which was distributed on 13 March, 1992 to all members in the official language appropriate to that member. On the basis of this report, the Committee recommended to the Council that the final revision of this document [ITTC(XI)/7 Rev.3] be adopted as the ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests and that the Council should make funds available for the publication and dissemination of these guidelines as an Annex to the existing Guidelines on the Sustainable Management of Natural Tropical Forests.

- (vii) At its Eleventh Session, the Council decided to approve an ITTO Activity on the "Protection of Tropical Forests Against Fire" as outlined in document ITTC (XI)13 Rev.1 which was jointly submitted by the Governments of Japan, Indonesia and the United States of America. In this document it was envisaged that the activity would consist of a programme of field activities on forest fire protection in Indonesia and an Expert Panel to develop general guidelines on the protection of tropical forests against fire. Both these activities were to be preceded by a consultative visit by a small international mission to review the forest fire situation in Indonesia with a view to formulating proposals for the above activity areas that could be reported to the Twelfth Session of the Council.

The Committee recalled its discussions at its Tenth Session of the report on the results of the consultative visit which was presented in document PCF(X)/6. The Committee was also pleased to note that the Government of Indonesia had submitted a comprehensive project proposal related to the fields of activity for integrated forest fire management in Indonesia that were suggested in the above report of the Consultative Visit. The Committee also noted that this proposal would be considered in the Project Cycle leading to the Fourteenth Session of the Council. The Committee also noted the advice of the delegations of Indonesia, Japan and the United States of America that the Government of Indonesia would review this proposal with technical assistance provided by the Governments of Japan and the United States to help speed its progress through the Project Cycle.

The Committee also recalled its adoption of the draft terms of reference for the ITTO Expert Panel on the Protection of Tropical Forests Against Fire at its Tenth Session. It also recalled its recommendation at that Session that the suggested consultancy report be commissioned and that following the receipt of that Report that such a Panel be constituted, provided that voluntary contributions were available in the special account to support this activity. The Committee further recommended that action be taken immediately to commission the consultancy report and constitute the Working Group as outlined in the draft terms of reference for this purpose outlined in Appendix 2 of this report.

5. Review of Project Work in Progress

The Committee took note of a status report (document PCF(XI)/4) by the Secretariat on the seventy-three Projects, in the field of Reforestation and Forest Management, which have been approved by the Council but still not completed.

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| 1) | PD 2/87 (F) | Rehabilitation of Logged-over Forests in Asia/Pacific Region, |
| 2) | PD 10/87 (F) | Forest Management of Natural Forests in Malaysia, |
| 3) | PD 15/87 (F) | The Biology of Okoume in Gabon, |
| 4) | PD 24/88 (F,I) | Integration of Forest Based Development in the Western Amazon - Phase I - Forest Management to Promote Policies for Sustainable Production, |
| 5) | PD 34/88 Rev.1(F,I) | Conservation, Management, Utilization and Integrated and Sustained Use of the Forests in the Chimanes Region, Beni Department, Bolivia, |
| 6) | PD 52/89 (F) | Forestry Treatment by Thinning-out in the Context of a Pilot Forest Development Scheme in the Reserved Forest of Sud-Bakundo, |
| 7) | PD 53/89 (F) | Preparation of a Master Land-Use Plan for Forest Areas, Cameroon, |
| 8) | PD 58/89 (F) | Tropical Forestry Internship, |
| 9) | PD 68/89 Rev.1 (F) | Management of the Tapajòs National Forest for Sustainable Production of Industrial Timber, |
| 10) | PD 69/90 (F) | Workshop on Sustainable Tropical Forest Management with Special Reference to the Atlantic Forest, |
| 11) | PD 71/89 Rev.1 (F) | The Economic and Environmental Value of Mangrove Forests and Present State of Conservation, |
| 12) | PD 74/90 (F,I) | Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts, |

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| 13) | PD 75/90 (F) | Development of Genetic Resistance in the Tropical Hardwood Iroko to the Damaging Insect Pest: <u>Phytolyma lata</u> , |
| 14) | PD 76/90 (F) | Project Formulation Workshop for Establishing a Network of Genetic Resource Centres for Adapting to Sea Level Rise. |
| 15) | PD 77/90 (F) | Establishment of A Pilot Area for Silviculture in Closed Forests in Congo, |
| 16) | PD 81/90 (F) | Investigation and Application of Forest Management Systems in Tropical and Sub-tropical Rain Forests in the Choré and Bajo Paragua Forest Production Reserves |
| 17) | PD 83/90 (F,I) | Research and Development in Logging, |
| 18) | PD 84/90 (F) | The Establishment of A Demonstration Plot for Rehabilitation of Forests Affected by Fire in East Kalimantan [Phase II of PD 17/87 (F)], |
| 19) | PD 85/90 (F) | Technical Assistance for the Master Plan for Forest Plantations, |
| 20) | PD 86/90 (F) | International Network for Developing Human Resources in Tropical Forest Management (Phase I), |
| 21) | PD 88/90 (F) | Sustainable Selective Harvesting of Mahogany in Bolivia, |
| 22) | PD 89/90 (F) | Sustainable Forest Management and Human Resources Development in Indonesia, |
| 23) | PD 95/90 (F) | Forest Management in the Alexander von Humboldt National Forest, Phase I, II, III, |
| 24) | PD 97/90 Rev.1 (F) | Multi Stage Survey of Tapajós National Forest, |
| 25) | PD 98/90 Rev.1 (F) | Establishment of the Tefé National Forest (Amazonas State), |
| 26) | PD 99/90 Rev.1 (F) | Establishment of the Rio Preto National Forest (Espírito Santo State), |
| 27) | PD 100/90 Rev.1 (F) | Establishment of the Ibirama National Forest (Santa Catarina State), |
| 28) | PD 101/90 Rev.1 (F) | Case Studies on the Sustainable Forest Management, |
| 29) | PD 103/90 Rev.1 (F) | Training and Manpower Development in Community Forest Management, |
| 30) | PD 104/90 Rev.2 (F) | Studies of the Management Standards of Hill Dipterocarp Forests in Sarawak from Watershed Management Points of View, |
| 31) | PD 105/90 Rev.1 (F) | Model Forest Management Areas, |
| 32) | PD 106/90 Rev.1 (F) | Development of the Lanjak-Entimau Wildlife Sanctuary as A Totally Protected Area, Phase I, |
| 33) | PD 110/90 Rev.1 (F) | Forest Increment and Yield Studies for Sustainable Management - Phase I, II, |
| 34) | PD 111/90 Rev.1 (F) | Assessment of the Biological Potential for Timber Growth, Increment and Yield in the Forests in the State Of Sarawak, |

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| 35) | PD 112/90 Rev.1 (F) | System Analysis, Modeling and Hierarchic Geographic Information System (GIS) for Research, Management and Development in Sarawak, |
| 36) | PD 114/90 (F) | Workshop on Conservation and Sustainable Utilization of Mangrove Forests in the Latin American/Caribbean and African Regions, |
| 37) | PD 115/90 Rev.1 (F) | Rehabilitation of Natural Forest, |
| 38) | PD 116/90 (F) | Appropriate Forest Technologies, |
| 39) | PD 117/90 (M,F,I) | Conference of Senior Foresters and Related Experts to Promote the Application of Sustainable Management of Tropical Forests, |
| 40) | PD 119/91 Rev.1 (F) | Workshop on Women and Forestry - A Look at African Experiences, |
| 41) | PD 120/91 Rev.4 (F,I) | Development of Operational Model for Sustainable Management of Natural Tropical Forest, |
| 42) | PD 128/91 Rev.1 (F) | Management, Conservation and Development of the Mangrove Forests in Panama, |
| 43) | PD 130/91 Rev.1 (F) | Plantation Establishment Methods (First Phase), |
| 44) | PD 131/91 Rev.1 (F) | Pilot Project for the Sustained Management of the So'olala Forest, |
| 45) | PD 132/91 Rev.1 (F) | Training Forestry Workers in Carrying Certain Tasks Related to Forestry, |
| 46) | PD 138/91 Rev.1 (F) | Program for Sustainable Forest Management in the Ecuadorian Forest Institute, |
| 47) | PD 139/91 Rev.2 (F) | Management Plan for the Sustained Production of Orey Forests in the Bocas del Toro Province, |
| 48) | PD 140/91 Rev.1 (F) | Management Plan for the Cativo Forests of Darien, |
| 49) | PD 147/91 (F) | "El Telegrafo" Reforestation Project, |
| 50) | PD 148/91 Rev.1 (M,F,I) | Seminar on Economic Case of Sustainable Tropical Forest Management, |
| 51) | PD 149/91 Rev.3 (F) | Technical Workshop to Explore Options for Global Forest Management, |
| 52) | PD 156/91 (F) | Establishment of Two Model Forest Nurseries and Forest Management Project, |
| 53) | PD 157/91 Rev.1 (F) | The Establishment of an International Network for the Conservation and Sustainable Utilization of Mangrove Forest Genetic Resources |
| 54) | PD 159/91 Rev.1 (F) | Studies for the Regulation and Sustained Management of the Tropical Rainforests of the Provinces of Napo and Sucumbios, |
| 55) | PD 162/91 Rev.1 (F) | Intensification of Growth and Yield Studies in Previously Logged Forest, |
| 56) | PD 164/91 (F) | Native Species Reforestation as an Alternative for Conserving the Panama Canal Watershed, |

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| 57) | PD 170/91 Rev.1 (F) | Modernization and Development of Egyptian Forest Nurseries |
| 58) | PD 171/91 Rev.1 (F) | Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps |
| 59) | PD 172/91 Rev.1 (F) | The Recovery of Natural systems of the Hillside of Caqueta |
| 60) | PD 174/91 Rev.2 (F,I) | Rehabilitation of the Forest in the South-Central Region of Côte d'Ivoire Around the Tene Forest, |
| 61) | PD 176/91 Rev.1 (F) | Sustainable Management for Production, Conservation, Demonstration, Diffusion and Promotion Activities in Moist Tropical Forests in Ecuador's Northwest |
| 62) | PD 184/91 Rev.1 (F) | Multipurpose Tree Planting in Egypt |
| 63) | PD 185/91 Rev.1 (F) | Sustainable Forest Management and Development in Peninsular Malaysia |
| 64) | PD 188/91 Rev.1 (F) | Reforestation of Rioja |
| 65) | PD 189/91 Rev.1 (M,F,I) | Publication of an Andean Forestry Journal |
| 66) | PD 194/91 Rev.1 (F) | Recuperation and Demonstration Management of Secondary Forests in the Peruvian Amazon |
| 67) | PD 202/91 Rev.1 (F) | Sustainable Forest Management through Collaborative Efforts |
| 68) | PD 203/91 Rev.1 (F) | Study Relating to Forest Management in the Fazao-Sud Region |
| 69) | PD 204/91 Rev.1 (F) | Identification and Study of a Plantation Project for the Production of Timber (2500 ha) in the Reserved Forest of Halo-Baloe (Plateau Region) |
| 70) | PD 10/92 Rev.1 (F) | Books and a Data-Base on the Major and Minor Commercial Timbers of South-East Asia Vol 5(1) and Volume 5(2) Within the Prosea Program, |
| 71) | PD 11/92 Rev.1 (F) | Development and Dissemination of Re-afforestation Techniques of Mangrove Forests. |
| 72) | PD 14/92 Rev.1 (F) | A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China, and, |
| 73) | PD 18/92 (F) | Research-Development Associated with Management Operations in the Closed Forest of Côte d'Ivoire: Determination of a Forest Typology Related to Silvicultural Systems. |

The Committee noted the reports on the progress of these projects in Document PCF(XI)/4 and further discussed the substantive issues associated with a number of Projects in depth. Details of these discussions are as follows:

- 1) PD 24/88 (F,I) **Integration of Forest Based Development in the Western Amazon - Phase I - Forest Management to Promote Policies for Sustainable Production**

The Committee noted the report of the Secretariat on the completion of this project and the fact that responsibility for supervision of Phase II of this Project would fall under the Permanent Committee on Forest Industry.

- 2) PD 34/88 Rev.1(F,I) **Conservation, Management, Utilization and Integrated and Sustained Use of the Forests in the Chimanes Region, Beni Department, Bolivia**

The Committee noted the report of the Secretariat in document PCF(XI)/4, the Agreement on the Continued Management of PD 34/88 Rev/1 (F,I) in Appendix 2 of that document and the items of correspondence about the project from the Government of Bolivia that were presented in Appendix 3 of the document.

The Committee endorsed the agreement signed by ITTO Secretariat and the implementing agency and agreed with the assessment of the Secretariat that the detailed workplan and budget from all sources developed from the short-term consultancy report and the June 15 Round Table was substantially in accord with the Yokohama MOU. With regard to the financial contribution of the Government of Bolivia, the Committee noted that the overall level through the life of the project would prove to be considerably less than the level outlined in the original Project Document that formed the initial basis for approval of the project and attracting donor support. However, the Committee also noted that the strength of financial commitment to the Project from the Bolivian Government for the remainder of the Project period was not substantially different to that envisaged in the original Project Document. The Committee also appreciated the undertaking of the Government of Bolivia in the above agreement to review its allocation for the project in 1993 with a view to increasing its contribution to project funding so that its overall contribution is more in line with its original commitments and proposals.

The Committee also reviewed the request of the Bolivian Government to provide continued salary support for the Project Director on the basis of the Government of Bolivia providing a basic salary of \$1,000 per month supplemented with an additional incentive payment of \$3,000 per month from the national consultants line item in the budget for the ITTO contribution. In the light of the above financial recommitment of the Government of Bolivia to the project, the Committee reluctantly endorsed this arrangement for the remainder of the first phase of the project.

In making this decision, the Committee was mindful of the principle that in general the salaries of national directors and other key staff in ITTO forest management projects should be funded from national sources to demonstrate the sustainability of project outputs and the institutional arrangements developed by these projects. The Committee also recalled its previous deliberations on the desirability of Project Directors for major field projects living in or near the project area. In making this decision, the Committee also noted the letter from the Government of Bolivia dated 22 June 1992 which outlined the salary ranges of a number of national project directors in other internationally funded projects operating in Bolivia.

The Committee therefore welcomed the positive outcome of the June Round table and endorsed the continued financing of the Project for the remainder of the first phase. However, the Committee recommended that the second release of funds outlined in section two of the agreement discussed above should be made conditional on the Secretariat receiving from the Implementing Agency and the Government of Bolivia:

1. Reports 1 and 2 of the reporting schedule outlined in Section 5.1 of the Agreement that fully meet the reporting requirements outlined in Section 5.2 of the Agreement by 30 January 1993 .

2. Written confirmation that the Project Director had in fact been relocated into the CDF-RN administrative structure at a location in or near the project area that it considered to be the most appropriate as outlined in Section 4.1 of the Agreement.
3. Written confirmation that a project formulation workshop to formulate proposals for the Second Phase of the Chimanes Sub-Project and the other related proposals for the wider Chimanes Program that was described in the Yokohama MOU will be held at a site in or near the project area, and that it will be coordinated with the mid-year ITTO monitoring and evaluation visit for the Project.
4. A written undertaking from the Government of Bolivia that any proposals for second phase projects will fund the total salary requirements for national project directors and other key staff from the national contribution to the overall project budget.

3) **PD 86/90 (F) International Network for Developing Human Resources in Tropical Forest Management (Phase I)**

The Committee noted the progress that had been achieved with the project. It also noted the submission of the proposal for Phase III that had been presented by the Government of Japan as PD 41/92 (F) in response to the Tenth Session's request to do so following its discussions of the report on workshops held to review the conduct of PD 86/90 (F) presented in document PCF(X)/7. The Committee also noted the favourable assessment of the Panel and the crucial role of human resource development and training in promoting sustainable forest management.

The Committee was informed by the Government of Japan that it was withdrawing PD 41/92 (F) from the current Session to allow its proposals to be harmonized with other proposals by the working group as suggested by the Panel of Experts. To ensure continuity of network outputs including the three regional editions of the tropical forest management newsletter, the Committee approved an extension of six months for PD 86/90 (F). The Committee also recommended that the budget for the project be increased by \$138,000 to allow for this extension of activities until 30 June 1993.

4) **PD 97/90 Rev.1 (F) Multi Stage Survey of Tapajós National Forest**

The Committee noted the Secretariat's comments on the draft completion report from the project and saw merit in the suggestion that both the participating staff and the report would benefit from having independent review of the report by two tropical forest inventory specialists. To this end, the Committee recommended to the Council that the budget allocated to the project be increased by \$500 to allow such a review to be commissioned.

5) **PD 114/90 (F) Workshop on Conservation and Sustainable Utilization of Mangrove Forests in the Latin American/Caribbean and African Regions**

The Committee noted the report of the Secretariat on progress with the implementation of this project and endorsed the Secretariat's decision to give its approval for the African regional Workshop to be held in Dakar to take advantage of the facilities offered by the UNESCO/UNEP COMARAF Project and avoid duplication of effort with that project.

6) **PD 157/91 Rev.1 (F) The Establishment of an International Network for the Conservation and Sustainable Utilization of Mangrove Forest Genetic Resources**

The Committee noted the Secretariat's report on the progress with the implementation of this project. The Committee also noted the recommendation of the international Project Steering

Committee to extend the project by six months to allow the completion of the field evaluation of nominated core conservation sites. The Committee also noted the Steering Committee's recommendation that the 2-month train-the trainers course in the conservation and management of mangrove resources be conducted again in the first half of 1993 to increase the number of trained trainers in member countries and allow the synthesis of course materials for dissemination as a training manual and resource kit for in-country training.

The Committee approved the extension of the duration of the Project to 30 June 1993 [and recommended that the Council approve an increase in the approved Project Budget by \$200,000 to conduct the second trainers course and produce the training manual for in-country use by member countries].

7) PD 58/89 (F) Tropical Forestry Internship

The Committee noted the comments of the United States delegation who indicated that this project was in fact being implemented and looked forward to receiving a report on the project at its next session.

8) PD 83/90 (F,I) Research and Development in Logging

Because of the crucial role of improved logging practices in achieving sustainable forest management by the year 2000, the Committee noted with regret that this partially funded project had come under the sunset provisions of Decision 2(X), Annex 2, Paragraph 2. The Committee therefore encouraged member countries to submit smaller research and development projects aimed at improving logging practices for consideration in future Project Cycles.

9) PD 171/91 Rev.1 (F) Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps

The Committee noted the revision of this approved project in response to expressions of donor interest in supporting a phased implementation of the Project.

The Committee therefore recommended that the phased implementation of the project be approved with budgetary and time allocation of \$905,596 and 1 year for Phase I and \$1,364,189 and 2 years for Phase II. The Committee also recommended that the phased project be designated PD 171/91 Rev.2 (F) to avoid any future confusion in the implementation of the project.

10) PD 172/91 Rev.1 (F) The Recovery of Natural Systems of the Hillsides of Caqueta

The Committee noted the revision of this approved project in response to expressions of donor interest in supporting a phased implementation of the Project.

The Committee therefore recommended that the phased implementation of the project be approved with budgetary and time allocation of \$526,339 and 18 months for Phase I and \$629,974 and 18 months for Phase II. The Committee also recommended that the phased project be designated PD 172/91 Rev.2 (F) to avoid any future confusion in the implementation of the project.

11) PD 14/92 Rev.1 (F) A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China

The Committee noted the revision of this approved project to facilitate donor interest in supporting a phased implementation of the Project. The Committee also noted that the phased implementation had led to no change in total budget for the ITTO component of project finance.

The Committee therefore recommended that the phased implementation of the project be approved with three 2 year phases with budgetary allocations of \$1,500,000, \$1,000,000 and \$500,000 for the Phases I,II and III respectively. The Committee also recommended that the phased project be designated PD 14/92 Rev.2 (F) to avoid any future confusion in the implementation of the project.

6. Review Pre-project Work in Progress

The following ten Pre-projects have been approved by the Committee and are under implementation or awaiting finance:

- (i) Management of Natural Tropical Moist Forests to Obtain a Sustainable Production of Wood and Other Forest Products and Maintain the Ecological Balance in Ecuador,
- (ii) Coordinated Natural Forest Management and Sustainable Rural Development in Areas Adjoining Sapo National Park, Liberia,
- (iii) Sustainable Development in the Amazon Region,
- (iv) Realistic Strategies for the Conservation of Biological Diversity in Tropical Moist Forest,
- (v) Sustainable Multiple Use,
- (vi) PPD 43/91 Rev.1 (F) Rehabilitation of Degraded Forest Land in the Amazon - A Case Study in the Carajas Mineral Province,
- (vii) PPD 44/91 Rev.1 (F) Review of the National Forest Situation so as to Establish a National Policy for this Sector in Colombia,
- (viii) PPD 47/91 (F) Survey of Progress on Technology Generation Regarding Dipterocarp Vegetative Propagation,
- (ix) PPD 1/92 Rev.1 (F) Impact of the Rural Population on Forest Development: Protection and Reconstitution of the Tropical Closed Forest in the Si-Kop (Ndom) Region, Coastal Province, Cameroun,
- (x) PPD 3/92 Rev.1 (F) Integrated Forest Project for the Production of Seedlings in Para State - Feasibility Study.

The Committee took note of a status report by the Secretariat contained in document PCF(XI)/5. The Committee welcomed the publication of the Pre-project report on "Conserving Biological Diversity in Managed Tropical Forests" which had just been published by IUCN under Pre-project (iv) above, and recommended to the Council that an additional \$45,000 be allocated to the Pre-project budget to allow the publication of companion editions in French and Spanish.

The Committee also noted with concern the number of approved but not funded Pre-projects. The Committee therefore commended both PPD 47/91 (F) and PPD 3/92 Rev.1 (F) to the attention of donors to the special account should it not be possible to automatically finance these Pre-projects from the Pre-project account at this Session.

7. Consideration of Project Proposals

Twenty-eight Project Proposals were submitted to the Committee for consideration. They are:

Project List

| Project No. | Project Title | Submitting Government |
|----------------------|---|------------------------------|
| PD 197/91 Rev.3 (F) | Research and Development on Sustainable Management of Lesser-Used Species in Plantations in the Philippines | Philippines |
| PD 200/91 Rev. 2 (F) | Evaluation and Impact Assessment Of Community Forestry Projects in the Philippines | Philippines |
| PD 201/91 Rev. 2 (F) | Community Based Timber Stand Improvement | Philippines |
| PD 8/92 Rev. 2 (F) | Study on the Growth of Native Species of Commercial Interest in Honduras | Honduras |
| PD 9/92 Rev. 1 (F) | Forest Development in Islas de la Bahia, Honduras, Central America | Honduras |
| PD 15/92 Rev.3 (F) | Establishment of A Germ Plasm Bank and Pilot Reforestation Units | Brazil |
| PD 16/92 Rev.2 (F) | Timber Logging in Rondonia - Phase I: Socio-economic and Environmental Diagnosis | Brazil |
| PD 19/92 Rev.1 (F) | Contribution to Setting-Up New Industrial Plantations as Part of the Sectoral Forestry Project (1990-1994) | Côte d'Ivoire |
| PD 21/92 (F) | Sustainable Forest Management in the Forests of Alto Ucayali | Peru |
| PD 22/92 (F) | Pilot Reforestation Project in the District of Villa Rica, Central Forest Sub-Region | Peru |
| PD 23/92 (F) | Determination of Age and Growth Rates of Peruvian Commercial Timbers as a Technical Basis for Sustainable Tropical Forest Utilization | Peru |
| PD 26/92 Rev.1 (F,I) | Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon | Cameroon |
| PD 30/92 Rev.1 (F) | Establishment of an Agro-Forestry Demonstration Area in the Kuna-Yala Region (San Blas) | Panama |
| PD 32/92 (F) | Agro-Forestry Systems for the Communities of Nova California and Extrema, Rondonia, Brazil | Brazil |
| PD 33/92 (F) | The Establishment of a Demonstration Area for Sustainable Forest Use in the Wood Resource Base of the Forest Enterprise | Cameroon |
| PD 34/92 (F) | Reforestation, Protection and Environmental Education Project for the Department of La Paz | Honduras |

| | | |
|----------------------|---|----------|
| PD 37/92 Rev.1 (F) | Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest (Forestier de la Bokoue) | Gabon |
| PD 38/92 (F) | The Improvement of Forest Plantation Management Practices of Teak (<i>Tectona grandis</i>) in Peninsular Malaysia | Malaysia |
| PD 39/92 (F) | Dissemination and Training on ITTO Guidelines and Criteria for the Sustainable Management of Natural Tropical Forests | Brazil |
| PD 41/92 (F) | International Network for Developing Human Resources For Sustainable Tropical Forest Management | Japan |
| PD 42/92 Rev.1 (F,I) | Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio | Peru |
| PD 43/92 Rev.1 (F) | Strengthening of the Amazon Forest Development Center For the Sustainable Management of Tropical Forests | Peru |
| PD 44/92 Rev.1 (F) | Reforestation with the Participation of Settlers in the Oxapampa Micro-region | Peru |
| PD 45/92 (F) | Agroforestry Systems for the Communities of Medicilândia-Para, Brazil | Brazil |
| PD 47/92 Rev.1 (F) | Project on Sustainable Forest Management , Production and Regulation in an Area of the Colombian Andes | Colombia |
| PD 48/92 (F) | Forest Biotechnology Research in Colombia | Colombia |
| PD 49/92 Rev.1 (F) | Biological Control of Pathogenic Micro-Organisms in Forest Species | Colombia |
| PD 50/92 Rev.1 (F) | Conservation and Integrated Development in "La Macarena" Special Management Area | Colombia |

Details of the technical evaluation of these proposals are presented in Appendix 1 of this report. The Committee's recommendations regarding approval of these proposals are presented in item 14 below.

The Committee noted with concern the number of approved Projects that remained unfunded and the increasing number of unfunded projects passing through the sunset provisions of Decision 2(X). Annex 2, Paragraph 2. The Committee therefore urged Member Countries to contribute funds for these unfunded approved projects.

The European Community expressed concern that the conclusions of the Expert Panel on the need for it to see completely reformulated projects before it could commend the proposals to the Committee for appraisal were being ignored. Community delegates felt that Committee members had insufficient time to study revisions which had been provided at too short a notice for proper reading and evaluation of their potential. The delegates felt that the projects which the Panel indicated could be commended to the Committee with minor amendments or the provision of additional information could be taken forward by the Committee without further consideration by the Panel. However, where the Panel indicated that complete reformulations were necessary, the delegates felt that these proposals should be again evaluated by the Panel before they are forwarded to the Committee for final appraisal and approval.

In order to better facilitate the work of the Committee and maximize the chances of project proposals obtaining both approval and financing, the Committee recommended that the Council request the Secretariat not to forward to the Committee any revisions of proposals requiring complete reformulation until these revisions had again been technically evaluated by the Panel.

8. Decision on Pre-project Work

The following Pre-project Proposal was submitted to the Committee for consideration.

Pre-Project List

| Pre-Project No. | Pre-Project Title | Submitting Government |
|--------------------|---|-----------------------|
| PPD 6/92 Rev.1 (F) | Study of the First Forest Zone of Gabon in View of its Management | Gabon |

The Committee decided to approve this Pre-project Proposal.

9. Annual Review and Assessment of the World Tropical Timber Situation (Joint Session of the Permanent Committees)

The Committee noted that the amended report from the Annual Market Review which was held on Thursday May 7, 1992 will be presented to Council by the Permanent Committee on Economic Information and Market Intelligence.

10. Decision on Fellowship Applications under Project PD 60/89 (M,F,I)

Successful applicants for ITTO fellowships under Project PD 60/89 (F, M, M) are presented in the Report on the Permanent Committee on Forest Industries.

11. Election of Chairperson and Vice-Chairperson for 1993

The Committee elected Dr. David A. Harcharik (United States of America) as Chairperson and Dr. A. Ismail (Malaysia) as Vice-Chairperson for 1993.

12. Dates and Venue of the Twelfth Session

The committee decided that the dates and venue of its Twelfth Session will be agreed upon by ITTC in relation to the dates and venue fixed for its Fourteenth Session.

13. Other Business

The Committee did not consider any other business.

14. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations:

1. The Committee expressed its disappointment at the slow progress with the key activity designed to "Develop Demonstration Models of Management for the Sustainable Production of Timber and Non-timber Products and Conservation" which was initially described in document PCF(V)/3-4 Rev. 2. The Committee therefore recommended that the Council urge the Executive Director to give high priority to developing a standardized nomination form to facilitate the establishment of a register of such demonstration areas in the ITTO Network for the information of members. This form should be prepared before the Fourteenth Session of the Council and should be based on the various ITTO Guidelines on the Sustainable Management of Tropical Forests and the Criteria for Sustainable Management adopted by the

Council in Decision 3(XII). The Committee also recommended that the Council request the Executive Director to take immediate action and write to all member countries encouraging them to submit nominations for the ITTO network register as soon as such a form is developed. The Committee felt that in this regard, high priority should be given to completing standardized nomination forms for the areas previously nominated by the Governments of China, Australia, Ghana and Papua New Guinea.

2. The Committee endorsed the continuation of the study on "The Economic Case for Natural Forest Management" being implemented by the Forest Research Institute of Malaysia (FRIM) within current budget allocations in the manner suggested in the report of the mid-term review of this study which was presented as Annex 1 of document PCF (XI)/3.
3. The Committee urged the Secretariat to take steps to facilitate the completion of final reporting on the activity entitled Technical Workshop to Explore the Feasibility of Forest Options, contained in document PCF(VII)/10 Rev. 1 and the transfer of residual funds from this activity to the follow-up workshop approved under PD 149/91 Rev.3 as recommended by the Tenth Session of the Committee and approved in Decision 1(XII) of the Council.
4. The Committee recommended that the amendments tabled in the report of the informal Working Group that reviewed the revised document [ITTC(XI)/7 Rev.2] be incorporated in that document. The Committee further recommended that the Council adopt the revised document [ITTC(XI)/7 Rev.3] as the ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests and that the Council should make funds available for the publication and dissemination of these guidelines as an Annex to the existing ITTO Guidelines on the Sustainable Management of Natural Tropical Forests.
5. The Committee recommended that at its Tenth Session the Council adopt the draft terms of reference for the ITTO Expert Panel on the Protection of Tropical Forests Against Fire which were developed by the ITTO Consultative Visit and presented in document PCF(X)/6. The Committee further recommended that action be taken immediately to commission the consultancy report and constitute the Working Group as outlined in the draft terms of reference for this purpose outlined in Appendix 2 of this report.
6. The Committee recommended to the Council that an additional \$45,000 be allocated to the Pre-project budget to allow the publication of companion editions in French and Spanish of the IUCN booklet on "Conserving Biological Diversity in Managed Tropical Forests" which was produced from the ITTO Pre-project study on "Realistic Strategies for the Conservation of Biological Diversity in Tropical Moist Forests".
7. The Committee recommended that the Secretariat should write to the Government of Bolivia to immediately advise it of the Committee's decisions on the continued management of PD 34/88 Rev.1 (F,I).
8. The Committee approved the extension of PD 74/90 (F,I) for a period of six months until 30 June 1993.
9. The Committee recommended that the Council increase the budget of PD 86/90 (F) by \$138,000 to allow for the continuation of project activities until 30 June 1993.

10. The Committee recommended that the Council increase the budget for PD 97/90 Rev.1 (F) by \$500 to allow for the draft final report to be independently reviewed by two tropical forest inventory specialists.
11. The Committee recommended to the Council that, because of the crucial role of human resource development and training in achieving sustainable forest management, it increase the budget for PD 157/91 Rev.2 by \$200,000 to allow for the conduct of a second international train-the-trainers course and the production of a training manual for in-country use by members.
12. The Committee recommended that the Council approve the redesignation of approved Project PD 171/91 Rev.1 (F) as PD 171/91 Rev.2 (F) to allow for the phased implementation of the project with budgetary allocations of \$905,596 for Phase I and \$1,364,189 for Phase II.
13. The Committee recommended that the Council approve the redesignation of approved Project PD 172/91 Rev.1 (F) as PD 172/91 Rev.2 (F) to allow for the phased implementation of the project with budgetary allocations of \$526,339 for Phase I and \$629,974 for Phase II.
14. The Committee recommended that the Council approve the redesignation of approved Project PD 14/92 Rev.1 (F) as PD 14/92 Rev.2 (F) to allow for the phased implementation of the project with budgetary allocations of \$1,500,000 for Phase I, \$1,000,000 for Phase II and \$500,000 for Phase III.
15. The Committee recommended that the Council approve PD 8/92 Rev.2 (F) and allocate \$922,467 for its implementation.
16. The Committee recommended that the Council approve PD 9/92 Rev.2 (F) and allocate \$722,619 for its implementation subject to the condition that field activities undertaken in relation to item 1.1.5 in the Project Document only be initiated on common forest and private properties less than 20 ha in extent.
17. The Committee recommended that the Council approve PD 15/92 Rev.3 (F) and allocate \$394,520 for its implementation.
18. The Committee recommended that the Council approve PD 16/92 Rev.2 (F) and allocate \$352,800 for its implementation.
19. The Committee recommended that the Council approve PD 26/92 Rev.1 (F,I) and allocate \$1,816,810 for its implementation.
20. The Committee recommended that the Council approve PD 32/92 Rev.1 (F,I) and allocate \$1,066,460 for its implementation.
21. The Committee recommended that the Council approve PD 37/92 Rev.1 (F) and allocate \$1,265,292 for its implementation.
22. The Committee recommended that the Council approve PD 39/92 Rev.1 (F) and allocate \$624,750 for its implementation.
23. The Committee recommended that the Council approve PD 42/92 Rev.1 (F,I) and allocate \$1,177,050 for its implementation in two phases of \$199,500 and \$977,550 respectively.

24. The Committee recommended that the Council approve PD 43/92 Rev.1 (F) and allocate \$519,120 for its implementation.
25. The Committee recommended that the Council approve PD 45/92 Rev.1 (F) and allocate \$1,195,779 for its implementation.
26. The Committee recommended that the Council approve PD 47/92 Rev.1 (F) and allocate \$742,875 its implementation.
27. The Committee recommended that the Council urge the Executive Director to immediately constitute a Project Formulation Mission under PD 73/89 (M,F,I) to assist the Government of Panama to reformulate PD 30/92 Rev.1 (F) in time for consideration by the Panel of Experts in the Project Cycle leading to the Fourteenth Session of the Council. To facilitate the consideration of this project by the Panel in the accelerated manner outlined in Recommendation 29 below, the Committee further recommended that the terms of reference for the PD 73/89 (M,F,I) Mission specify that the reformulated project be submitted to the Secretariat in both English and Spanish.
28. The Committee recommended that the Council urge the Executive Director to immediately constitute a Project Formulation Mission under PD 73/89 (M,F,I) to assist the Government of Colombia to reformulate PD 50/92 Rev.1 (F) in time for consideration by the Panel of Experts in the Project Cycle leading to the Fourteenth Session of the Council. To facilitate the consideration of this project by the Panel in the accelerated manner outlined in Recommendation 29 below, the Committee further recommended that the terms of reference for the PD 73/89 (M,F,I) Mission specify that the reformulated project be submitted to the Secretariat in both English and Spanish.
29. In view of the substantial revisions presented to the current Session of the Committee and in view of the limited time available to conduct the Project Reformulation Missions mentioned in Recommendations 26 and 27 above, the Committee recommended that the Secretariat receive revised proposal for consideration of the next Expert Panel for PD 197/91 Rev.3 (F), PD 30/92 Rev.1 (F) and PD 50/92 Rev.1 (F) and these projects only up to 31 January, 1993.
30. The Committee approved PPD 6/92 Rev.1 (F) and recommended that the Council allocate \$157,500 for its implementation.
31. The Committee noted with concern the number of approved Projects that remained unfunded and the increasing number of unfunded projects passing through the sunset provisions of Decision 2(X), Annex 2, Paragraph 2. The Committee therefore urged Member Countries to contribute funds for these unfunded approved projects. These are:
 - PD 139/91 Rev.2 (F) Management Plan for the Sustained Production of Orey Forests in the Bocas del Toro Province,
 - PD 140/91 Rev.1 (F) Management Plan for the Cativo Forests of Darien,
 - PD 159/91 Rev.1 (F) Studies for the Regulation and Sustained Management of the Tropical Rainforests of the Provinces of Napo and Sucumbios,

- | | |
|-----------------------|--|
| PD 171/91 Rev.1 (F) | Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps |
| PD 172/91 Rev.1 (F) | The Recovery of Natural systems of the Hillsides of Caqueta |
| PD 174/91 Rev.2 (F,I) | Rehabilitation of the Forest in the South-Central Region of Côte d'Ivoire Around the Tene Forest, |
| PD 185/91 Rev.1 (F) | Sustainable Forest Management and Development in Peninsular Malaysia |
| PD 194/91 Rev.1 (F) | Recuperation and Demonstration Management of Secondary Forests in the Peruvian Amazon |
| PD 202/91 Rev.1 (F) | Sustainable Forest Management through Collaborative Efforts |
| PD 203/91 Rev.1 (F) | Study Relating to Forest Management in the Fazao-Sud Region |
| PD 14/92 Rev.1 (F) | A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China, |
| PD 18/92 (F) | Research-Development Associated with Management Operations in the Closed Forest of Côte d'Ivoire: Determination of a Forest Typology Related to Silvicultural Systems. |

32. In order to better facilitate the work of the Committee and maximize the chances of project proposals obtaining both approval and financing, the Committee recommended that the Council request the Secretariat not to forward to the Committee any revisions of proposals requiring complete reformulation until these revisions had again been technically evaluated by the Panel.

15. Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix I

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. PD 197/91 Rev.3 (F) Development and Management of Lesser-Used Timber Species in the Philippines

Most of the wood industries in the Philippines are based on the exploitation of dipterocarp forests. These forests have been overlogged in the past and are now totally depleted. Although the Government of the Philippines is promoting sustainable management systems for these forests, it is clear that they will no longer be able to meet the resource requirements of the national wood industries. Thus, additional supply sources are needed to sustain these industries which currently make a significant contribution to the national economy. Relevant research data available show that lesser used species (LUS) can constitute suitable substitutes for species traditionally used by wood industries.

The aim of the original project proposal was to gather basic information about these LUS species and to develop propagation, plantation establishment, management and regeneration methods and models. The proposal was first submitted to the Second Panel of experts which met before the Twelfth Session of the Council. Subsequent revisions were reviewed by the Third Expert Panel, the Tenth Session of the Committee and the Fourth Meeting of the Panel of Experts.

Appraisal by the Third Panel of Experts

The panel again felt that this was a proposal that was potentially a very useful project relevant to ITTO objectives and priorities but was disappointed to find that only minor changes had been made in response to its previous comments. Thus the Panel noted that there still was considerable ambiguity and inconsistency in the drafting of the text and that there still was no explicit reference to the ITTO Guidelines on Sustainable Tropical Forest Management or the ITTO Pre-Project Report on the "Appropriate Supply of Raw Wood Materials in Producing Countries with Dwindling Forest Resources: The Case of the Philippines". Again, the Panel noted that this Pre-Project Proposal was foreshadowed as an essential input into the current Project Proposal when it was approved by the Sixth Session of the ITTC in May 1991.

Recommendations by the Third Panel of Experts

The Panel recommended that the Proposal be again reformulated to address the above concerns for both the overall Proposal, and the individual studies within the Proposal. In particular, attention should be given to:

1. Clarifying the extent to which the Proposal will focus on plantation development vis-a-vis natural forest management, and how emphases on these different aspects can be harmonized in operational terms.
2. Providing a detailed outline of regional master plans for sustainable forest management for the various study sites, indicating how the proposed studies fit into these plans and how the plans relate to the various ITTO Guidelines on Sustainable Tropical Forest Management.
3. Providing a detailed outline of how the results of each study will be evaluated and applied to forest management.
4. Prioritizing research topics so that a more easily managed number of research activities can be phased and reviewed before extension to other topics or species valuations.
5. Outlining the detailed economic, ecological, silvicultural and social criteria for selecting species for all trials. These outlines should include a detailed justification for the use of Lesser Known

Species rather than species with proven market acceptability in any capital intensive plantation or enrichment planting developments.

6. Providing a detailed, appropriately referenced research plan for each study outlining clear objectives and measurable outcomes and referenced methodologies for site selection, site preparation and detailed experimental design.
7. Providing more detailed budget estimates for all key line items including terms of reference for all local and international staff appointments or consultancies, and detailed objectives and costings for all equipment purchases, training scholarships, study tours and workshops.
8. Providing specific details of any private sector support.
9. Providing a detailed plan and an appropriate budget for the dissemination of the results of all studies and Project activities, including the production of a practical field manual.

Conclusions of the Third Panel

The Panel concluded that a complete reformulation of the Proposal was still essential to achieve the stated objectives and that such a reformulation was also essential before the Project could be commended to the Committee for proper appraisal.

Comments of the Tenth Session of the Committee

The Committee noted the advice of the Government of the Philippines that the proposal was being revised in the light of the comments of the Third Panel and that a revised proposal would be presented to the Thirteenth Session of the Council.

Comments of the Fourth Panel of Experts

The Panel noted that the proposal appeared to have been developed from a Pre-project financed by ITTO and entitled "Appropriate Supply of Raw Wood Materials in Producing Countries with Dwindling Forest Resources: The Case of the Philippines", though the proposal itself does not refer to this earlier study. The Panel also noted that earlier versions of the proposal had been previously assessed by both its Second and Third Meetings. In its last assessment, the Panel made nine recommendations to help guide a complete reformulation of the proposal so that it could meet its stated objectives.

The Panel noted that the current proposal contains a number of responses to these recommendations, viz,

- * The proposal is now firmly focused on plantation development rather than both plantation development and natural forest management in response to the previous Panel's first recommendation. However, in this regard the panel noted that no justification has been given for this choice and felt that, in fact, the wrong choice had been made between the options of plantation development and natural forest management.
- * A provision of US\$ 25,000 has been made in the project budget to conduct a number of workshops and symposia in response to the Panel's previous Recommendation 9 concerning the dissemination of project's results. However, the Panel noted that no detailed plan has been given for the organization of these workshops and symposia.

The Panel noted a number of other changes in detail in the revised proposal. However, the Panel did not feel that these changes adequately dealt with any of its recommendations, and felt that it had to restate most of its recommendations for reformulation of the proposal.

Recommendations of the Fourth Panel of Experts

The Panel recommended that the Proposal be further reformulated giving particular attention to the following issues:

1. Providing a detailed justification for the Proposals focus on plantation development using lesser known species
2. Providing a detailed outline of regional master plans for sustainable forest management for the various study sites, indicating how the proposed studies fit into these plans and how the plans relate to the various ITTO Guidelines on Sustainable Tropical Forest Management.
3. Providing a detailed outline of how the results of each study will be evaluated and applied to forest management.
4. Prioritizing research topics so that a more easily managed number of research activities can be phased and reviewed before extension to other topics or species evaluations.
5. Outlining the detailed economic, ecological, silvicultural and social criteria for selecting species for all trials. These outlines should include a detailed justification for the use of Lesser Known Species rather than species with proven market acceptability in any capital intensive plantation or enrichment planting developments.
6. Providing a detailed, appropriately referenced research plan for each study outlining clear objectives and measurable outcomes and referenced methodologies for site selection, site preparation and detailed experimental design.
7. Providing more detailed budget estimates for all key line items including terms of reference for all local and international staff appointments or consultancies, and detailed objectives and costings for all equipment purchases, training scholarships, study tours and workshops.
8. Providing specific details of any private sector support.
9. Providing a detailed plan and an appropriate budget for the dissemination of the results of all studies and Project activities.

Conclusions of the Fourth Panel

The Panel concluded that complete reformulation of the proposal was still essential, and that it would need to further assess such a reformulation before it could commend the proposal to the Committee for its appraisal.

Response to the Fourth Panel's Comments

In response to recommendations 1 and 2, substantial modifications were made to Section 1.1, *Rationale* (Pages 2-6a), including a new table on supply and demand. However, no other changes were been made in the revised project document to address the remainder of the recommendations (3-9).

1. The revised proposal provided an explanation of what the submitting agency means by lesser known species (LKS) and a justification for their use.

* Lesser known species (LKS) have proven use for quality handicrafts, furniture and other uses. Wood carvings are an important source of foreign exchange, ranking in the country's top 10 earners.

- * Over-exploitation has made some species rare, thereby reducing their use/value on the market. However, in the past, these species were highly valued.
- * Little is known about LKS propagation and management.
- * Many LKS have potential in generating income/employment through cottage industries in rural areas.
- * Many LKS are pioneer species and are of ecological value, playing an important role in forest succession, and as productive wildlife habitat. Many LKS thrive on degraded sites.
- * The project's focus on LKS complements the Forest Products Research and Development Institute (FPRDI) on technology development for lesser used species/lesser known species.

2. The revised proposal makes reference to the master plan by:

- * Comparing two timber supply and demand scenarios where one bans all logging from old growth forests and residual forest areas and the other excludes the ban. Under both scenarios, plantations would fill part of the gap between supply and demand to help meet the country's timber requirements.
- * The Master Plan shows that there is a large area of understocked and degraded forest land which may be available for plantation production.

The revised proposal does not specifically address:

- * How the proposed studies on LKS fit into the plan, and
- * How the plans relate to the various ITTO Guidelines.

3. The budget does not allocate funds to monitoring and evaluation, or ITTO's 5% support charge.

Conclusions of the Committee

The Committee acknowledged Philippine's efforts to address the Panel's concerns. However, since the Panel felt it would need to further assess the reformulation before commending the proposal for approval, the Committee recommended the proposal be referred back to the Panel for consideration in the Project Cycle leading to the Fourteenth Session of the Council in May 1993.

2. PD 200/91 Rev.2 (F) Evaluation and Impact Assessment of Community Forestry Projects in the Philippines

At present, some 6-7 million people live in the upland forest zone in the Philippines. As a result, considerable forest degradation has occurred and past punitive efforts by forest authorities aimed at halting slash and burn agriculture have proven to be ineffective. As a result, the Philippines Department of the Environment and Natural Resources (DENR) launched an alternative community forestry programme in 1989 to address the problem of meeting human needs within a sustainable forest conservation and management framework. The proposed project forms part of this programme and has the overall objective of clarifying the socio-economic issues surrounding the implementation of community forestry projects with a view to developing community forestry models and production and cost standards for different community forestry projects. Its specific objectives include:

- * Documenting and assessing the different community forestry projects operating in the Philippines.
- * Investigating the production and cost standards in the implementation of major activities in community forestry projects in selected regions of the country.

- * Developing and testing methodologies for impact assessment in community forestry management.
- * Assessing the socio-economic, financial, environmental, institutional, political and biological impacts of community forestry projects.
- * Conducting policy analyses for community-forestry projects.

The proposal was first reviewed by the Second Meeting of the Panel of Experts. It has subsequently been reviewed by the Third and Fourth Panel of Experts.

Appraisal by the Third Panel of Experts

The Panel still considered that the proposal was potentially relevant to ITTO, given the high priority the Government of the Philippines has assigned to community forestry in implementing its national forest policy. However, the Panel also noted that the relevance of the proposal to ITTO priorities such as the achievement of Target 2000 would depend on how much the proposal was targeted on issues such as community based control of enterprises designed to produce industrial timber for both the domestic and international markets, and the integrated marketing of the product outputs from many small scale community forestry activities.

The Panel further noted that the Rev.1 proposal had made a number of detailed responses to the comments of the last Panel viz,

1. The relationship of the individual studies and the overall programme administration had been clarified in the table presented on page 20 of the Rev.1 proposal. In this table, all study budgets had been revised. Furthermore, the overall budget had been reduced from US \$ 1,267,766.60 to US \$ 824,659.33, with a concomitant reduction in the request for ITTO support from US \$ 1,157,766.60 to US \$ 714,659.33.
2. Detailed terms of reference had been provided for most key staff positions on page 23-29 of the revised budget.
3. Detailed methodological statements had been provided for the separate studies beginning on page 31 of the Rev.1 proposal.

However, despite the provision of this additional information, the Panel felt that most of the other recommendations of the last Panel had not been adequately addressed and that further clarification on these issues was required before the proposal could be properly appraised. Fundamentally, the Panel felt that insufficient attention had been given to placing the proposed studies in a contemporary conceptual framework to ensure both maximum relevance for monitoring and corrective adjustments in the community forestry programme and minimum duplication of past work. The Panel's principle recommendations are outlined below.

Recommendations by the Third Panel of Experts

That the project proposal be further reformulated to:

1. Explicitly outline the relationship between the current community forestry programme and previous community forestry programmes in the Philippines. In making this recommendation, the Panel felt that a major review of past activities would have been undertaken in the development of the new community forestry thrust in the Philippines, and again questioned whether there was sufficient operational experience with the new programme which only began in 1989 to justify a major evaluation as was being proposed in this study.
2. Include a succinct summary of the various studies on community forestry programmes conducted by FAO, Philippine agencies and other bodies elsewhere, subject to determination of the relevance issue in 1 above. This review should highlight what might be the major facilitating or constraining factors in implementing community forestry programmes and how

the study instruments might best address these issues. The aim should be to produce a much more targeted and hence cost effective proposal that extends rather than duplicates any previous work.

3. Define more precisely the current state-of-knowledge on cost standards for community forestry in the Philippines in the introduction to Study 2. In making this recommendation, the Panel noted the literature review that had been presented but could not fully judge its relevance as a reference list had not been presented to support the review. In addition, the Panel noted that no reference was made to the USAID and other studies mentioned in point 6 in the previous panel's review of the proposal. In the revised proposal, reference should be made to these studies to indicate current cost standards/models that have been used for community forestry projects in the Philippines; the limitations of these standards or models; and how the study will specifically help overcome these limitations to improve operational planning and monitoring standards.
4. Redefine the need for Study 3 in the light of existing impact assessment methodologies that have been developed by FAO and other agencies to avoid duplication. Reference should be made here to the general development literature as well as existing impact assessment methodologies used by DENR and other Philippine agencies. The Panel also felt strongly that there should be no need to develop new methodologies. Rather, they felt that the study should be aimed at improving local methodologies by adapting existing methodologies to better meet local needs.
5. Redefine the objectives of Study 4 to ensure that impact assessment is focused on the principle policy questions that face the current community forestry programme. In this regard, particular attention should be given to monitoring the effectiveness of community based control of enterprises designed to produce industrial timber for both the domestic and the international market, and the integrated marketing of the product outputs from many small scale community forestry activities.
6. Clarify the relationship between the Policy Analysis studies proposed in Study 5 with policy analysis studies that might have been previously undertaken when the Government of the Philippines adopted the community forestry programme as a major element in forestry policy. This review should identify specific technical weaknesses in these studies to indicate specifically where the proposed studies will provide additional policy relevant information.
7. Include provision for ITTO evaluation and monitoring (approximately US \$6,000 per project year) and a 5% cost loading for the ITTO Programme Support charge.

Conclusions of the Third Panel of Experts

The panel concluded that considerable reformulation along the lines suggested in the recommendations above was still necessary before a proper appraisal of the project proposal could be made.

Comments of the Tenth Session of the Committee

The Committee noted the advice of the Government of the Philippines that the proposal was being revised in the light of the comments of the Third Panel and that a revised proposal would be presented to the Thirteenth Session of the Council.

Comments of the Fourth Panel of Experts

The Panel noted the previous submissions of this project proposal and reviewed the current revision in relation to its previous comments and recommendations. In this regard, the Panel noted the addition of a historical review of community forestry in the Philippines in response to its first recommendation that an explicit outline be given of the relationship between the current community forestry programme and previous programmes in the Philippines. It also noted a number of changes in detail in the project budget and some additional headings in a number of places in the text.

However, while it noted the above changes, the Panel did not feel that they addressed any of the issues of substance raised in its previous evaluation. The Panel expressed its disappointment at this response given the large number of individuals and institutions known to be working in this and related areas in the Philippines whom the Panel confidently felt could have contributed to a rigorous reformulation of the proposal. The Panel also recognized the urgency of the situation facing forest conservation and management on the Philippines. The potential role of community forestry in addressing these problems was also recognized as was the need for programme evaluation and planning to help ensure efficient and effective programme implementation. The Panel therefore restated its previous recommendations for the reformulation of the project.

Recommendations of the Fourth Panel of Experts

That the project proposal be further reformulated to:

1. Review the relationship between the current community forestry programme and previous community forestry programmes in the Philippines to justify how the proposed study would add to the major review of past activities that would have been undertaken in the development of the new community forestry thrust in the Philippines. In this regard, the Panel saw the need for the proposal to establish that there was sufficient operational experience with the new programme which only began in 1989 to justify the major evaluation that was being proposed for the study.
2. Include a succinct summary of the various studies on community forestry programmes conducted by FAO, Philippine agencies and other bodies elsewhere, subject to determination of the relevance issue in 1 above. This review should highlight what might be the major facilitating or constraining factors in implementing community forestry programmes and how the study instruments might best address these issues. The aim should be to produce a much more targeted and hence cost effective proposal that extends rather than duplicates any previous work.
3. Define more precisely the current state-of-knowledge on cost standards for community forestry in the Philippines in the introduction to Study 2. In making this recommendation, the Panel noted the literature review that had been presented but could not fully judge its relevance as a reference list had not been presented to support the review. In addition, the Panel noted that no reference was made to the USAID and other studies mentioned in point 6 in the previous panel's review of the proposal. In the revised proposal, reference should be made to these studies to indicate current cost standards/models that have been used for community forestry projects in the Philippines; the limitations of these standards or models; and how the study will specifically help overcome these limitations to improve operational planning and monitoring standards.
4. Redefine the need for Study 3 in the light of existing impact assessment methodologies that have been developed by FAO and other agencies to avoid duplication. Reference should be made here to the general development literature as well as existing impact assessment methodologies used by DENR and other Philippine agencies. The Panel also felt strongly that there should be no need to develop new methodologies. Rather, they felt that the study should be aimed at improving local methodologies by adapting existing methodologies to better meet local needs.
5. Redefine the objectives of Study 4 to ensure that impact assessment is focused on the principle policy questions that face the current community forestry programme. In this regard, particular attention should be given to monitoring the effectiveness of community based control of enterprises designed to produce industrial timber for both the domestic and the international market, and the integrated marketing of the product outputs from many small scale community forestry activities.
6. Clarify the relationship between the Policy Analysis studies proposed in Study 5 with policy analysis studies that might have been previously undertaken when the Government of the Philippines adopted the community forestry programme as a major element in forestry policy.

This review should identify specific technical weaknesses in these studies to indicate specifically where the proposed studies will provide additional policy relevant information.

7. Include provision for ITTO evaluation and monitoring (approximately US \$6,000 per project year) and a 5% cost loading for the ITTO Programme Support charge.

Conclusion of the Fourth Panel of Experts

While the Panel noted the changes that had been made to the proposal in response to its previous comments, it concluded that further reformulation along the lines suggested in the recommendations above was essential in order to allow a proper appraisal of the project proposal. The Panel therefore felt that it would need to further assess such a revision before it could commend the project to the Committee for final appraisal.

Comments of the Committee

The Committee noted the advice of the Philippine Delegation that the proposal was being further revised for consideration in the Project Cycle leading to the Fourteenth Session of the Council in May 1993.

3. PD 201/91 Rev.2 (F) Community-Based Timber Stand Improvement

At present, some 6-7 million people live in the upland forest zone in the Philippines. As a result, considerable forest degradation has occurred and past punitive efforts by forest authorities aimed at halting slash and burn agriculture have proven to be ineffective. As a result, the Philippines Department of the Environment and Natural Resources (DENR) launched an alternative community forestry programme in 1989 to address the problem of meeting human needs within a sustainable forest conservation and management framework. The proposed project forms part of this programme and aims to produce the following outputs:

- * The establishment of a community-based Timber Stand Improvement model in the country's logged-over forests.
- * Development of self-sufficient upland communities.
- * Policies for effective community-based forest management.

The proposal was first reviewed by the Second Meeting of the Panel of Experts. It has subsequently been reviewed by the Third and Fourth Panel of Experts.

Appraisal by the Third Panel of Experts

The Panel again noted the potential value of the project and recognized that the proposed community based Timber Stand Improvement plans were particularly relevant to the core ITTO activity of linking the conservation and sustainable management of tropical forest resources. The Panel also noted the substantial reformulation of the original proposal including the reduction from three separate studies to a single study and noted that it was now clear that the proposal essentially involved three demonstration areas to show communities what TSI options were available.

The Panel also noted that the overall budget had been reduced from US \$ 713,313 to US \$ 532,550 with a concomitant reduction in the level of funds sought from ITTO from US \$ 613,313 to US \$ 467,550. The Panel also noted the inclusion of brief terms of reference for key personnel on pages 11 and 12 of the revised proposal and the fact that the revised proposal relied exclusively on local personnel as was suggested in recommendation 3 from the previous Panel.

However, while these substantial changes to the proposal were noted, the Panel still felt that much stronger emphasis needed to be placed on the development and promotion of operational models and implementation strategies based on existing knowledge of the silvicultural response of the

forest rather than research trials to document such responses. In addition, the Panel felt that some budget items still needed more detailed justification. Furthermore the Panel felt that particular attention needed to be given to the development of markets and marketing strategies for the products of community forest Timber Stand Improvement works so as to provide direct and sustainable financial incentive for communities to conserve and manage their forest resources.

Recommendations by the Third Panel of Experts

The Panel recommended that the proposal be further reformulated to:

1. Focus specifically on the question of developing and promoting market-relevant operational strategies for community-based timber stand improvement that could ultimately be financially self-sufficient.
2. Apply existing knowledge about the silvicultural characteristics of previously logged forests rather than to establish long term research trials on such responses.
3. Provide more detailed justification for the line items in the budget on travel, equipment, administration costs and the Philippine Government contributions for salaries (US \$ 45,000) and facilities (US \$ 20,000) which were included in the cover page.
4. Clarify the amount required for contract payment to communities. At present, the budget table on page 13 states that the payments will be for 300ha with a unit cost of \$3000/ha. This implies a total cost of \$90,000 rather than the \$4,000 currently stated.
5. Clarification of the budget total - at present the line items sum to \$373,050 not 467,550 as stated.
6. Relate activities and budget line items directly to project outputs.
7. Provide details of the specific measures that will be taken to achieve wide community participation in the project.
8. Outline specifically how the proposed demonstration sites will be used to promote the wide application of community-based timber stand improvement activities in terms of target groups, training activities etc.
9. Include provision for ITTO evaluation and monitoring (approximately US \$6,000 per project year) and a 5% cost loading for the ITTO Programme Support charge.

Conclusions of the Third Panel of Experts

While the Panel noted that substantial changes to the project proposal had been made in response to the comments of the previous Panel, it concluded that further reformulation along the lines suggested in the recommendations above was still required in order to allow a proper appraisal of the project proposal.

Comments of the Tenth Session of the Committee

The Committee noted the advice of the Government of the Philippines that the proposal was being revised in the light of the comments of the Third Panel and that a revised proposal would be presented to the Thirteenth Session of the Council.

Comments of the Fourth Panel of Experts

The Panel reviewed the history of revisions for this proposal and again reaffirmed its previous positive assessment of the Project's potential immediate relevance to Target 2000 and ITTO's core concern of linking conservation with the sustainable management of tropical forests. The Panel also noted that the current revision of the proposal addressed a number of the issues raised previously

by the third Panel. However, despite these modifications, the Panel considered that key questions remained about the issues raised in questions 6-9 of the previous Panel's recommendations.

In particular, the Panel was concerned that the mechanisms that would be used to secure wide community participation in the project were still not clearly defined. There was no outline of the incentives that might be used to attract such participation and no indication of how the benefits accruing from the project would be distributed to the local community. Indeed the panel expressed particular concern that the only explicit indication of direct benefits to local communities in the current revision was a line item of \$20,000 for contract payments to the communities.

The Panel also expressed concern about the lack of information about how the proposed demonstration sites would be used to promote the wide application of community-based timber stand improvement activities. The Panel expressed the view that a crucial factor in both securing community support for the project and subsequently extending the results of the Project would be to target areas where such community-based activities were likely to be economically viable in their own right.

Recommendations of the Fourth Panel of Experts

The Panel recommended that the Project be reformulated again so as to:

1. Provide details of the target sites for both the demonstration trials and future extension activities in terms of their socio-economic characteristics, proximity to markets and the likely economic viability of the proposed community-based TSI enterprises.
2. Provide details of the mechanisms that would be used to secure the wide participation in the project such as the selection criteria for target communities, the extent and timing of community consultations in project planning, possible financial incentives, the distribution of project benefits and the provision of training opportunities .
3. Provide a specific outline of how the proposed demonstration sites will be used to promote the wide application of community-based timber stand improvement activities in terms of selecting target groups, providing training activities etc.
4. Include provision for ITTO monitoring and evaluation (approximately US \$ 6,000 per project year) and a 5% final cost loading for the ITTO Programme Support Charge.

Conclusions of the Fourth Panel of Experts

While the Panel noted the changes that had been made to the proposal in response to its previous comments, it concluded that further reformulation along the lines suggested in the recommendations above was essential in order to allow a proper appraisal of the project proposal. The Panel therefore felt that it would need to further assess such a revision before it could commend the project to the Committee for final appraisal.

Conclusion of the Committee

The Committee noted the advice of the Philippine Delegation that the proposal was being further revised for consideration in the Project Cycle leading to the Fourteenth Session of the Council in May 1993.

4. PD 8/92 Rev.2 (F) Growth and Increment of Fifty Commercially Viable Forest Species in Honduras

The aim of the project is to provide a basis for the generation of income through the establishment and utilization of planted forests with fast-growing species with high commercial values. In this regard, it is hoped that the project will also contribute to reducing pressure on natural forests currently being subject to unsustainable rates of exploitation and rapid deforestation. The specific objectives of the Project are :

- * To provide information on species performance to allow the establishment of commercial plantations of non-traditional species.
- * To provide information to help improve the management of the natural forests in which these species occur.
- * To develop experience in the management of broadleaved species and agroforestry.
- * To transfer project outputs at the technical, community and company levels so as to promote the development of commercial plantations.

The proposal was first considered by the Third Panel of Experts . It has subsequently been considered by the Tenth Session of the Committee and the Fourth Panel of Experts.

Appraisal by the Third Panel of Experts

The Panel felt that this project was potentially relevant to the objectives of the ITTA and the priorities of the ITTO Action Plan. However, the panel also felt that the proposal should have been supported by a comprehensive review of the literature and the available regional information on species site requirements, timber growth performance and the development of agroforestry systems. The Panel felt that such a comprehensive review was necessary to clarify specific research needs and priorities, to aid in the selection of target species and research design methodologies, thereby helping to avoid any duplication of past research. In this regard, the panel noted that there were a large number of valuable agroforestry projects such as the project under implementation by GTZ in Java and noted that other useful experiments in agroforestry have been undertaken in Costa Rica and even in Honduras. The Panel felt that the project could certainly benefit from the results of experiences in these other projects.

The Panel also felt that the relationship of the project to the Honduran TFAP needed to be clarified. The Panel also noted that the Project proposal also placed strong emphasis on the development of commercial plantations and agroforestry and should therefore be put into perspective of the deforestation issue in the country. In addition to these general comments, the Panel made specific comments on the following items:

1. The methodology of the project should be clarified and details on the list of species, the criteria of their selection, the nature of measurements to be done on these species, the types of agroforestry combinations to be implemented etc. should be provided.
2. It is very unlikely that the duration of this project, and specially its phasing out into 2 terms of 5 years each would allow to achieve concrete results specially in the field of volume growth rates and annual increment assessment of species.
3. The importance of field personnel and vehicles in the project budget make it difficult to see clearly where the priority for the ITTO assistance lies and calls for a thorough outline of the use of these personnel and vehicles.

With these key gaps in information the Panel wondered if the intention of the Government of Honduras was not to submit only a project idea or a pre-project. In this regard, the Panel noted the statement made on the first paragraph of page 2 of the project document where reference is made to "another pre-project". In addition, the Panel felt that ITTO should put emphasis in helping member countries like Honduras in the formulation of their projects and in developing national skills in this area.

Recommendation by the Third Panel of Experts

The project proposal should be reformulated to:

1. Clarify the objectives of the project and provide information on its relation to and integration in the Honduras TFAP.

2. Include background information based on both the literature and experience available inside and outside the country in the fields of species site requirements, timber growth assessment and the development of agroforestry systems. This review should indicate precisely how the proposed study will extend existing available information to better promote sustainable forest management.
3. Provide a clear and detailed outline of the research methodology that will be used to meet the objectives of the Project.

Conclusion of the Third Panel of Experts

The Panel concluded that a substantial reformulation of the project proposal was necessary before it could be commended to the Committee for a proper appraisal.

Comments of the Tenth Session of the Committee

The Committee noted that only a partial translation of the revised proposal was available to the Secretariat but that this translation had indicated that only a partial response had been made to the comments of the Panel. In particular, the Committee noted that in response to the specific recommendations of the Panel:

1. A statement of objectives had been included in Section 3 of the revised proposal has been provided. This contained the general development objective of generating and transferring information of commercial plantations and that this general objective had a number of specific output statements;
2. A generalized summary of research outputs and research institutions undertaking silvicultural research in the region had also been included. However, this did not provide any indication that might help prioritize planting strategies;
3. The activity statements in Section 3 outline the general approach but not the detailed research methodology requested by the Panel.

The Committee also questioned whether or not a more effective approach would have been to concentrate research efforts on a smaller number of tree species and how the Project would relate to the current ODA Tree Improvement Project in Honduras.

Comments by the Fourth Panel of Experts

The Panel noted that this proposal was first assessed during its Third Meeting in February 1992. On that occasion, several recommendations were made by the Panel to further improve the design of the project viz, that the proposal be reformulated to:

1. Clarify the objectives of the project and provide information on its relation to and integration in the Honduras TFAP.
2. Include background information based on both the literature and experience available inside and outside the country in the fields of species site requirements, timber growth assessment and the development of agroforestry systems. This review should indicate precisely how the proposed study will extend existing available information to better promote sustainable forest management.
3. Provide a clear and detailed outline of the research methodology that will be used to meet the objectives of the project.

The Panel noted that the revised proposal attempted to satisfy the recommendations of the Panel, especially with regard to the methodology, and details on the technical personnel to be involved in the project and their terms of reference. However, for the latter, the Panel felt that proportion of the budget allocated to personnel (52%) was too high. Furthermore, the Panel felt that a number of its

previous concerns were still not properly addressed and that the proposal could still be improved. To that end, the Panel made the following recommendations.

Recommendations by the Fourth Panel of Experts

That the proposal be further revised to:

1. Include a more comprehensive analysis of available experience and literature on project's objectives and activities, both inside and outside the country. This information should then be integrated into the Project Document.
2. Outline the linkage between the project and the National Forestry Action Plan.
3. Resolve the discrepancy concerning the number of species to be involved in the project outlined in page 5 (25 species) and in page 6 (50 species).
4. Provide more clarification on the plantation tests to be carried out (number of plots, size, methodology, etc.).
5. Make appropriate provision in the project budget for ITTO monitoring and evaluation.
6. Correct miscalculations in the project budget concerning equipment and operation costs and adjust the total project budget accordingly.
7. Reduce the budget allocated to personnel.

Conclusions by the Fourth Panel of Experts

Subject to the incorporation of the above essential changes, the Panel considered that the proposal could be commended to the Committee for final appraisal and approval.

Response to the Fourth Panel's Comments

The English translation was not available at the time of discussion. However, since the Secretariat had reviewed the original Spanish version, the Committee agreed the Secretariat could provide an overview of the changes included on Rev.2. The Rev.2 proposal was substantially rewritten to address the Panel's recommendations. The revision included the addition of two detailed summaries in the annex to help justify the requirements for personnel and inputs.

A response was provided to each one of the Panel's recommendations as noted below:

1. The revised proposal has a more extensive and in-depth literature review related to the project's objectives and activities, on experience from both inside and outside the country. The majority of pages 2-9 have been rewritten and substantially improved.
2. The revised proposal clarifies the linkage between the proposal and the National Forestry Action Plan by showing common objectives and strategies which include:
 - * Promoting the development of a forestry industrial base without degrading the forest ecosystem.
 - * Assisting industrial forest producers to invest in reforestation efforts as a means to increase forest productivity.
 - * Increasing the general awareness of problems associated with deforestation and stimulating research required to find alternative solutions to forest destruction.
 - * The project would complement a law currently being debated in the National Congress which would provide fiscal incentives for reforestation.

3. The discrepancy between the figures concerning the number of species included in the project has been resolved - it now stands at 25 species.
4. The revised proposal provides greater detail on plantation trials to be carried out, particularly with respect to experimental design. The additional information includes plot sizes, number of replications, treatments, and so on.
5. A line item is located in the budget, for a total of \$60,000 for the five year period. It is referred to as '**Official Missions**' but no explanation is presented in the text to the uses of this money.
6. There are still many discrepancies in the budget. Three subtotals and the (grand) total figures have been miscalculated for ITTO's contribution. If line items in the budget were recalculated correctly, the total project budget would stand at US\$ 953,467 with ITTO's contribution being \$922,467. There was also an error on the budget calculation for the cover page.
7. Personnel requirements, exclusive of consultant, amounts to \$419,040, which is 49% of the total operational budget (50% of ITTO's contribution). The proposal justifies this allocation by 1) explaining that the Honduras current economic crisis places budget constraints on the public sector, and 2) using project funds for covering personnel requirements is an accepted and common practice among donors supporting TFAP.

Comments of the Committee

The Honduran delegation clarified that the \$60,000 budget was for monitoring and evaluation missions to be undertaken by ITTO. There was also some discussion concerning the amount of funds allocated to project personnel, including the Project Director. Honduras justified this allocation stating that in order to attract qualified personnel, it was necessary to offer competitive salaries.

An issue was raised concerning the use of ITTO funds to support Project Director salaries, and the need for basing such key personnel permanently at or near the project site. The Committee felt that this issue might be best dealt with in the context of the project cycle manual.

The Committee recommended that the Council approve the project and allocate \$922,467 for its implementation.

5. PD 9/92 Rev.1 (F) Forest Management in Islas de la Bahia, Honduras, Central America

The department of Islas de la Bahia is made up of 3 islands, with an area of 260.6 km². The population of the department is increasing very rapidly. From about 12,000 people in 1980, it is now over 22,000 and this has resulted in a rapid deforestation due to clearing and burning activities to convert land for pastures and subsistence farming. Thus hills, catchment areas, wildlife habitats, and coastal areas have been rapidly deforested to such extent that the environmental and socio-economic conditions of the department are now in a very critical situation. It is reported that the islands have already lost 75% of their tree vegetation cover.

The objective of the project is to reverse this process and to improve the environment and the quality of life of the population concerned through sustainable forest management including regeneration, protection and efficient utilization of forest resources.

To achieve this objective the following main activities are proposed for the project:

- The design and implementation of 3 management plans for the three main islands of the department,
- The establishment of 3 nurseries and reforestation of 500 ha,
- Training and extension involving school and local communities,

/...

- Support for 100 small scale industrialists in wood processing and marketing.

The proposal was first considered by the Third Panel of Experts . It has subsequently been considered by the Tenth Session of the Committee and the Fourth Panel of Experts.

Appraisal by the Third Panel of Experts

The Panel considered that the proposal was a well researched and presented, logical approach to forest-based development in island communities through value-added production, with solid local community involvement and good collaborative links with regional research institutions. While the size of the area precluded any major contribution to international trade in tropical timber, the Panel felt that the project could have significant demonstration value for other island communities where there were problems balancing immediate subsistence needs with conservation of the forest resource base for longer-term forest based economic and life support benefits.

The Panel did however recognize a number of important weaknesses in the proposal and a number of specific recommendations are made to improve the project proposal for the consideration of the Committee.

Recommendations by the Third Panel of Experts

The Panel recommended that the project be revised to provide greater details on:

1. The resource base for forest-based development so that the Committee can gain an appreciation of the scale of the envisaged planning process eg, total area of forest; areas needed for nature conservation, tourism or environmental protection purposes; the potential area for plantation development etc.
2. The legal status of any forest land use plan that might be produced by the project including details of the ownership and usufructuary rights to both existing forests and the proposed plantation forests.
3. The type of products and markets that the project will attempt to develop for proposed small business enterprises. In this regard, the Panel felt that it was particularly important to review the list of proposed plantation species in Annex 3 so as to link species selection with products having market demand.
4. The role of the National Consultant in Forest Production Projects. In this regard, the Panel felt that this consultant's task should include the definition of likely market opportunities to maximize the chances of developing viable self-supporting small business enterprises.
5. The steps that will be taken to link small business development with resource capability so as to ensure sustainability.
6. The mechanisms that will be used to ensure the continuity of the project after its operational period of three years. In particular, the Panel sought information on how the plantations established by the project would be both maintained and monitored to provide realistic information for extension to other areas.

Conclusions of the Third Panel

Subject to the provision of the above essential information, the Panel concluded that the Proposal could be commended to the Committee for final appraisal and approval.

Response to the Third Panel's Comments

A response to each of the above recommendations has been presented by the Government of Honduras in document PCF(X)/15, and the following summary is presented for the information of the Committee:

/ ...

1. It is estimated that there are still some 6,000ha of virgin natural forest and some 10,000 ha of degraded secondary forest together with other areas of degraded soil under marginal agricultural production that could be rehabilitated to forest. Preparing a zoning system for this forest is one of the major proposed outputs for the Project.
2. All forests and forest resources are privately owned. However, in the implementation of the Project, it is proposed that forest development, management and utilization will be coordinated through specific contracts between the Government, the landholders and the Project.
3. A list of proposed forest product end uses is presented in item 3 of PCF(X)/15. However, an explicit linkage of species to end products to help determine planting priorities has not been provided though such a linkage seems to be envisaged as a preliminary output from the Project.
4. The role of the national consultant in forest production has been expanded in conformity with the Panel's suggestion. It is stated that this will necessitate an additional months consultancy for this purpose but no additional budget resources were requested. However, as the quoted rate for the consultancy was 6,000 lempiras (approx \$1,100) and the contingency figure in the budget was 60,000 lempiras or some \$11,100, the additional consultancy demand should be able to be met from existing budget sources.
5. It is stated in the amendment that the link between the implementation of the proposed management plans and the work of the various aspects of the Project will ensure that sustainable management of resources is achieved.
6. The primary source of continuity stated in the amendment is the heightened public awareness of forest values that the project hopes to bring to island residents. However, the contractual agreements mentioned in 2 above should also help to achieve a high level of continuity.

In addition to the above points, the Committee may also wish to note that there appears to have been an error in the summation of the budget in the original project that was not detected by the Panel and has not been addressed in the amendment. The cover document states that the total budget requested is some \$676,290 with an ITTO component of \$644,327 and a contribution from the Government of Honduras of \$32,463. However, summing the individual items in the budget tables on pages 17 - 23 of the original Project Document, reveals some \$27,888 specifically earmarked as a Government of Honduras contribution and \$839,735 specifically earmarked as the ITTO contribution and \$197,924 specified on page 23 as the cost of reforestation for 500ha which is the goal stated for Output 2 on page 11. It is assumed that ITTO support is being requested for this last component.

Taking the above together this implies a total request for ITTO support of \$1,037,659. However, the 5% ITTO Program Support Charge adds an additional \$51,883 to this figure. In addition, while some 65,000 lempiras or \$12,000 per year is allocated for monitoring and evaluation, it is thought that a minimum figure of \$15,000 per year would be required to allow ITTO to fully participate in these activities and the work of the Project Steering Committee. This would add a further \$9,000 to ITTO component budget bringing the total to \$1,098,542.

Comments of the Tenth Session of the Committee

The Committee considered that the revised proposal had met many of the requirement of the Panel. However, the Committee felt that a number of questions relating to methodology and land ownership still remained and urged the Executive Director to offer the Government of Honduras the opportunity to invite a Mission to reformulate a potentially important project for consideration at subsequent Committee Sessions.

Comments by the Fourth Panel

The Panel noted that this project proposal was first assessed during its Third Meeting in February 1992. On that occasion, the Panel considered that the proposal was a well researched, well presented, logical approach to forest-based development in island communities, with its emphasis on value-added production, solid local community involvement and good collaborative links with research institutions. However, the Panel also felt that some additional information was needed in relation to the resource base of the project area, land tenure, project beneficiaries, the marketing potential of the target species for plantation development, the linkage of small business development to the resource capability of the area and the sustainability of activities and outputs after the end of ITTO's financial support.

Having considered the revision prepared in response to the above concerns, the Permanent Committee of Reforestation and Forest Management concluded that a number of the requirements of the Panel had been met. However, the Committee also noted that a number of questions relating to methodology and land ownership still remained, and urged the Executive Director to offer the Government of Honduras the opportunity of inviting a Mission to reformulate a potentially important project for consideration at subsequent Committee Sessions.

The Panel noted a number of additional useful changes in the current proposal and felt that its previous concerns had been satisfactorily addressed with the exception of the questions of land tenure and project beneficiaries. In addition, the Panel felt that more information was required on the capability of APRODIB to successfully implement the project. The following recommendations have therefore been made to help further improve the proposal.

Recommendations by the Fourth Panel

That the project proposal be further revised to:

1. Clarify both the pattern of land ownership on the islands and the mechanisms that will be used to distribute project benefits so that the Committee can be sure that benefits will be shared equitably and not captured by a few large landholders.
2. Demonstrate the capability of APRODIB to successfully implement the proposal by providing more background information on its structure and its previous and current activities.

Conclusions of the Fourth Panel

While the above clarifications were considered desirable, the Panel concluded that the proposal could be commended to the Committee for final appraisal and approval.

Response to the Fourth Panel's Comments

Due to difficulties in communication, the Secretariat had not received a revised proposal for PD 9/92 Rev.1 (F), even though the GOH had informed the Secretariat by fax that the revision had been sent. Since the Panel had highly commended this proposal, it was felt that it could be discussed by the Committee.

Conclusions of the Committee

As noted above, the Panel had two issues it believed required further clarification, that of the pattern of land tenure on the Island and the institutional capacity of APRODIB. The Committee asked the Honduras delegation to respond to these two concerns.

1. On land tenure, Honduras explained that the entire island was in private ownership, and the national average for landholdings was around 4.5 ha. The Committee believed that national averages may or may not be applicable to the Island and believed that more concrete information was needed.

2. Regarding APRODIB, Honduras revealed that it is a new organization, but with an exclusive focus on the Islands. GOH policy is to support NGO's and it is confident that APRODIB possesses the capability to implement the project.

Following further clarification on land ownership patterns on the Islands which were given by the Delegate from Honduras, The Committee recommended that the Council approve the project and allocate \$722,619 for its implementation subject to the condition that field activities undertaken in relation to item 1.1.5 in the Project Document only be initiated on common forest and private properties less than 20ha in extent.

6. PD 15/92 Rev.2 (F) Establishment of a Germ Plasm Bank and Pilot Reforestation Units

The State of Rondonia has experienced intensive timber logging and deforestation by Indian and other local communities. This has resulted in the rapid depletion of forests resources, endangering some timber species and threatening both the socio-economic conditions of local populations concerned and the ecological balance of the region.

The objective of the project is to establish a germ plasm bank for four of the endangered species and three reforestation units as a significant contribution to the preservation of these tropical forests and the protection of indigenous communities concerned.

To that end the following activities are proposed for the project:

- Establishment of a live germ plasm bank for Cedrela spp., Torresea acreana, Cordia spp. and Tabebuia spp.,
- Annual production of 2,400 seedlings, development of reforestation techniques and establishment of 3 pilot reforestation units,
- Initiation of extension activities involving local communities.

Appraisal by the Third Panel of Experts

The Panel felt that the proposal was potentially relevant to ITTO and that it was consistent with the objectives of the ITTA. However, the Panel also felt that the project could only yield benefits in the long term and that it was therefore not a priority with regard to target 2000 in its current form. The Panel also felt that the use of the terms "live germ plasm", "seed orchards" and "pilot reforestation units" was confusing and the specific characteristic and objectives for each of these project outputs needed to be clarified, together with a clear statement of the relationships between the various classes of outputs.

The Panel welcomed the fact that the project had been proposed by an NGO with a good working relationship with local communities. However, the Panel felt that the proposal needed to be placed in the framework of a master plan for the sustainable development of the State. If such a plan does not exist, the development of such a plan in a manner consistent with ITTO guidelines should be undertaken as the highest priority.

The Panel felt that the proposed 17 month duration period for the project was far too short to achieve its stated objectives. In particular, the Panel was concerned that there was insufficient information on the institutional framework that will be developed to ensure that the seed orchards and pilot reforestation areas are maintained and monitored after the project ends, and what arrangements would be made to ensure the eventual distribution of seed for operational scale plantings.

The Panel also felt that while the project was targeted at indigenous communities, it was not clear from the project document whether or not these communities saw reforestation as a high priority. The Panel therefore felt that the proposal should clarify what incentives would be used to secure the participation of local people in the project.

Recommendations by the Third Panel of Experts

The Panel recommended that the project should be reformulated to

1. Place the proposal in the framework of an established forest master plan for the conservation and sustainable development of the forest sector in Rondonia. In this regard, the proposal should be coordinated with the activities of PD 167/91 (M) "The Diagnosis and Evaluation of the Brazilian Forestry Sector" in Rondonia. This project was approved by the XI Session of the ITTC, and will undertake its diagnosis on a state by state basis. In addition, any formulation of such a master-plan should make explicit use of both the ITTO Guidelines on the Sustainable Management of Natural Tropical Forests and the ITTO Guidelines for the Establishment and Maintenance of Planted Tropical Forests.
2. Clarify precisely what the terms "germ plasm", "seed orchard" and "pilot plantation" imply in the context of the project, outlining the specific objectives for each of these project components and the relationship between them.
3. Clarify the arrangements for the future monitoring and management of the seed production infrastructure established by this short duration project including the arrangements for seed distribution and the promotion of broad scale reforestation activities.
4. Remove inconsistencies between the seedling production and the plantation programmes viz, the project has a duration of 17 months and appears to allow for two cycles of seedling production but only one cycle of field plantings.
5. Provide more details on training activities (goals, target groups and the nature of the planned training).
6. Clarify the methods that will be used to select target species and target trees for seed production purposes. It should be noted here that the Panel was concerned that many of the common names mentioned in the objectives covered a range of species and felt that prioritization on the basis of clearly defined criteria was essential to ensure efficient use of project resources.
5. Provide detailed justification for line items in the budget.
6. Clarify the ownership and usufructuary status of the plantations established by the Project.

Conclusions of the Third Panel of Experts

The Panel concluded that a detailed reformulation of the project to take account of the above comments and recommendations was necessary before a proper appraisal could be made.

Comments of the Tenth Session of the Committee

The Committee noted the problems with translating Rev.1 and regretted that as a result it was unable to give them a proper appraisal. The Committee therefore requested the Secretariat to fully appraise the documents (Rev.2) when they were translated and advise the Government of Brazil on any possible reformulation for consideration at the November Session.

Response to the Third Panel's Comments

In its review of the original document, the Panel noted that a number of issues still needed to be thoroughly addressed. The Panel's concerns were outlined in the form of recommendations as noted below.

During the Tenth Session of the Committee, there had been problems with the translation of Rev.1, so it was unable to give it a proper appraisal. The Committee therefore requested the Secretariat to fully appraise the revised proposal when it was translated and advise the GOB on any

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possible reformulation. Subsequently, Rev.1, originally submitted in Spanish but with some unclear parts, was refined and resubmitted as Rev.2 for consideration at the Thirteenth Session of the Committee. A further revision was received by the Secretariat and this was considered by the Committee.

The Rev.3 document was reviewed by the Secretariat in light of the comments made on the original document. The project proposal has been completely reformulated and deals with most of the Panel's recommendations.

1. The revised proposal explains that APARAI works closely with the government to:
 - * Implement and/or correct government environmental policies.
 - * APARAI is monitoring and evaluating PLANOFORO, the Government of Rondonia's Agroforestry Program.
 - * APARAI is implementing activities together with the government's Secretary of Environmental Development.
 - * APARAI has established cooperative agreements with GOB ministerial line agencies:
 - National Indian Foundation (Ministry of Justice)
 - Various Ministry of Agriculture and Agrarian Reform's line agencies
 - National Center of Traditional Populations
 - Brazilian Institute of Environment
 - The President's Secretary on Environment

The proposal also explains that the project joins public development organizations and private concerns such as businesses and NGOs with traditional Indian populations.

The revised proposal does not explicitly link project activities with ITTO's Guidelines (Natural Forest Management and Planted Tropical Forests). However, as noted in the text, some of the principles have been taken into consideration in project formulation. The revision did not provide suggestions on how it might coordinate with activities supported by project PD 167/91 (M).

2. The revised proposal guides the reader through a step by step process of key project activities, from seed lab construction through the establishment of seed orchards and a buffer zone of fruit trees around the orchard. The relationship between these activities and outputs is clearly explained.
3. The proposal did not clarify the arrangements for future monitoring and management of the seed production infrastructure to include arrangements for seed distribution and the promotion of broad scale reforestation activities.
4. The revised proposal now has a three-year time frame divided into two phases which correlate with each other, and with the agricultural cycle.
 - Phase I: Has a one year duration with a focus on training and seed collection and treatment.
 - Phase II: Is a two year phase which concentrates on nursery establishment, seedling production, site classification and seed orchard establishment.
5. The revised proposal provides considerably more information on training for technicians and participants. The work plan presents details about the training strategy, the number of people who will participate in training sessions, and where training events will be imparted.

6. Although the revision goes into a great deal of detail about the selection of progeny for target species (four forest, and four fruit), it **does not** present a strategy for species selection. In reference to the specific target species, only the *Genera* name is provided.
7. The budget presented in Rev.3 contains more detail. However, even though the project's total budget is correctly listed on the cover sheet, there is a miscalculation of the total amount in the budget worksheets. The project total was incorrectly computed at US\$353,233 and should be calculated at US\$ 394,520 including appropriate allowances for ITTO monitoring and evaluation and program support charges. Rev.3 has a larger budget over the original budget proposal of US\$ 221,293.
8. The revised proposal identifies the seed orchards as "Indian Territory", however, it does not explicitly state the ownership or usufructuary status of the plantations.

Conclusions of the Eleventh Session of the Committee

The Committee concluded that clarifications were sufficient to address the Panel's concerns and recommended that the Council approve the Project and allocate US\$394,520 for its implementation.

7. PD 16/92 Rev.2 (F) Timber Logging in Rondonia - Phase I: Socio-Economic and Environmental Diagnosis

The State of Rondonia today has the highest deforestation rate in the Brazilian Amazon Region with nearly 23% of its forest having been depleted. This situation is attributed to increasing number of migrants searching for land and employment and to prevailing selective and poor harvesting techniques, which also favour settlements of migrants by opening up roads for logs removal.

The proposal covers Phase I of a broader project, the objective of which is to carry out research and studies on the social, economic and environmental impact of timber logging activities with a view to contributing to the formulation of methods for the utilization of forests resources and the conservation of biodiversity in the State of Rondonia.

To that end, the project itself will attempt to establish an overall framework for timber activities in three municipalities. Its specific objectives include:

- * The development of a methodology for the socio-economic diagnosis in the three study municipalities.
- * To establish a methodology for forest surveys in all settlement units and environmental conservation and preservation units.

Appraisal by the Third Panel of Experts

The panel noted that this project was potentially relevant to ITTO but that in its current form it duplicates the activities planned for Rondonia under PD 167/91 (M) "Diagnosis and Evaluation of the Brazilian Forestry Sector" in Rondonia as this study was to be organized on a State by State basis. Furthermore, the Panel felt that the stated objectives of the proposal were already covered elsewhere vis,

- * Objective 1: by the various ITTO Guidelines on the Sustainable Management of Tropical Forests,
- * Objective 2.1: by the Rondonian activities under PD 167/91 (M),
- * Objective 2.2: by the wide range of methodologies available in the development literature that could be more appropriately adopted for local use by a systematic review of the development literature giving particular attention to Rapid Rural Appraisal Methodologies.

The Panel also noted that it was stated on Page 8 of the proposal that ITTO funding should be used to support 5 full-time professional but that no provision was made for this in the budget presented on page 11. The Panel also felt that there was insufficient justification for all budget items and that the use of budgetary resources was not linked clearly enough to the specific activities planned in the project. The Panel also noted that there was no allowance made in the proposed budget for the 5% ITTO Programme Support charge.

Recommendations by the Third Panel of Experts

The Panel recommended that alteration to the current proposal be considered to:

1. Avoid any duplication with PD 167/91 (M) and any expenditure of resources developing methodologies that are readily available for local application.
2. Focus on the application of ITTO Guidelines on the Sustainable Management of Tropical Forests to meet local needs and priorities.
3. Include a comprehensive budget proposals with full justification of all items linked explicitly to defined project activities.

Conclusions

The Panel concluded that the need for this project should be reconsidered and that any reformulation should be undertaken in the light of the alterations recommended above.

Comments of the Tenth Session of Committee

The Committee noted the problems with translating Rev.1 and regretted that as a result it was unable to give them a proper appraisal. The Committee therefore requested the Secretariat to fully appraise the documents (Rev.2) when they were translated and advise the Government of Brazil on any possible reformulation for consideration at the November Session.

Response to the Third Panel's Comments

During the Tenth Session of the Committee, there had been problems with the translation of Rev.1, so it was unable to give it a proper appraisal. The Committee therefore requested the Secretariat to fully appraise the revised proposal when it was translated and advise the GOB on any possible reformulation. Subsequently, Rev.1, originally submitted in Spanish but with some unclear parts, was refined and resubmitted as Rev.2 for consideration at the Thirteenth Session of the Committee.

Rev.2 was reviewed by the Secretariat in light of the comments made on the original document. The proposal was reformulated to address the Panel's main recommendations and concerns.

1. The proposal's comments (last page) explained the differences between PD 167/91 and PD 16/92 as:
 - * PD 167/91 may be considered as a strategic program at the national level whereas PD 16/92 takes a tactical approach focusing on a well defined target area.
 - * PD 167/91 will not examine in depth the relation between the forestry sector and the socio-economic aspects of the target area. On the other hand, PD 16/92 will analyze in detail how the various components of the forestry sector affect the socio-economic characteristics of the participating communities.
 - * Although the objectives between both projects appear similar, the activities are very different.

2. The project designers responded that most aspects of ITTO Guidelines are contemplated in the project with objectives and activities linking local communities with forest industries. The project entails an analysis utilizing a participatory approach, to identify community needs so as to establish standards for sustainable forest production and wood processing.
3. The budget includes detailed line items correlated to activities. In addition, the budget is increased over the original proposal from US\$ 229,673 to US\$ 352,800. Provisions have been made in the budget for monitoring/evaluation missions by ITTO staff.

Conclusions of the Eleventh Session of the Committee

The Committee concluded that clarifications were sufficient to address the Panel's concerns and recommended that the Council approve the project and allocate \$352,800 for its implementation.

8. PD 19/92 Rev.1 (F) Contribution to the Implementation of the New Industrial Plantation Component of the Forestry Sector Project (1990-1994)

The Government of Côte d'Ivoire has negotiated an agreement with the World Bank and other International Institutions such as CDC, CIDA, KFW, FED and CCCE to rehabilitate its forestry sector. Projects designated for that purpose amount to a total of US\$ 147 million and cover many components such as management of natural forests, protection of national parks, training and research in forestry and industrial plantations.

The project proposal itself is seeking an ITTO contribution in the implementation of the component concerning industrial forest plantations. It covers the upkeep of 55,000 ha of existing industrial plantations and the establishment of 9,000 ha of new plantations. The actual proposal will be concerned only with the establishment of new plantations of 5 selected species.

The ITTO contribution will be used to support part of the running and coordination costs for the Technical Division of SODEFOR for these purposes. The contribution needed is about US\$680,000, 50% the first year and 50% the second year.

This project is a revised version of PD 62/89 (F) approved during the Sixth ITTC Session as a sponsorship project. The differences between the previous proposal and the actual one are:

1. The Institution in charge of monitoring the project in Côte d'Ivoire was the Major Projects Management and Monitoring Bureau (DCGTx) in the case of PD 62/89 (F), whereas it is now the Ministry of Agriculture and Animal Livestock.
2. The overall project's budget and headings have not changed, but the project has been divided in many phases and for the first phase of 2 years, which contribute the actual proposal. The expected contribution from ITTO is about US\$ 560,000 instead of US\$ 2,773,000. The details are shown hereafter:

| Item | ITTO Contribution (FCFA) | |
|-----------------------------|--------------------------|--------------|
| | PD 62/89 (F) | PD 19/92 (F) |
| Establishment of Plant. | 605 | 100 |
| Personnel costs | 93 | 30 |
| Operation of Motorcycles | - | - |
| Upkeep of Plantations | 9 | 10 |
| SODEFOR's Headquarter Costs | 125 | - |
| | <hr/> | <hr/> |
| TOTAL | 832 | 140 |

The project was reviewed by the Third Expert Panel and the Tenth Session of the Committee.

Appraisal by the Third Expert Panel

The Panel pointed out that in this proposal the Government of Côte d'Ivoire is seeking the contribution of ITTO to establish 6,000 ha of Teak plantation in 1993 and 1994 at a rate of 3,000 ha/year. In essence, ITTO is being asked to co-finance a small proportion of an overall project the project (4%) with the World Bank, the CDC and the Government of Côte d'Ivoire.

The Panel noted that the promotion and development of industrial timber plantations which is the objective of this project is consistent with the facilitation aspects of the ITTO Action Plan in the field of Reforestation and Forest Management. However, with regard to the formulation of the project, the Panel found some inconsistency between the project costs included in the core of the project document and those in annex 2.

Recommendations by the Third Expert Panel

1. Clarification should be given concerning the project costs and the contribution sought from ITTO. In particular, the specific uses of the ITTO contribution within the wider project could be clarified.

Conclusions of the Third Expert Panel

While the above clarifications were considered desirable, the Panel concluded that the proposal could be commended to the Committee for final appraisal and approval.

Response to the Third Panel's Comments

Clarification of the budget was provided and the Project is seeking 140 million CFA, 70 million in each year.

Conclusion of the Tenth Session of the Committee

The Committee felt that the project was technically sound and that on this basis, it could recommend to the Council that the Project be approved and CFA 147,500,000 (US\$ 441,004) be allocated for its implementation. However as the proposal was in essence seeking international funding to provide part of the national counterpart component for an investment loan, the Committee sought the guidance of the Council on whether such action was appropriate for ITTO.

Discussion of the Eleventh Session of the Committee

The Twelfth Session of the Council referred Rev.1 back to the Committee for a decision. During deliberations of the Committee, the major question debated was whether ITTO funds should be used a collateral to a World Bank loan. Following further extensive discussion, the Committee concluded that it could not recommend ITTO support for projects designed to facilitate loans for extensive reforestation and forest management activities unless it was clearly demonstrated that ITTO funds would be used to complement national funds rather than to be substitute for such national funds.

PD 21/92 (F)

Sustainable Forest Management in the Forests of Alto Ucayali

The project aims to develop and implement a 30 year management plan for the forests of Alto Ucayali which will seek to:

- ensure the sustainable forest management of 159,000 ha of tropical forest as a strategy to achieve the internationally agreed Target 2000,
- develop management model based on land classification studies that take into account principal land use capacity with a forest production strategy aimed at achieving rural development which is integrated with industry and market development,

- increase production and utilization using the greatest possible number of species with a view to increasing yield from 5 m³/ha to 25 m³/ha,
- promote the participation of the local communities in the development of the project,
- promote reforestation of forest resources to ensure permanent timber production, the production of non-timber products and the conservation of biological diversity and
- develop a permanent research program to contribute to the achievement of the objectives established in the management plan.

International funding is sought for the first four years after which, forest management and planning will be sustained from the revenue generated from the sale of sustainably produced forest products. The project is divided into two phases, the first phase spanning a year and the second phase spanning three years. To achieve the objectives, the following main activities are envisioned: development of general guidelines for the Forest Management Plan for the project area; Preparation of the Forest Management Plan for the first five years which includes: demarcation of boundaries, detailed forest inventory, assessment of species dispersion and natural regeneration, location of seed trees, determination of volume and frequency of commercial trees and general road network construction plan; implementation of a detailed study in the first annual logging area, costing of the various activities, developing guidelines for the tender of standing timber, public tender of standing timber, permanent evaluation of the extraction and reforestation systems included in the Forest Management Plan and formulation of an applied research program. The project was reviewed by the Fourth Expert Panel.

Comments of the Expert Panel

The Panel reviewed the project proposal and considered that it would be highly relevant to Target 2000 if it succeeds in bringing a large area of forest under sustainable forest management. In particular, the Panel welcomed the apparent strict aerial control of forest harvesting with provision for the deliberate retention of unlogged forests within each annual harvesting area. The levels of utilization proposed appeared to be compatible with sustainable increment levels reported for tropical forests and the proposal for self-financing after four years also indicated that the project could be institutionally sustainable. The Panel also noted the proposal for the project to be implemented by the Amazon Forest Development Center which was seeking ITTO support for institutional strengthening under PD 43/92 (F).

However, despite these positive attributes, the Panel felt that considerable clarification was required in the Project Document to establish clearly that the proposal will achieve sustainable forest management rather than simply subsidizing the initiation of conventional exploitation. Key issues here include the use of ITTO Guidelines on sustainable forest management in both the strategic planning for the area and the detailed operational planning for individual harvesting units; the need for both environmental and social impact assessment during project planning; the mechanisms that would be used to secure wide community participation in project planning and implementation; the ownership of the forest and the distribution of benefits from forest harvesting; and the provision of resource security after logging.

The Panel felt that emphasis could be more usefully placed on low impact harvesting systems and natural regeneration rather than reforestation to rehabilitate areas damaged by logging practices. The Panel also felt that the budgetary allowances made for international consultants may prove to be insufficient and questioned whether or not experienced national consultants could meet this role.

The Panel saw the need for the forest inventory components to be based on cost-effective sampling systems and that the plots themselves should ideally be fully enumerated down to 10 cm dbh to enable silvicultural planning and the development of harvesting specifications.

Recommendations of the Expert Panel

In response to the above concerns, the Panel felt that the Project should be reformulated to explicitly outline:

1. How ITTO Guidelines will be applied in project planning to ensure that the implementation of the project conforms with the international norms on sustainability agreed upon within ITTO.
2. How both environmental and social impact assessment procedures will be incorporated into the planning phase of the Project.
3. The mechanisms that will be used to secure the wide participation of local people in project planning and implementation, and how such participation will be maintained in the long term. This section should also outline procedures that will be used to secure the sustainable utilization of non-timber forest products.
4. The ownership of the forest and its timber resources and how the income generated from harvesting will be distributed to secure both local support and long-term resource security and management control.
5. The specific mechanism that will be used to ensure appropriate compliance with harvesting plans developed under the project.
6. The detailed methodology that will be used for all forest inventory and planning activities. It would also be useful to clarify the availability of aerial photograph coverage and other remote sensing data that could be used (or be obtained) to provide a basic stratification of the forest for efficient sampling.
7. The main elements of the proposed harvesting and post-harvesting management prescriptions that are likely to be used in the project.
8. The detailed terms-of-reference for all national and international consultants.

Conclusions of the Expert Panel

The Panel concluded that reformulation of the project to provide the above information was essential. The Panel also concluded that it would need to further assess such a reformulated proposal before it could be commended to the Committee for appraisal.

Comments of the Committee

The Committee noted that no revisions had been received in response to the recommendations of the Panel. Furthermore, the Delegate from Peru advised that the proposal would now be withdrawn.

PD 22/92 (F)

Pilot Reforestation Project in the District of Villa Rica, Central Forest Sub-Region

The project site is located in the Central Forest Sub-Region (Selva Central) of Peru where extensive forest degradation in a geologically sensitive environment has led to both the loss of human life and economic resources. The project aims to demonstrate the technical and economic feasibility of reforestation for watershed protection in areas of the Yezú, Entaz, Oyón and Canal de Piedra River catchments. The pilot project will be implemented over 2.4 years and involves the establishment of a 300 ha demonstration site and extension and community awareness activities to promote broadscale reforestation. The project will be administered by the Municipality of Villa Rica.

Comments of the Expert Panel

The Panel considered that the project was related to the overall objectives of the ITTA and that it had some potential to contribute to the watershed protection in the area concerned. However, the Panel also felt that the impact of such activities would be rather limited, since the problem of watershed management needed to be approached in a much more integrated and comprehensive manner linking the reforestation of degraded lands and awareness campaigns to comprehensive land use planning, ground cover management, soil erosion control, etc. The Panel also noted that no natural forest management component had been included in the project and that the plantations envisioned appeared to be exclusively focused on watershed protection. The Panel therefore considered that the proposal had only minor relevance to ITTO's core concerns such as Target 2000.

With regard to the technical design of the project, the Panel considered that information was lacking on the following items: land tenure; the characteristics of proposed plantation sites; social pressures in the project area; project beneficiaries and mechanisms for the distribution of project benefits; and the procedures for dissemination of results. The Panel also noted that outputs were very modest in relation to project costs suggesting that much more cost effective approaches were needed.

Conclusion of the Expert Panel

The Panel concluded that the project is not sufficiently relevant to merit ITTO support and could not be recommended to the Permanent Committee for approval.

Comments of the Committee

The Committee noted that no revisions had been received in response to the recommendations of the Panel. Furthermore, the Delegate from Peru advised that the proposal was being revised for consideration in the Project Cycle leading to the Fourteenth Session of the Council.

PD 23/92 (F)

Determination of Age and Growth Rates of Peruvian Commercial Timbers as a Technical Basis for Sustainable Tropical Forest Utilization

This study aims to determine the dynamics of Peruvian tropical forests, through the gathering of data on the age and growth rates of the main timber species. It is then proposed to use these results to provide a technical-scientific basis for the formulation of forest management plans in the Peruvian tropics. Expected outputs include: the publication of a technical-scientific material containing a dendrological and anatomical identification of the timber species to be studied; registers on site factors for the areas covered by the study (climatic, edaphic and biological factors); and the development of a new effective short-term methodology to determine the age and growth rates of tropical trees. Furthermore, under the auspices of this study, it is proposed that appropriate equipped laboratories will be established in Peru and that academic-scientific links between national researchers and the Nagoya University in Japan will be initiated.

Comments of the Expert Panel

The Panel recognized the potential utility of the suggested outcome of the proposed research in terms of providing more reliable fast-track estimates of cutting cycle lengths and rotation ages for planning sustainable harvesting in tropical forests. However, on the basis of the information presented in the project proposal, the Panel felt that it was highly unlikely that the stated research objectives could in fact be achieved. The Panel therefore felt that considerable additional information would be required before it could adequately assess the project.

Conclusions of the Expert Panel

The Panel concluded that the information given in the Project was insufficient for an adequate assessment of the proposal. However, the Panel also recommended that any revised proposal should:

1. Provide a rigorous review of the available literature on the dendrochronology of tropical trees. This review should outline any recent methodological breakthroughs that might give the Panel and the Committee confidence that the proposed research had a reasonable chance of meeting its research objectives. The review should also justify the selection of what appears to be a classical, but previously unsuccessful, anatomical approach to the problem, rather than say the perhaps more innovative methods based on observing isotope retention patterns from the major periods of atmospheric atomic testing.
2. Define more clearly the research capabilities and research history of the proposed implementing agency in dendrochronology or related areas.
3. Define more clearly the institutional links with the Nagoya University in Japan and their particular expertise that makes such participation relevant to the particular proposal.

Comments of the Committee

The Committee noted that no revisions had been received in response to the recommendations of the Panel. Furthermore, the Delegate from Peru advised that the proposal was being revised for consideration in the Project Cycle leading to the Fourteenth Session of the Council.

PD 26/92 (F)

Development of Methods and Strategies for Sustained Management of Moist Tropical Forest in Cameroon

Natural forests represent an important natural resource for Cameroonians, provided that they are adequately managed and protected against ill-considered land-use. Considerable efforts to improve natural forest management are being undertaken by the Government of Cameroon, and the proposed project is part of the Tropenbos-Cameroon Programme which aims to develop methods and strategies for natural forest management directed at sustainable production of timber and other products and services. The overall objective of the proposed project is to contribute to the development of ecologically sound, socially acceptable and economically viable management systems for the evergreen tropical moist forests in Cameroon. Its specific objectives are to:

- appraise the quality of the land and forest for relevant kinds of land-use as basis for land use planning and for forest management plans;
- provide insight in logging, farming and other resource utilization systems applied in the area, regarding production methods, nature and quantity of produce and required inputs;
- assess the social aspects of forest land use, and the possibilities for involving local people in sustainable forest management;
- assess the short term and long term impacts of logging and shifting cultivation on soil and forest vegetation;
- develop improved logging methods to reduce logging damage and improve operational efficiency and to assure a potential for sustained production; and
- provide information on the potential marketability of Cameroonian timber species which are not or seldom used at the present and preparation of a list of species which are likely to contribute to future harvests and the facilitation and promotion of lesser known timbers on the local and international levels.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Expert Panel

The Panel considered that the project is a useful research proposal which could potentially contribute to the development of improved management systems for the evergreen tropical moist forests in Cameroon, for both sustainable timber production and improved living conditions for the local people. The Panel noted that the project will address some key aspects of the sustainable tropical forest management such as land-use planning, the social impact of forest exploitation, the long-term impact of logging and shifting cultivation on the forest and the forest environment and the marketing of lesser-known species etc. The Panel also recognized that the proposal was potentially relevant to ITTO Target 2000, provided that steps were taken to ensure the immediate application of the research results in the forest management activities in and beyond the study area.

The Panel considered that the impact of the project could be enhanced if the project results could be organized to lead to the development of an integrated forest management plan. This would help to clarify the linkages and integration of the various research results and ensure that considerations such as forest regeneration, silviculture prescriptions and other forest management activities which were not discussed in detail, will be properly addressed. This approach would also make it possible to proceed with an economic analysis of the overall management plan.

Recommendations of the Expert Panel

To further improve the design of this important project, the Panel recommended that the proposal be revised to:

1. Ensure that the land-use planning exercise takes into consideration the previous, current and envisioned patterns of land use by local populations.
2. Ensure that a comprehensive forest management plan for the whole area is formulated within the framework of the project. This plan should be based on the results of the project and include an economic assessment of proposed management specifications.
3. Ensure that a complete economic assessment is made of the various components of the management plan to help clarify the economic costs and benefits of sustainable forest management.
4. Clarify the relationship between the forest company (GWZ) and the project to indicate:
 - i What the exact contribution of the company will be in the implementation of the project and how this contribution could reduce the proposed project budget?
 - ii The procedures that will be used to ensure that project results are applied in the forest management activities of the company.
5. Justify the support of 8 person months services from wood scientists who will be based in the Netherlands, from the ITTO contribution, as against the Tropenbos/Netherlands contribution - see item VII 8.
6. Revise the budget to remove the apparent duplication of staffing support due to the incorporation of a senior logging specialist (36mths - \$198,000) and a logging specialist (48mths - \$347,000) in the ITTO and the Tropenbos/Netherlands contributions respectively, and the inclusions of provision for a junior social scientist (48mths - 177,800) in both these budget components.
7. Clarify the mechanisms that will be used to secure the transfer of technology, since no specific training component has been specified in the project document.

Conclusion of the Expert Panel

Subject to the incorporation of the above essential information and modifications, which are necessary for the success of the project, the Panel considered that the draft project should be commanded to the Permanent Committee for final appraisal and approval.

Response to the Panel's Comments

The Government of Cameroon revised the proposal to address the above comments and recommendations. Based on the revised document and comments by the representatives of the Government of Cameroon and the Tropenbos program, the following additional information has been provided:

1. An assessment of changes in land uses during the last decades, with regard to methods, intensity and expanse will be carried out by the project.
2. The relationship between the forest company (GWZ) and the project has been clarified as follows: the forest company will make its infrastructure available to the project, and provide logging personnel and equipment (including running costs) free of charge for experimental harvesting operations. The company has also committed itself by contract to implement the research findings in its logging and forest management activities, provided that this can reasonably be expected from a private enterprise. This will allow the Tropenbos Program to monitor the practical application of its research findings.
3. The Wood Science Specialist based in the Netherlands will be supported by ITTO contribution because the Wood Science component of the Project meets the ITTA objectives and is closely related to project PD 134/91 (M,I) "Selection and Introduction of Lesser Known and Lesser Used Species for Specific End-Uses". In addition, it was mentioned that the Tropenbos Foundation and its Dutch partners give priority to activities which are more directly related to forest land use and do not therefore routinely retain wood science staff.
4. The Senior Logging Specialist is the project team leader and he will be more involved in the administrative conduct of the project rather than in the conduct of technical studies. In this sense, the incorporation of a logging specialist financed by ITTO, and who will be involved in the conduct of technical studies is justified and is not duplicating the presence of the Senior Logging Specialist.
5. The transfer of technology will be ensured by the training of Cameroonian Junior Researchers in Cameroon and the Netherlands, and through the organization of study tours and seminars. Clarification on such training activities have been provided in the revised document.
6. The Tropenbos Program is undertaking other research activities in Cameroon including ecological, economic and forest management studies in the framework of other projects. Results from these studies will benefit the implementation of actual proposal.

Conclusions of the Committee

With the understanding that Cameroon/Tropenbos should further elaborate the economic, social and ecological studies which will be conducted in the framework of this proposal which should also result in the development of a management plan for the whole area, the Committee concluded that most of the Panel's comments and recommendations have been properly addressed in the revised document. The Committee recommended that the Council approve the project and allocate \$ 1,816,810 for its implementation.

The Kuna Yala Region covers a 3,206 km² area on the Atlantic Coast of Panama which is made up of a strip of primary forest that extends to the continental divide. This region has a population of about 30,000, spread in 50 communities. The study area itself contains thirty communities with a total population of 7,647. The destruction of the forest and the eventual deterioration of the lands in the Kuna districts makes it imperative to provide the Kuna farmers with alternatives for sustainable production by establishing agro-forestry systems and ensuring the utilization of forest areas under the sustainable yield criteria. The overall development objective of the project is to contribute to the use, management and conservation of tropical forests in the Kuna Yala Region (PEMASKY) and to promote reforestation so as to reduce and avoid the destruction of forests and biological diversity, and to produce economic and social benefits for the indigenous populations. Two immediate objectives are envisioned:

1. to formulate and implement management plans for the Kuna Yala region and
2. to improve the standard of living of the indigenous communities settled in the project areas by promoting the rational use and management of renewable natural resources.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Expert Panel

From the project document, the Panel was unsure about the full scope and nature of the project proposal. The title implied that the proposal was primarily concerned with agro-forestry and rehabilitation, while the first immediate objective stated on page 6 implied that the project would develop and implement an overall management plan for a large regional area of tropical forest. If the latter was in fact the focus of the proposal, the Panel considered that it would be relevant to ITTO's core activities and that it could potentially make an immediate contribution to achieving progress towards Target 2000. The Panel therefore felt that there were many areas that needed further clarification before it could commend the project to the Committee for appraisal. These areas are outlined below.

Recommendations of the Expert Panel

That the project be reformulated to:

1. Clarify the resource situation in the project area with regard to the extent of remaining natural forests, the area of degraded forest lands and the extent of agricultural development. The aim of the management plan in terms of both forest production and environmental protection should also be clearly specified.
2. Clarify the relationship between what is proposed under the project and what was achieved under the management plan that was previously developed for the area in 1985-86. In this regard, the proposal should indicate clearly whether it will update this plan or simply seek to implement its major provisions. It should also clearly indicate the relative scale of the production, protection and agro-forestry components of the project.
3. Ensure that ITTO Guidelines are used in the development and implementation of any new management plan for the area.
4. Outline how the local people could give input to and participate in both the preparation and future implementation of the management plan.
5. Indicate clearly the extent that the project will be involved with demonstration and extension of existing agro-forestry and other forest management systems as against trying to develop new forest management models through research. If there is a major

research component, the limitations of current systems should be specified along with a detailed research plan to address these problems.

6. Indicate how continuity of any management systems developed during the project will be maintained after the completion of the project.
7. Indicate what other projects are working in the area and how the proposal will relate to these current activities and extend their impact.

Conclusions of the Expert Panel

The Panel concluded that the project be reformulated to provide the above essential information. The Panel also concluded that it would need to further assess such a reformulated proposal before it could be commended to the Committee for its appraisal.

Response to the Panel's Comments

Parts of the proposal were substantially reformulated to address many of the Panel's concerns and presented to the Committee in document PD 30/92 Rev.1. As noted above, the Panel was unsure whether the proposal was primarily concerned with agroforestry or whether it was the development of an overall management plan for a large regional area of tropical forests. This and other areas requiring further clarification were addressed in the revision as noted below:

1. The revised proposal explains that the project area is approximately 30,000 ha, with about 50% of the area still covered by natural forests. The remainder of the land has been deforested for traditional agriculture (shifting agriculture) and is now under young secondary forest cover.

In general, the aim of the proposed forest management plan is to guide the rational multiple-use of forest resources on a sustainable basis, while at the same time, conserving the natural resource base. The revised proposal states that the management plan will be preceded by a forest inventory. However, details concerning how the inventory will be carried out and used for developing the forest management plan are lacking. The nature and type of management plan, and how it will guide future activities remain unclear.

2. The revision explains that the previous management plan contained three programs: 1) environmental management, 2) traditional use and appropriate development (of forests), and 3) operations. The plan's primary purpose was to protect the mountainous areas from encroachment by colonists originating from the South. Activities outlined in the former plan lacked sufficient detail and adequate human/financial resources to develop programs two and three mentioned above. The revised proposal will address problems related to these two points with complementary plans for agroforestry development and the sustainable management of multiple-use production forests.

The revised proposal explains that the project will develop a 25 ha model agroforestry farm, on Kuna community land, with community participation. However, the relative scale of forest production and protection are not defined. The proposal also does not provide:

- * any details concerning the type of agroforestry systems it will develop
- * how agroforestry might be integrated into the overall management of the area, and
- * how project activities in agroforestry and forest management might improve the participants standard of living.

3. The revised proposal does not mention the ITTO Guidelines for the development and implementation of its forest management plan. However, some of the ITTO guidelines are implicitly followed in the revised proposal.

4. The revision emphasizes that local people will participate in project implementation, monitoring and evaluation. However, the proposal does not describe in detail how this process will take place, particularly with respect to community institutional arrangements.

5. Due to the general nature of the previous management plan, the project will undertake basic studies on forests that have the potential for multiple-use production on a sustainable basis. In addition, the aim of the 25 ha agroforestry demonstration area is to generate agroforestry systems which will improve traditional production practices and increase income at the community level.

The proposal does not specify how the above studies will be undertaken, nor how the results will be applied. Also lacking is sufficient explanation of how the proposed project will take into consideration research previously carried out in Panama, or elsewhere, regarding the above topics. A brief description of traditional agroforestry practices would also help clarify this concern.

6. Both the original and revised proposals contain similar statements regarding the continuity of management systems. The proposal mentions that this project is a first phase, but does not outline a strategy for the second phase. When the studies in agroforestry and the management plan have been completed, it is anticipated that external funding will be sought for the implementation of follow-on activities. INRENARE will continue to provide technical assistance to the implementing (AEK/PEMASKY) agencies.

7. The revised proposal explains that the project will complement other work being carried out in the area by CATIE, The Smithsonian Institution, and other NGOs and Governmental Agencies. These other organizations have been working primarily in conservation where the proposed project is considered an integrated conservation development program. It will strengthen initiatives in sustainable rural development while addressing the need for natural resource conservation. Additional detail showing how these different projects complement one another would be most useful.

Conclusions of the Committee

The Panamanian delegation clarified some of the more important aspects of the project:

- * This is the first project from Panama presented by a group of Indians to ITTO. They had participated in the UNCED Conference.
- * The area is ecologically very important to the country, and protects the watershed of a major hydroelectric facility.
- * The project fills a gap and complements efforts by other organizations to develop ecotourism and protect biodiversity.
- * The agroforestry system will help meet food requirements and halt shifting agriculture. It will complement forest management activities which will be undertaken by the Indians on their reserve land under the project.
- * Forest management will follow ITTO guidelines, particularly in reference to the forest inventory, development and implementation of a forest management plan. The project will transfer technologies and organizational skills to the Kuna Indians so they are able to manage and benefit from tropical forests on reserve land.

The Committee felt that substantial changes had been made to the proposal to meet the Panel's recommendations. However, as some matters were still not immediately clear, and as the Committee felt that it had insufficient time to give the proposal a full and proper evaluation, the Committee recommended that the proposal be further revised and resubmitted for the consideration by the Fifth Expert Panel for the Technical Evaluation of Project Proposals. In this regard, The Committee recommended that the Council urge the Executive Director to immediately constitute a Project Formulation Mission under PD 73/89 (M,F,I) to assist the Government of Panama in this revision.

This proposal is one of three project proposals that have been developed from an ITTO funded Pre-Project study on Agro-Forestry Systems adapted to the Amazon. Nova California and Extrema are two villages that developed in the State of Rondonia as a result of Government policy of settlement and agrarian reform. The life conditions of the immigrants are as still and essentially unstable, although each immigrant has an allotment of 100 ha. However, agriculture and cattle breeding as currently practiced are essentially characterized by very low productivity and offer very low prospects for improving standards of life.

The two villages, Nova California and Extrema have good community organizations, some experience with development projects and are interested in cultivating forest species, including industrial timber species which have been selected to initiate a rural development scheme based on agro-forestry systems. The project's objectives are to improve productivity, to increase the income and diversify the production of 150 farmers who will be involved in the project and establish up to 300 ha under an agro-forestry consortia which will include industrial timber species. To contribute to the sustainability of resulting agricultural production, further processing of the products has been envisioned in the proposal in order to improve market returns. The project activities include:

- the establishment and the maintenance of new models of production,
- the installation of two (2) processing plants for cupuaço pulp and Brazil nuts,
- the strengthening of rural community organizations,
- the training of project staff and local population,
- the constitution and administration of a revolving fund to support the development of agroforestry activities in the project area on a sustainable basis.

The Proposal was reviewed by the Fourth Expert Panel.

Comments of the Panel

The Panel noted the fact that this proposal had been developed from the ITTO funded Pre-project study on Agro-Forestry Systems for the Amazon. The Panel noted the plight of both the local settlers and the state of the environment in the proposed project area. It also reaffirmed the importance of ITTO supporting agro-forestry initiatives where they were directly linked with the protection of existing forest resources from deforestation and the rehabilitation of degraded forest lands.

The Panel felt that the focus of the proposal was more on sustaining agricultural systems in environments marginally suitable for that purpose rather than trying to sustain any related forest system. In this regard, the Panel noted the lack of any detail in the proposal about the future management of any residual forest on either the individual settlement blocks or in the general project area or its surrounds. Nevertheless, the Panel recognized the importance of the proposal and other perhaps more integrated rural development initiatives for the people who are living in this and many other parts of Rondonia.

The Panel questioned the relevance of the cost structure in the proposal in relation to the scale of the suggested outputs - in essence some 300ha of agro-forestry plantings for 150 families. The Panel was also unsure how the future viability of any enterprises established by the project would be secured after the period of international development assistance.

Conclusions of the Panel

The Panel concluded that the project was not sufficiently relevant to the core priorities of ITTO to merit ITTO financial support. However, subject to clarification of the issues of outputs in relation to costs and the long term viability of project initiatives after the completion of the project, the Panel felt that the proposal could be commended to the Committee for its appraisal for possible sponsorship to other funding organizations.

Response to the Panel's Comments

The Panel recognized the importance of the proposal to integrated rural development issues facing people in Rondonia. Nonetheless, it felt that the project was not sufficiently relevant to the core priorities of ITTO to merit ITTO financial support.

The Panel did not make specific recommendations to be addressed. Rather, the Panel felt that the proposal could be commended to the Committee for its appraisal for possible sponsorship to other funding organizations provided various issues were clarified.

The Government of Brazil did not resubmit a revised proposal, but instead developed an amendment to the proposal to address the Panel's concerns. The amendment refers to various points within the original proposal that address the Panel's concerns. The amendment also outlines why the proposal is important to ITTO and its priorities in sustainable tropical forest management.

Responses to the Panel's concerns are grouped into three main categories: relevance, outputs and viability.

1. Project relevance to ITTO's priorities.

The amendments firstly state that the Panel may have somewhat misunderstood the proposal due to the rigorous economic analysis of the proposed agroforestry interventions, giving the projects an appearance of being heavily agriculture oriented. Secondly, they explained that sustainable development and conservation are intimately linked, and are particularly importance in the holistic management the Amazon's natural resource base. Thirdly, the proposals argue that a considerable amount of deforestation is attributable to slash and burning agriculture. Farmers practice shifting agriculture mainly due to the decline in soil productivity, caused by inappropriate agriculture practices on fragile forest soils. The above factors give rise to the development of agroforestry activities in these proposals because they address both development and environmental concerns.

The proposed projects hope to demonstrate viable alternative production models compatible with sustainable tropical forest management. The project designers believe that the project will encourage the government to change its agricultural credit policies to make loans available to small holders, as an incentive towards adopting agroforestry systems.

2. Outputs in Relation to Costs

The amendments debate the issue comparing rather considerable costs to a low level of direct outputs. Project designers believe that the 'multiplier effect' potential of the projects adequately compensates the low number of direct participants and area treated in the following manner:

- * The target areas were recently colonized so deforestation on the participants' 100 ha is relatively small, and a considerable forested area may now be placed beneath sustainable management. Therefore, the total area subject to participant control is actually much larger.
- * The projects will work in areas with extensive tropical forests. Therefore, experiences and lessons learned can be applied to extensive regions outside of the project zone.
- * Project successes in credit use and management by small farmers could convince the government to change its agricultural lending policies. Therefore, through this mechanism, the projects could indirectly promote sustainable management of the natural resource base to an extensive area.
- * Considerable land in Rondonia and surrounding areas is in private ownership. Economically viable project alternatives develop for agroforestry systems could prove attractive to these landholders.

3. Viability of Project Interventions

The amendments successfully argue that project activities are well researched and have proven to be economically viable. To demonstrate this, the amendments refers to sections in the proposals, and corresponding tables in the appendices which, for each proposal present:

- * On-farm production models for four agroforestry configurations proposed as options for project participants.
- * Perennial crop yields.
- * Timber yields, and
- * Market analysis.

The amendment contains cash flow tables based on incremental (net) yield attributable to project interventions. The calculated IRR (Internal Rate of Return) is close to 29% for both projects and remains positive even when the analysis is subject to 'worst case' scenarios in the sensitivity analysis.

The amendments further explain that a community based associations, composed of project participants will manage a revolving fund. The credit will be used by participants to support on-farm agroforestry activities.

Conclusions of the Committee

There was substantial debate in the Committee on both the direct relevance of the proposal to ITTO core objectives and priorities and the sustainability of project outcomes after the end of the period of ITTO financial support. These matters were resolved by further discussion and explanation and the inclusion of an additional activity explicitly focused on extension programmes to promote the sustainable management of residual natural forests in and near the project area. The Committee then recommended that the Council approve the project and allocate \$1,160,460 for its implementation.

PD 33/92 (F)

The Establishment of a Demonstration Area for Sustainable Forests Use in the Wood Resource Base of the Forest Enterprise

This proposal is based on a Project Idea that was discussed by the Tenth Session of the Committee in May 1992. The overall objective of the project aims to establish a long-term, large-scale example of natural tropical forest management for sustainable timber production under conditions that maintain and improve forest ecological functions, and to disseminate any relevant information and experiences gained. The Project's specific objectives include the establishment of a demonstration area for training and research in sustainable forest management and investigations of the best logging and silvicultural systems for the natural tropical forest which can be applied to different forest conditions in the West African Region. The project deals with objectives identified in the National TFAP and is part of Cameroon's strategy for the development of forest resources.

The five-year project is divided into two phases, phase 1 being two years and phase two being three years. The first phase of the project is divided into four activities:

- 1) social and economic study of the project site, to integrate local communities with the project;
- 2) collection of information about lesser-known species and non-wood forest products;
- 3) information gathering and analysis of various suitable logging and silvicultural systems and
- 4) specification of collection methods, structure and content of a forest inventory data-base.

The second phase involves:

- 1) the compilation of a working logging plan based on an inventory for a 7,500 ha area which is intended for logging during the first three years of exploitation;
- 2) the creation of a computerized inventory data base for management and educational purposes;
- 3) the establishment of a 7,500 ha permanent demonstration area that is under sustainable management; and
- 4) education and training of forest specialists and students through workshops and seminars;
- 5) investigations of forest growth dynamics and regeneration in order to develop "best practice" for the forest enterprise and the region;
- 6) development of regional guidelines for sustainable forest management.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel considered that the proposal was relevant to ITTO's core activities and that it could potentially make an immediate contribution to achieving progress towards Target 2000. However, the Panel also felt that there were many areas that needed further clarification before it could commend the project to the Committee for appraisal. These areas are outlined in the recommendations for reformulation below.

Recommendations by the Panel

That the project be reformulated to:

1. Provide a more complete description of the project site including the current status of forest management and the results of any previous or current forestry projects in the area. Such a description should outline the specific areas where the project itself will build on this previous work.
2. Provide an outline of the methodology for the specific activities defined in the project. This outline should include details of the personnel and budgetary requirements for each of these activities.
3. Provide information on both the quantitative and qualitative data that will be collected by the project. An indication should also be given as to how these data will be used in the formulation of the management plan.
4. Outline how the local people could give input to and participate in both the preparation and future implementation of the management plan.
5. Include a more detailed presentation of the budget including justification and unit cost estimates for major budget lines such as personnel, equipment, supplies, travel etc.
6. Include a profile of the Russian State Association (Lesproekt) to indicate their particular contribution and the parts of the study they will undertake rather than the in-country implementing agency.
7. Indicate the specific nature of the training that would be provided by the Project.
8. Indicate how the project relates to other sustainable forest management projects in Cameroon [including the project proposed under PD 26/92 (F) in this project cycle] and broader national strategies to promote sustainable forest management.

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9. Indicate the provisions that will be made to ensure that continuity of sustainable forest management will be maintained in the project area after the end of the Project Period.

Conclusions of the Panel

The Panel concluded that reformulation to provide the above information was essential. The Panel also concluded that it would need to further assess such a reformulated proposal before it could be commended to the Committee for its appraisal.

Comments by the Committee

The Committee noted the advice of the delegation from Cameroon that the proposal was being reformulated in response to the Panel's comments for consideration in future Project Cycles.

PD 34/92 (F)

Reforestation, Protection and Environmental Education Project for the Department of La Paz

La Paz is one of the marginal departments in Honduras that has to date been excluded from the higher levels of development experienced in other areas. It covers an area of 2,330.6 km² or some 2% of the national territory. It has 91 villages and 956 settlements and an estimated forest area of 257,600 which account for 3.36% of the national forest cover which is 7,657,00 ha. The current problems confronting the area are *inter alia* deforestation, shortage of water sources, lack of knowledge with regard to modern management and processing techniques for forest resources, lack of adequate forest development projects that include the implementation of activities to generate direct benefits for the rural communities as well as cultural practices leading to an inadequate use of soil, water and forests.

The overall objective of the project is to contribute to the improvement of the quality of life and income of the population in the department of La Paz, through the regeneration, protection, reforestation and efficient utilization of forest resources, as well as the implementation of forest and water resources management, extension and training plans. The proposed outputs include:

- reforestation, protection and management of the Guangelolo basin; the basins of the Yupe, Santa Rita, Guajiquiro and Palaque rivers; El Matzano and La Paz as well as other priority areas,
- implementation of a reforestation plan identifying the specific type of fruit and timber trees for the area,
- development of forest extension campaign at all community levels involving some 30,000 people,
- training of 500 community leaders, 50 local authorities, and other community members in various sectors,
- establishment of 100 small scale forest product processing industries, and
- establishment of 12 water reservoirs.

The Project was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel noted that the objectives of this project were very laudable and had the potential to improve the living standards of the local populations involved. However it was the opinion of the Panel that the proposal was mostly concerned with land-use planning, environmental protection and sustainable agricultural development rather than with forest management issues. The Panel therefore felt that the project would have little relevance to ITTO's priority concerns and considered that the

proposal would be better addressed to another international organization whose mandate was specifically focused on general rural development issues.

The Panel further noted that no detail was provided in the proposal about natural forest management activities or the use of the ITTO Guidelines. In addition, no details were given on how the forest plantations will be established, their purpose, location, the target beneficiaries and or how the potential benefits of the project would be distributed. The Panel also noted that there was a similar lack of detailed information with regard to the development of the proposed small-scale forest industries.

Conclusions by the Panel

The Panel concluded that the project was not sufficiently relevant to merit ITTO support and could not be recommended to the Permanent Committee for approval.

Comments by the Committee

The Committee noted the advice of the Delegate from Honduras that the project was being withdrawn from further consideration within ITTO.

PD 37/92 Rev.1 (F)

Realization of Preliminary Studies and Drawing up of a Management Plan for the Bokoue Forest Estate

The first forest exploitation zone of Gabon accounts for some 3.5 millions ha along the coast and is naturally rich in Okoume species. The forest resources in this zone have become exhausted by many felling cycles carried out in a rather short time. No forest management plans have been established for these forests. However, this first zone is considered to be the base of future industrial timber supply in Gabon for both local consumption and for export. As a result, some forest estates, like the Bokoue forest estate, have been set aside in view of the potential for sustainable management to lead to the reconstitution and enhancement of their production potential.

The Project's overall objective is to formulate an integrated management plan for the 100,000ha Bokoue forest estate based on preliminary resource studies and consultations with local people that will be undertaken during the project. The Project will also provide an opportunity for the development of a model forest management area based on ITTO guidelines both for natural and planted forest management that will be relevant to similar forest stands in this first zone. Special emphasis will be given to the involvement of local population in the implementation of the management plan which will aim to be environmentally sound and achieve a financial balance between income derived from forest exploitation and expenses resulting from silvicultural, agricultural, agroforestry and forest protection activities.

Project activities include:

- forest mapping,
- forest inventories,
- assessment of environment and agricultural activities in the project area and proposals for improvement,
- review of the needs of the local population and possible development constraints, and
- preparation of an integrated forest management plan.

The project was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel considered that the Project was highly relevant to Target 2000 and ITTO's core objectives, and that it would provide a useful model from which pilot scale experience could be rapidly translated to routine management as the results of the land use planning process that are proposed under PPD 6/92 (F) come to hand.

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The Panel felt that the proposal was well presented with a detailed explanation of the sequence of activities that would be followed. However, some Panel members were unsure of the exact relationship between the project and the proposals in PPD 6/92 (F) and felt that some clarification was necessary. In addition, the Panel felt that stronger emphasis could have been given to the ecological aspects planning and areas such as the management of non-timber products.

Recommendations by the Panel

That the proposal be revised to:

1. Clarify the relationship between the project and the broad-scale land stratification and landuse planning processes that could arise out of the Pre-project proposal presented in PPD 6/92 (F).
2. Broaden the scope of the forest inventory component to ensure that multipurpose inventory data relevant to forest conservation areas such as watershed protection, wildlife management and soil conservation are collected concurrently with timber stand data. In this regard, it should be noted that the panel felt that, with appropriate planning, this additional information could be obtained at little or no additional cost.
3. Review the appropriateness of the current staffing allocations giving particular attention to the time and financial allocations allotted for the forest ecologist. The panel felt that the current allocation for the ecologist might be too low to ensure that appropriate ecological inputs are included in the planning process.
4. Ensure that the terms of reference for all consultants specify that they are experienced specialists who have a good working knowledge of French.
5. Justify the inclusion of all budget items on the basis of reasonable unit costs. In this regard, the Panel felt that the allocations for some current items (such as electronic calculators) were too high.

Conclusion of the Panel

Subject to the above essential clarifications and modifications, which are necessary for the success of the project, the Panel considered that the project should be commended to the Permanent Committee for final appraisal and approval.

Response to the Panel's Comments

The Government of Gabon revised the proposal to address the above comments and recommendations and provided the following information in the revised Project Document:

1. PPD 6/92 (F) is concerned with providing a technical and financial basis for a stratification project, whereas PD 37/92 (F) has the objective of developing an integrated multipurpose forest management plan for the Bokoue Forest. It is intended that this plan will provide a model for plans for other permanent forests identified during the stratification process growing out of PPD 6/92 Rev.1 (F).
2. The content of projects's result number 2 focussed on inventory as well as related activities have been altered to include the collection of non-timber data and data related to forest conservation.
3. The time and financial allocations allotted for the forest ecologist have been increased from 3 months and US\$ 18,000 to 11 months and US\$ 68,200.
4. The terms of reference of all international consultants have been revised to include clauses for a good working knowledge of French and experience in concerned field of activity.

5. Unit costs have been included in the revised document for most of the key budget items. In addition, costs reductions have been made on some budget items such as permanent equipment, consumables and operating expenses. In particular, unit costs of calculators have decreased from US\$ 500.00 to US\$ 300.00. However, due to the increase of time and financial allocations for the forest ecologist, the total project budget has slightly increased from US\$ 1,241,058.00 to \$1,265,292 including provisions for ITTO monitoring, evaluation and programme support charges.

Conclusions of the Committee

The Committee concluded that the revised proposal satisfactorily addressed the Expert Panel's comments and recommendations. The Committee therefore recommended that the Council approve the Project and allocate \$1,265,292 for its implementation.

PD 38/92 (F)

The Improvement of Forest Plantation Management Practices of Teak (*Tectona Grandis*) in Peninsular Malaysia

Teak was first planted in Penang, Malaysia in the early 1800 by East India Company for the construction of ships, and since then, it has been observed that teak can grow well in some areas of Peninsular Malaysia. For this reason, several sample plots of teak had been established in various areas in the states of Kedah and Perlis where climate is suitable for large scale plantations.

The proposed project aims to establish trial plantations on poor/degraded forest areas in two plantation sites in the state of Kedah. The plots established under the various planting trials will be subject to a range of silvicultural treatments. The proposal has the following specific objectives:

- i) To undertake trial planting of teak on degraded forest areas with the active participation of local communities,
- ii) To conduct comprehensive study on the investment returns of teak plantations established on degraded forest areas,
- iii) To contribute to the formulation and implementation of sound silvicultural forest plantation management systems for the teak plantations in Peninsular Malaysia and
- iv) To increase employment opportunities and social-economic benefits to the local communities as well as in the transfer of skills and expertise in teak plantations establishment.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel noted that the project was focused on the establishment of teak Plantations as a possible means of addressing social pressures that have led to the degradation of forest lands in the proposed project area. However, despite the clear definition of the social basis of the forest land use problem in question, the Panel felt that, as presented, the Project itself was little more than a standard silvicultural research proposal in an area where there was already a wealth of both research and applied management experience.

The Panel considered that while such a research proposal may be consistent with overall ITTO Objectives, it was neither relevant to ITTO's priority objectives such as Target 2000 nor consistent with the forest management problem described in the project proposal. In this regard, the Panel felt that a more appropriate approach would have been to seek to develop and implement a community forestry management plan focused on the rehabilitation of degraded lands through the operational establishment of industrial timber plantations based on existing information integrating silvicultural, industrial and market considerations.

Furthermore, the Panel saw a number of technical problems with the proposal beyond the most important issue of relevance. These included:

- * The lack of justification for the use of international staff for the positions of plantation management expert and systems analyst when it was thought that there would be ample available expertise in both these areas within Malaysia. In this regard, the Panel assumed that international recruitment was implied by the very high salary levels quoted viz, US \$12,600 and US \$ 12,000 per month for the plantations management expert and the systems analyst respectively.
- * The lack of detail on the forest type and ecological status of areas that might be cleared for plantation development either within the project itself or subsequent wider application of project results.
- * Apparent internal inconsistencies in the project document viz, planting areas are specified as 250 ha each on page 5 but the actual planting trials on page 6 only seem to cover 50 ha each.
- * The low level of outputs (essentially 100ha of trial plantings) for the relatively high level of budget inputs (US\$765,700).

Recommendations by the Panel

1. The panel recommended that the proposal be completely reformulated to better address the social and forest management problems described in the project document.
2. The panel recommended that such a reformulation should concentrate on the introduction of operational scale community-based rehabilitation programmes so as to avoid the duplication of existing knowledge and research expertise.

Conclusions of the Panel

The Panel concluded that complete reformulation of the proposal would be essential. It would need to further assess such a reformulated project before it could commend its appraisal to the Committee.

Comments by the Committee

The Committee noted the advice of the Malaysian Delegation that the proposal was being reformulated to address the concerns of the Panel and that it would be resubmitted for consideration in future Project Cycles.

PD 39/92 Rev.1 (F)

Dissemination and Training on ITTO Guidelines and Criteria

The states of Acre, Rondonia and Mato Grosso account for 50% of the tropical timber production in Brazil. Some 2160 sawmills, veneer and plywood mills are in operation in these states and some 680 professionals including foresters, agronomists and various technicians are involved in activities related to those industries, including forest activities. Preliminary investigations have shown that less than 5% of the above mentioned professionals know of the existence of the ITTO Guidelines on the Sustainable Management of Tropical Forests. In addition, many forest management plans have been developed over the last few years to conform with national laws and in total some 2730 of plans have been registered in local IBAMA offices.

The Project's overall objective is to contribute to better forest resource management in the Amazon region through improvements in the sustainable management and utilization of tropical forests in the States of Acre, Mato Grosso and Rondonia. Its specific objectives include:

1. The translation and dissemination of the ITTO Guidelines on Sustainable Forest Management and the Criteria for and Measurement of Sustainable Forest management in Portuguese.
2. The application of these guidelines as a reference standard for sustainable natural forest management and as a code of "best practice" in the States of Acre, Rondonia and Mato Grosso.

The Project's implementation includes activities such as:

- translation into Portuguese and distribution of ITTO "Guidelines" and "Criteria",
- review of existing forest management plans in terms of their consistency with ITTO guidelines and assessment of their actual implementation,
- the conduct of 7 workshops to inform and train 210 participants,
- the establishment of a data bank on the forest management plans registered by IBAMA.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel unanimously felt that the Project was directly relevant to Target 2000 and that it addressed ITTO's priority objectives by attempting to disseminate knowledge about the principles and recommended actions in the ITTO Guidelines to grassroots forest managers who ultimately determine the nature of forest management outcomes. The panel also looked favorably on the practical use of the Guidelines to evaluate actual forest management plans.

The Panels only significant concerns were that it may not be feasible to effectively evaluate all of the 2700 management plans mentioned, and that they felt it was essential that the responsible management agency, IBAMA be actively involved with the project to ensure maximum long term benefits and maximum future use of the Guidelines. The Panel also felt that more detailed cost justification for staff and other important budget items would be useful.

Recommendations by the Panel

The Panel recommended that the proposal be revised to:

1. Ensure the active involvement of IBAMA staff in the conduct of the project and in the subsequent routine use of the ITTO Guidelines.
2. Provide more detailed cost justifications for major budget items.
3. Define a firm target number of management plans that could be realistically evaluated within the time frame of the project.

Conclusions of the Panel

While the minor amendments were considered desirable, the Panel concluded that the draft project proposal should be recommended to the Permanent Committee for final appraisal and approval.

Response to the Panel's Comments

The Panel unanimously felt that the Project was directly relevant to Target 2000 and that it addressed ITTO's priority objectives by disseminating knowledge about ITTO's principles and recommending actions in the ITTO Guidelines to grass roots forest managers. Three minor recommendations were made as noted above.

Of the three recommendations, the Rev.1 document did not explicitly address the first two which suggested that IBAMA staff be more involved in the conduct of the project, and providing more detailed cost justification. However, the revised proposal did address the third recommendation by defining a firm target number of evaluating five management plans in each state.

Conclusions of the Committee

The Committee noted the Panel's review and the response in the revised document and recommended that Council approve the project and allocate \$624,750 for its implementation.

PD 41/92 (F)

International Network for Developing Human Resources for Sustainable Tropical Forest Management

This project proposal is for the conduct of the Second Phase of the previously approved and implemented Project PD 86/90 (F) "International Network for Developing Human Resources in Tropical Forest Management". The project proposal resulted from the findings of a series of regional project review workshops for PD 86/90 (F) which were presented to the Yaounde Session of the Permanent Committee on Reforestation and Forest Management in document PCF (X)/7. In its review of this document and the general progress of PD 86/90 (F), the Committee accepted the general recommendations of the Project Review Workshops and requested that the proposals for extension of the network for the period 1993-1995 outlined in PCF (X)/7 should be formulated into a Phase II project proposal and presented for consideration in the Project Cycle leading to the November 1992 Session of the ITTC.

The overall objective of the project is to promote the development of the human resources available for sustainable tropical forest management through the creation and maintenance of an international network linking tropical forest managers, forest researchers, trainers and their respective management, research and training institutions. More specifically, this second phase is designed to:

1. fully develop the network in each of ITTO's three Producer Regions as well as create and maintain formal linkages between the networks operating in each Producer Region,
2. produce a set of 6 high priority training packages on key operational aspects of sustainable tropical forest management in at least the three official ITTO languages,
3. create and maintain a training network in each of the Producer Regions to ensure the wide in country use of training materials produced by the Project in all ITTO producer countries,
4. produce continuously at least 6 editions per year of the ITTO Tropical Forest Management Update in the Asia-Pacific Region,
5. initiate at least 4 locally produced editions per year of the ITTO Tropical Forest Management Update in both Africa and Latin America,
6. create regional data banks and institutional profiles on forest research and training institutions and the training opportunities they provide,
7. provide regular information about both regional and extra-regional research and training opportunities and research and training institutions to all forest managers, trainers & researchers through the tropical forest management update newsletters,
8. share and disseminate operational experiences in sustainable tropical forest management gained from ITTO Demonstration Projects and related activities.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Panel

The panel considered that the proposal was one of the more important proposals that it had considered during the current project cycle because of the crucial role that human resource development would have to play in achieving progress towards Target 2000. The Panel also felt that it was essential that the momentum that has been achieved with the Asia-Pacific newsletter and other network activities and their current trial extension to Africa and Latin America under Phase 1 (PD 86/90) should be maintained and extended.

The Panel also noted the other proposals for ITTO Regional Officers being investigated for the African and Latin American Regions under the Forest Industries Pre-projects approved by the Eleventh Session of the Council. In this regard, the Panel had the opportunity of informally examining a proposal submitted by the Government of Gabon (PD 51/92 [M,F,I]) concerning the coordination of ITTO Activities in the African Region. The Panel considered that there were a number of similarities with the current proposal (PD 41/92 [F]) and therefore urged that the Council seek to harmonize the implementation of these two proposals.

From the Project Document, the Panel was unsure of the mechanisms that would be used to expand the network to the Latin American/Caribbean and African Regions. The panel also noted that it was not clear how the final selection of training topics would be made from the list of high priority topics identified by the PD 86/90 review workshops and presented on pages 6-7 of the project proposal.

Recommendations by the Panel

1. Because of the importance of this project and other related proposals mentioned above, the panel recommended that a Working Group of all three Permanent Committees should be established at the Eleventh Session to harmonize the proposals and finalize an integrated proposal.
2. The Panel recommended that the above Working Group examine the project proposal to:
 - a. Harmonize all proposals for the establishment of ITTO Regional coordinators in Africa and Latin American/Caribbean regions to strengthen ITTO's overall ability to aid human resource development for sustainable tropical forest management and its ability to disseminate information;
 - b. Identify among other things:
 - a. the procedures for establishing the regional coordination units.
 - b. the appropriate training programmes to promote ITTO's overall objective and its immediate progress towards achieving Target 2000 taking into account knowledge and experiences gained in all relevant ITTO projects.
3. The Panel however felt that in order to enable continuation of activities and the publication of the Newsletters established under PD 86/90, the Council may wish to decide on interim financial and other arrangements.

Comments of the Committee

The Committee noted the advice of the Japanese Delegation that the Project was being withdrawn to allow the harmonization with other project proposals as suggested by the Expert Panel. The Delegation advised that this revision would be resubmitted for consideration by the Fourteenth Session of the ITTC.

The proposal presents fully budgeted outline for the first two-year phase of a two-phase, five-year project which aims to develop and implement a model forest management plan involving reforestation activities, natural regeneration improvement, forest extension activities, implementation of pilot wood processing mills and research activities. The overall objective is to lead to the sustainable management of the natural cloud forests of the Jaén and San Ignacio Provinces so as to:

1. improve the standard of living of the rural communities through their integration and participation in activities related to sustainable utilization and management of forest resources from the natural forests in the provinces of Jaén-San Ignacio, in the north-eastern region of Marañón and
2. contribute to the conservation of forest resources in the Amazon forests by fostering people's awareness and promoting the rational use of soil-water-forest resources so as to counteract the negative effects caused by shifting agriculture.

Specific objective for the overall project include:

1. The development of a sustainable forest management model based on objectives that are compatible with regional development and the rational use of natural cloud forests.
2. Establishment of forest nurseries in the districts located in the project's area of influence so as to meet the requirements of reforestation activities.
3. Establishment of plantations and natural regeneration management in forest lands so as to counteract the destructive effects of deforestation.
4. The design and implementation of a dissemination, motivation and forest training program for rural communities on the significance of conservation and rational utilization of natural resources in the region.
5. The establishment of a demonstration module for integrated utilization of timber resources to demonstrate the technical feasibility of rational forest harvesting and the establishment of a timber training center and the formation of community productive units.
6. The promotion of applied forest research so as to facilitate the consolidation and improvement of the techniques, methods and systems proposed in the management plan.

Phase 1 is principally focused on the development of the management plan, preparation of extension and training materials and the establishment of basic infrastructure such as forest nurseries, trial plantations, the forest utilization module and the timber training center. Phase II is focused on implementation extension and improvement. The proposal was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel noted that the project was part of the National Forestry Action Plan of Peru and felt that it was consistent with ITTO objectives. Furthermore, the Panel felt that the project addressed significant problems in a sensitive environment with high biodiversity values, and that it had considerable potential to act as a model or demonstration project for other similar high altitude/cloud forest areas.

The Panel did feel, however, that there was insufficient detail about many of the components of the proposal and that the sequencing of activities between the first and second phases of the project was likely to lead to considerable confusion. The Panel also noted that while both a budget and time-line had been provided for Phase I, similar information had not been provided for Phase II.

Recommendations by the Panel

The Panel recommended that the proposal be reformulated to:

1. Clarify the exact resource situation in the project area including the extent of intact natural forest, permanent agricultural lands and degraded lands. This resource clarification should also include a preliminary assessment of the potential for timber production, agro-forestry activities and the requirements for forest protection. The description should also clarify land tenure characteristics in the project area.
2. Clarify how the proposed forest management plan relates to broader land use planning in the region. If no broader land use plan exists, the Panel felt that priority should be given to the development of such a plan in accord with the principles in the ITTO Guidelines for the Sustainable Management of Natural Tropical Forest.
3. Rationalize the sequence of activities in Phase I and Phase II such that Phase I is focused exclusively on the development of the management plan and Phase II is focused on the implementation of the plan.
4. Clarify the current situation with regard to forest based industries in the area and how the project will directly lead to sustaining or possibly even expanding these industries.
5. Clarify the ownership of trees that both exist in the area or may be established by the project in the area.
6. Indicate what specific measures will be taken to secure the active, on-going involvement of local communities in the project, and the measures that will be taken to secure an equitable distribution of project benefits.
7. Indicate how management practices developed in the management plan will be implemented and sustained both in Phase II and after direct project financial assistance ceases.

Conclusions by the Panel

The Panel concluded that complete reformulation of the proposal would be essential. The Panel also felt that it would need to further assess such a reformulated project before it could commend the project to the Permanent Committee for its appraisal. In consideration of the importance of the problems to be tackled in the project area and the potential of the project to serve as a model for future forest management activities in similar high altitude/cloud forest areas, the Panel also recommended that an experienced international expert should be commissioned to assist in this reformulation exercise.

Response to the Panel's Comments

The Panel recommended a complete reformulation of the proposal. The revised version now specifies a one-year planning phase (Phase I) and a three year implementation period. In addition, the submitting country now requests additional funds to finance the entire project instead of only the first phase.

1. Paragraph 5 on page 4 of the revised document classifies the total forest area into protection and production forests. The annex now contains two tables, the first showing the extent of natural forests in the project area by district, and the second presenting areas for different land use classes, breaking down the forested area by forest type. The revised proposal does not include a preliminary assessment of the potential for timber production, agroforestry activities and requirements for forest protection. The revision does not refer to land tenure characteristics in the project area.
2. Under Phase I of the revised proposal (Immediate Objective 1 - development of a model sustainable forest management plan), the first activity will be to develop a Land Use Plan for the target

and surrounding areas. However, the proposal does not provide a great deal of detail concerning the development of the Land Use Plan and its relationship with the forest management plan. Although the revision does not make specific reference to ITTO's guidelines, many of the suggested activities conform to Guideline principals.

3. The revised proposal has changed the phasing of activities, where Phase I, now one year in duration, focuses primarily on the planning of activities. Phase II, with a three-year time frame will concentrate on the implementation of activities defined during the planning process. Phase II attempts to illustrate how the above goals will be achieved within the context of the project. The proposal has been reformulated so that it is clearer and more understandable.

4. Two paragraphs are added on Page 4 which state that there is only one sawmill operating in the project area, without any guidance from a management plan, nor with any provisions for reforestation. The project will provide training and technical assistance to this and other newly established sawmills in forest management and harvesting.

5. The revised proposal clarifies the distribution of benefits from trees that have been planted by the communities in forest plantations, stating that participants will share in the benefits from the trees they have planted.

6. The proposal explains that self-sustaining community forest enterprises will be established for near-by communities. However, the revision did not explicitly address the equitable distribution of project benefits.

7. The revised proposal presents the institutional framework for the project, and explains that the collaborating institutions will be able to provide support both during implementation and upon conclusion of external backing. It also mentions that financing may be available from the Public Treasury to continue funding project activities.

Conclusions of the Committee

The Peruvian delegation emphasized the importance of this project for the protection of the upper watershed area of the Amazon River. The cloud forest has received priority management from the Regional Government. Communities have had an opportunity to participate in meetings leading to the formulation of the project. As a result, the relationship between the community the forest industry sector will be strengthened.

The issue of the location of the Project Director was again discussed and the Delegation from Peru responded that this person will be permanently based in the project area. The Committee was then satisfied with the revisions that had been presented and recommended that Council approve the proposal and allocate \$1,177,050 for its implementation in two phases of \$199,500 and \$977,550 respectively.

PD 43/92 Rev.1 (F)

Strengthening of the Amazon Forest Development Center For the Sustainable Management of Tropical Forests

One of the most serious impediments in successfully implementing forest conservation and development policy in Peru is endemic institutional crisis that affects public agencies. The fact that institutional reorganizations have taken place almost every two years provides no permanent representative institution to establish medium and long term forest policy commitments. This situation prompted the state to propose a significant transfer of responsibilities, which were traditionally centralized in Lima, to regional governments on the one hand and to private enterprises on the other. It is within this framework that Amazon Forest Development Center (CDFA) and other bodies have been established and have apparently proven to be quite successful in carrying out forest activities in some areas of the national territory.

The overall objective of this two year project is to contribute to the sustainable management of the Amazon forests in Peru. Its specific objective is to assist the Peruvian Government in

strengthening the Amazon Forest Development Center, a non-profit, inter-sectoral institution that has been entrusted with research and development regarding moist tropical forest in the Amazon. Five outputs are expected namely:

- a. A Forest Research Center operating in the Peruvian Amazon Region with qualified professional personnel able to successfully perform research and sustainable management actions,
- b. Laboratories, equipment, field experiments, workshops and forest research infrastructure operating normally and in an ongoing strengthening process,
- c. Leaders of public and private agencies trained in Amazon forest planning, development and conservation,
- d. New projects on sustainable forest development, biodiversity, conservation and rehabilitation of degraded forests and
- e. 50,000 seedlings of heliophyte species to assist the regional forest producers and farmers in the rehabilitation of degraded forests.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel acknowledged the problems confronting the successful implementation of forest conservation and development in Peru and recognized the potential significance of the establishment of a body such as the Amazon Forest Development Center in terms of addressing these problems. However, the panel felt that, as written, the proposal was very general and that its outputs were not sufficiently well described. In particular, the Panel had difficulty understanding:

- * The specific activities that would be supported by ITTO funds and the specific outputs that these activities would produce.
- * The relationship between the proposed ITTO support for the Center and other sources of support that may be provided from either national or other international sources.
- * How continuity of support for the Center would be achieved after direct ITTO support ceased at the end of the project.
- * The relationship between this proposal and the proposal presented in PD 21/92 (F). In particular, the Panel wondered whether or not the appointment of the Center as the implementing agency for PD 21/92 would not in itself provide sufficient institutional strengthening for the Center.

Conclusion by the Panel

The panel concluded that insufficient information was given to merit full assessment.

Response to the Panel's Comments

As written, the Panel felt that the proposal was very general and that its outputs were not sufficiently well described. The Panel concluded that insufficient information was given to merit full assessment in the original version of the proposal. The revision adequately addresses issues pertaining to the linking of objectives with outputs and activities. The question of support received from other sources, such as other national and international donors had also been clarified somewhat.

1. The revised proposal clearly links objectives to outputs and activities, with major activities included in a work calendar. Activities are clarified and grouped under five categories, each relating to their respective outputs outlined above. A general output is incorporate in the revision as "A

strengthened NGO forestry institution with a GOP mandate to take charge of the development of efforts in the development of sustainable forest management in the Peru's Amazon region."

Immediate Outputs are now clarified, changed and reformulated as:

- * Laboratories, equipment, experimental plots, workshops and other infrastructure in place and functioning properly.
- * At least 100 leaders from public and private organizations trained to support the conservation and sustainable development of Amazonian forest.
- * Defined medium and long term plans for the Center, correlated to the objective of sustainable development of Amazonian forests.
- * Secured long term and autonomous financial support for the Center.
- * The production of 50,000 seedlings of native species for small scale forest and agriculture producers.

2. The relationship between the proposed ITTO backing and support from other sources, as they relate to continuity of the Center's activities were partially addressed in the revision. Both the original and revised proposals (end of Section 2.4.1 of the revision) state that in the future, funds will be solicited from both public and private sectors such as INIAA (Public), the Ucayali Regional Government and the National Forestry Chamber.

3. The Explanation Note accompanying the revision refers to Section 2.4.2. It outlines where the funds provided by ITTO will be used for the overall strengthening of the Center.

- Salaries for professional technical and administrative staff
- Computer system
- Repair of office and residential infrastructures
- Training
- Forest nursery (50,000 plant capacity)
- Materials for office, laboratory and field use

However, while the revision identified future funding sources, it does not explicitly state levels of funding it hopes to receive from other sources nor how that funding might be distributed.

4. The Panel had questioned the relationship of this project with PD 21/92. However, the Peruvian delegation announced that it permanently withdrew PD 21/92 so as to avoid any possible duplication with the project in question. Peru believes that this project is a priority. The revision also implies that institutional strengthening will help support follow-on phases to the Forest Management Project for Alexander von Humboldt National Forest currently funded by ITTO.

Conclusions of the Committee

The committee noted the importance of this project to strengthen and develop the institutional capacity of Amazon Forest Development Center, particularly in light of the support from the private sector through the National Forest Industry Board. The Committee recognized that it is important to develop institutions such as this one, that don't rely upon the public treasury. The Peruvian delegation added that stumpage prices, paid by the private sector will be channeled to a guarantee fund, to be managed by a Forestry Committee with significant private sector participation.

A representative from UNEP stated that UNEP is concerned with activities in the Amazonian forests, working in the same area covered by the Center. Furthermore, he indicated that UNEP had reviewed the project and would like to participate in the support of activities through a MOU with ITTO or Peru, and would be discussing this matter later on. Since all opinions were favorable, the Committee recommended that the Council approve the project and allocate \$519,120 for its implementation.

PD 44/92 (F)

Reforestation with the Participation of Settlers in the Oxapampa Micro-region

The overall objective of the Project is to contribute to the improvement of the conservation and appropriate management of forest resources through the promotion of forest plantations, including motivation actions, consultancies, training and the active participation of settlers in the target region so as to facilitate greater availability of resources for sustainable utilization and reduce current utilization levels in the natural forest. The project extends for five years with ITTO financial support being sought for the first two year period. It aims to establish a Reforestation Support Program through the participation of forest experts and technicians in the field who will provide advice and training and will work together with interested settlers in establishing forest nurseries and plantations. More specifically, the first phase will attempt to:

1. develop forest species production modules through the establishment of forest nurseries in the rural properties of settlers established in the Oxapampa Micro-region (Districts of Oxapampa, Chontabamba, Huancabamba and Pozuzo),
2. prepare and implement a dissemination, motivation and forest training program addressed to the settlers established in the Oxapampa Micro-region so as to make them aware of the benefits of establishing forest plantations in the area and
3. establish forest plantations in the settlers lands established in the Oxapampa region on sites suitable for forestry.

The implementation of the second phase will depend on the results of the evaluation of the Project in terms of the impact on beneficiaries and its multiplier effect on the population living in the project's area of influence. It is hoped that project beneficiaries will assume total responsibility for the continuation of project services after the initial two years.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel noted that the proposal was part of the National Forest Action Plan of Peru, and felt that while it was consistent with overall ITTO objectives, it was not, as written, particularly relevant to priority ITTO concerns such as Target 2000. The Panel felt that the project was potentially important in that it involved reforestation activities in degraded forest lands that will be initiated and extended with the involvement of local people. However, the Panel considered that a number of technical and social aspects of the project needed considerable clarification.

In particular, the Panel was concerned that:

- * The current proposal appeared to be largely directed at the older, european settlers in the region rather than being concerned with the new settlers who were apparently having a greater impact on forest and other land resources.
- * The proposal had no apparent linkage with a broader land use planning strategy for the region.
- * The proposal provided insufficient information on the biophysical and social conditions in the project area.
- * The level of suggested outputs was low in relation to the requested budget support.

Recommendations by the Panel

The Panel recommended that proposal be completely reformulated to:

1. Clarify the productive, protective and social objectives of the project and indicate how the process of reforestation would be sustained in the long term after the initial period of international financial support.
2. Provide explicit justification for the selection of the various types of plantation outlined on page 7 of the current proposal.
3. Indicate clearly how the proposal fits into a broader land use strategy for the region.
4. Clarify the relationship between Phase I and Phase II of the project giving particular attention to the mechanisms that would be used to apply the results of Phase I in the planning of activities in and beyond Phase II.
5. Ensure that outputs are commensurate with costs and that detailed justification is given for all staffing positions and other major budget items.

Conclusion of the Panel

The Panel concluded that complete reformulation of the proposal would be essential. The Panel also felt that it would need to assess such a reformulated project before it would commend the project to the Committee for its appraisal.

Response to the Panel's Comments

This project deals mainly with colonists of European descent who have resided in the target area for a relatively long period, and thus have a legal claim to their land. The other newer colonists do not form an integral part of the project, mainly due to their tenuous claim to land.

The Panel concluded that complete reformulation of the proposal was essential. As noted, the project was reformulated and resubmitted to ITTO. The reformulation has considered, to some degree, the Panel's recommendations as noted below:

1. The accompanying summary sheet of changes indicates that this first recommendation has been addressed by the proposal by the addition of one paragraph (paragraph 4, page 5) which states:

- * That reforestation presents an economic alternative for colonists over the long run, and
- * Colonists will be convinced that reforestation will halt degradation of deforested areas and will prove to be a viable economic and ecological alternative to current destructive practices.

However, the revised proposal still does not demonstrate the economic viability of reforestation activities to participants in comparison to current land use practices. It also does not analyze land tenure issues as they affect current practices or present a feasible argument on how participants would carry on reforestation activities after the conclusion of external support. Details concerning the economic benefits of reforestation are also not provided.

2. The second paragraph on page 8 of the revision justifies the various types of plantations:

- * Native species listed are easy to propagate, fast growing, have an acceptable market and have been silviculturally tested.
- * This paragraph implies that the various types of plantations are justified by the silviculture of the species listed.
- * Experience working with these species was obtained from a former project, *Forestry Development Project in the Central Jungle*.

3. The summary sheet refers the reader to the first page of the revision which explains that the proposed project is within the framework of the National Forestry Action Plan. This plan's policy embodies community participation in forestry as a means to improve the standard of living and overcome problems caused by spontaneous migration to the target area. A second paragraph explains that a land-use plan has not yet been developed for the target area. However, the revised proposal indicates that the region's soils are largely classified as most appropriate for forestry.

4. On Page 6, second paragraph of the revision, the relationship between the first and second phases is explained. Phase II will result in the reforestation of a greater number of degraded lands because of the 'multiplier effect' due to the successes of Phase I. The Peruvian Government will guarantee the required technical assistance needed for maintenance, management and harvesting of plantations established with project assistance. The proposal further explains that the evaluation after Phase I will help identify the strengths and weaknesses of the program. Consequently, this evaluative exercise will help identify the most appropriate activities for Phase II.

5. The revised budget provides more detail in the budget by defining key positions. Furthermore, personnel requirements are reduced along with the corresponding reduction in line items, so the total project budget drops from US\$ 625,800 to US\$ 577,800 (ITTO's budget is also reduced from \$US 419,000 to US\$ 371,000). The major reductions include a reduction from three positions to one for Forestry Engineers and a reduction from four positions to two for Forestry technicians.

Conclusions of the Committee

The Committee noted that the Expert Panel had indicated that it would need to review the reformulated proposal before it would be in a position to commend the project to the Committee for final appraisal and approval. Thus, while recognizing that some elements of the proposal had been revised, the Committee felt that further clarification was necessary on some of the issues above and that it had insufficient time to give the revisions a full and proper appraisal. The Committee therefore recommended that the revision be referred back to the Panel for a more complete technical evaluation before the next session.

PD 45/92 (F)

Agroforestry Systems for the Communities of Medicilandia-Para, Brazil

This proposal is one of three project proposals that have been developed from an ITTO funded Pre-Project study on Agro-Forestry Systems adapted to the Amazon. Medicilandia is a village that has developed in the State of Para as a result of Government policy of settlement and agrarian reform. The life conditions of the immigrants are as still and essentially unstable, although each immigrant has an allotment of 100 ha. However, agriculture and cattle breeding as currently practiced are essentially characterized by very low productivity and offer very low prospects for improving standards of life.

The project's objectives are to improve productivity, to increase the income and diversify the production of 150 farmers who will be involved in the project and establish up to 300 ha under an agro-forestry consortia which will include industrial timber species. To contribute to the sustainability of resulting agricultural production, further processing of the products has been envisioned in the proposal in order to improve market returns. The project activities include:

- the establishment and the maintenance of new models of production,
- the installation of two (2) processing plants for cupuaço pulp and Brazil nuts,
- the strengthening of rural community organizations,
- the training of project staff and local population,
- the constitution and administration of a revolving fund to support the development of agroforestry activities in the project area on a sustainable basis.

The Proposal was reviewed by the Fourth Expert Panel.

Comments of the Panel

The Panel noted the fact that this proposal had been developed from the ITTO funded Pre-project study on Agro-Forestry Systems for the Amazon. The Panel noted the plight of both the local settlers and the state of the environment in the proposed project area. It also reaffirmed the importance of ITTO supporting agro-forestry initiatives where they were directly linked with the protection of existing forest resources from deforestation and the rehabilitation of degraded forest lands.

The Panel felt that the focus of the proposal was more on sustaining agricultural systems in environments marginally suitable for that purpose rather than trying to sustain any related forest system. In this regard, the Panel noted the lack of any detail in the proposal about the future management of any residual forest on either the individual settlement blocks or in the general project area or its surrounds. Nevertheless, the Panel recognized the importance of the proposal and other perhaps more integrated rural development initiatives for the people who are living in this and many other parts of Rondonia.

The Panel questioned the relevance of the cost structure in the proposal in relation to the scale of the suggested outputs - in essence some 300ha of agro-forestry plantings for 150 families. The Panel was also unsure how the future viability of any enterprises established by the project would be secured after the period of international development assistance.

Conclusions of the Panel

The Panel concluded that the project was not sufficiently relevant to the core priorities of ITTO to merit ITTO financial support. However, subject to clarification of the issues of outputs in relation to costs and the long term viability of project initiatives after the completion of the project, the Panel felt that the proposal could be commended to the Committee for its appraisal for possible sponsorship to other funding organizations.

Response to the Panel's Comments

The Panel recognized the importance of the proposal to integrated rural development issues facing people in Rondonia. Nonetheless, it felt that the project was not sufficiently relevant to the core priorities of ITTO to merit ITTO financial support.

The Panel did not make specific recommendations to be addressed. Rather, the Panel felt that the proposal could be commended to the Committee for its appraisal for possible sponsorship to other funding organizations provided various issues were clarified.

The Government of Brazil did not resubmit a revised proposal, but instead developed an amendment to the proposal to address the Panel's concerns. The amendment refers to various points within the original proposal that address the Panel's concerns. The amendment also outlines why the proposal is important to ITTO and its priorities in sustainable tropical forest management.

Responses to the Panel's concerns are grouped into three main categories: relevance, outputs and viability.

1. Project relevance to ITTO's priorities.

The amendments firstly state that the Panel may have somewhat misunderstood the proposal due to the rigorous economic analysis of the proposed agroforestry interventions, giving the projects an appearance of being heavily agriculture oriented. Secondly, they explained that sustainable development and conservation are intimately linked, and are particularly important in the holistic management the Amazon's natural resource base. Thirdly, the proposals argue that a considerable amount of deforestation is attributable to slash and burning agriculture. Farmers practice shifting agriculture mainly due to the decline in soil productivity, caused by inappropriate agriculture practices on fragile forest soils. The above factors give rise to the development of agroforestry activities in these proposals because they address both development and environmental concerns.

The proposed projects hope to demonstrate viable alternative production models compatible with sustainable tropical forest management. The project designers believe that the project will encourage the government to change its agricultural credit policies to make loans available to small holders, as an incentive towards adopting agroforestry systems.

2. Outputs in Relation to Costs

The amendments debate the issue comparing rather considerable costs to a low level of direct outputs. Project designers believe that the 'multiplier effect' potential of the projects adequately compensates the low number of direct participants and area treated in the following manner:

- * The target areas were recently colonized so deforestation on the participants' 100 ha is relatively small, and a considerable forested area may now be placed beneath sustainable management. Therefore, the total area subject to participant control is actually much larger.
- * The projects will work in areas with extensive tropical forests. Therefore, experiences and lessons learned can be applied to extensive regions outside of the project zone.
- * Project successes in credit use and management by small farmers could convince the government to change its agricultural lending policies. Therefore, through this mechanism, the projects could indirectly promote sustainable management of the natural resource base to an extensive area.
- * Considerable land in Rondonia and surrounding areas is in private ownership. Economically viable project alternatives develop for agroforestry systems could prove attractive to these landholders.

3. Viability of Project Interventions

The amendments successfully argue that project activities are well researched and have proven to be economically viable. To demonstrate this, the amendments refer to sections in the proposals, and corresponding tables in the appendices which, for each proposal present:

- * On-farm production models for four agroforestry configurations proposed as options for project participants.
- * Perennial crop yields.
- * Timber yields, and
- * Market analysis.

The amendment contains cash flow tables based on incremental (net) yield attributable to project interventions. The calculated IRR (Internal Rate of Return) is close to 29% for both projects and remains positive even when the analysis is subject to 'worst case' scenarios in the sensitivity analysis.

The amendments further explain that a community based associations, composed of project participants will manage a revolving fund. The credit will be used by participants to support on-farm agroforestry activities.

Conclusions of the Committee

There was substantial debate in the Committee on both the direct relevance of the proposal to ITTO core objectives and priorities and the sustainability of project outcomes after the end of the period of ITTO financial support. These matters were resolved by further discussion and explanation and the inclusion of an additional activity explicitly focused on extension programmes to promote the sustainable management of residual natural forests in and near the project area. The Committee then recommended that the Council approve the project and allocate \$1,160,460 for its implementation.

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The overall objective of this three year project is to develop and implement a forest management plan that will incorporate sustainable forest management, forest production and forest regulation for the Andean Ecosystems into the Municipal Development Plan for the Buga Valle which covers an area of 757 km². More specifically, this project attempts to enlist the collaboration of local communities to:

1. develop theoretical-practical models of sustainable forest management,
2. develop specific projects on environmental research, education and training,
3. develop management project involving other institution on various aspects such as management and conservation of forest genetic resources, establishment and management of natural and planted forests, and the development of a master plan for forest industry,
4. carry out a static and dynamic flora inventory in the transactions located in the demarcated areas.

The project was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel recognized the relevance of the proposal to ITTO's central concerns and its potential contribution to Target 2000. However, from the Project Document itself, the Panel found it difficult to assess how the various activities and objectives would be linked to the overall objective of developing and implementing the management plan. In particular, the panel found it difficult to see the linkages and inter-relationships in the complex project structure with its overall development objective, 8 objectives, 5 immediate objectives, 37 activities and 7 stated outputs. The panel also felt that additional information was required in the areas detailed below before it could properly assess the proposal.

Recommendations by the Panel

That the proposal be reformulated to:

1. Simplify the multi-layered structure of objectives, activities and outputs to indicate more clearly how they are linked together. This reformulated proposal should indicate how and when these different elements will be drawn into the overall forest management plan. The proposal should also indicate clearly when implementation of the plan will begin.
2. Ensure that the various ITTO Guidelines on the Sustainable Management of Tropical Forests are incorporated into the development and implementation of the management plan.
3. Provide much greater detail of the methodologies that will be used to realize each of the 5 immediate objectives including details of each activity's personnel and budgetary requirements.
4. Provide detailed cost justifications for all major budget line items.
5. Include provisions for a Project Steering Committee, ITTO monitoring and evaluation and the standard 5% loading for the ITTO Program Support Charge.

Conclusions by the Panel

The panel considered that there was insufficient information to allow it to adequately assess the proposal. The Panel therefore felt that it would need to see a more complete reformulation of the proposal before it could commend the proposal to the Committee for its appraisal.

Response to the Panel's Comments

The project proposal was substantially reformulated and expanded considerably, addressing in great detail, most of the Panel's recommendations as noted below:

1. The project has been simplified into immediate five objectives and grouped into two phases:

Phase I - Analysis, encompasses two objectives:

- (i) To develop a forest management plan which fits into the overall Agricultural and Land Use master plans of the municipality of Buga.
- (ii) To carry out an inventory of the flora in the target areas.

Phase II will result in the development of a Land Use Plan which includes the implementation of the forest management plan, and the development of a conceptualization plan for the development of the forest industry base. Phase II has three objectives:

- (iii) The development of a conceptual framework and appropriate activities for sustainable forest management with community participation.
- (iv) The development of specific projects for research, education and training in forestry and environmental assessment, with community participation, applicable to the Andean Region.
- (v) The development of projects originating from secondary schools in the Alaska and El Placer communities, along with the Association of Community Action Groups, in the following areas:
 - * Management and conservation of forest genetic resources,
 - * Establishment and management of plantations and natural forest areas,
 - * Conceptual plan for forest industries, and
 - * Value added timber processing.

2. Section 4.1 of the reformulated project document refers to the ITTO Guidelines for Sustainable Forest Management and indicates that the project will work with local authorities to facilitate both the demarcation of forest areas and their management under the various forest categories defined in the Guidelines.

3. The reformulated project proposal provides much greater detail of the methodologies used to achieve the five intermediate goals - see Section D, pages 6-12. Overall budget allocations are specified for each objective in each year. However, while monthly timeliness were provided for all major activities in the original submission, these were not reproduced in the revised version. Section G, page 14 did however contain a broad description of the scheduling of activities.

4. Rev.1 has two new annexes to show a more detailed cost justification. Annex I contains costs for major material inputs. Annex II, entitled 'Justification of Costs with Details on Activities' provides a list of activities to be carried out in each one of the major project components without a detailed cost break-up for these activities.

5. The revision has made provisions for the formation of a project steering committee with participation of the regional agencies. However, the proposal did not include allocations for ITTO monitoring, evaluation and programme support charges and these had to be added during the session.

Conclusions of the Committee

Overall, the Committee was impressed with how well the revised project document responded to the Panel's recommendations. The Committee therefore recommended that the Council approve the project and allocate \$742,895 for its implementation.

PD 48/92 (F)

Forest Biotechnology Research in Colombia

Studies have been carried in Colombia regarding the problems related to the preservation and appropriate utilization of forests and forest resources with economic and social benefits. According to the Colombian Forest Action Plan (CFAP), such problems are related to four factors: imbalance in the utilization of forests due to over exploitation of some resources and under-utilization of others, indiscriminate destruction of ecosystems of great biological value which has resulted in the extinction of many fauna and flora species (genetic erosion), low level of participation by the forest industry sector in the national economy and the social development of communities and limited capacity of the state to intervene effectively in the methodology used for the utilization and conservation of these resources. The development of modern biological technologies and training of researchers in these areas is thought to constitute an important support mechanism in achieving the objectives set by the CFAP since such can directly or indirectly contribute to the resolution of constraints on production, conservation and sustainable utilization of national forest resources.

In 1986, a joint research plan on Forest Biotechnology between the Javeriana University and INDERENA was initiated with funds from CIID (Canada) with the aim of adopting and developing culture techniques for plant tissue and microbial associations in four forest species of commercial interest in the country: Eucalyptus globulus, E. teraticornis (Eucalyptus), Tectona grandis (teak) and Tabebuia rosea (ocobo, robleflormorado, guayacan rosado). Such species were chosen in view of the fact that they have phytopathological problems which may be solved through the use of plant tissue cultures. Other species of commercial interest or suitable for the preservation of watersheds and erosion control have been simultaneously studied: pine (Pinus patula, P. caribaea), cedar (Cedrela odorata, C. montana), aliso (Alnus acuminata), coffee walnut tree (Cordia alliodora), Colombian pine (Podocarpus quatemalensis, Decussocarpus rospigliossi), tortolito (Didymopanax morototoni), encenillo (Weinmania tomentosa).

This project is proposed mainly to continue the development of a scientific, technological and industrial management capacity in the forestry sector and at the same time propose viable solutions to the production restricting problems and the conservation and management of resources. More specifically, this project aims to develop model systems for the use of biotechnology in the conservation, rehabilitation and management of natural forest resources. Four immediate objectives are envisioned:

1. to develop of model systems for the micro propagation and conservation of forest species of economic and ecological significance,
2. to study beneficial micro-organisms associated with forest species, which promote the development and growth of trees, and to generate or adapt technologies for the management of plant-micro-organism interactions,
3. to adapt molecular biology techniques for the study of molecular markers in Eucalyptus globulus Labill and
4. to generate or adapt and transfer technologies to support forest development programs in the country, train researchers in the scientific and technological fields, promote strengthening of institutional and human resources and develop forest biotechnology as a public asset.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel felt that the proposal outlined a potentially good basic research and development project, though a number of members cautioned against the adoption of such an approach in the absence of a sound parallel forest genetics programme. However, the Panel did not feel that this type of research could make any immediate contribution to the pressing socio-economic and resource problems that the project document indicated were facing the forest sector in Colombia. As a result, the Panel felt that the project had little relevance to ITTO's priority concerns such as Target 2000 and that proposals more directly related to these immediate problems should be encouraged rather than the more speculative areas of research outlined in the proposal.

Conclusions of the Panel

The Panel concluded that the project is not sufficiently relevant to merit ITTO support and that it therefore could not recommend it to the Permanent Committee for approval.

Comments of the Committee

The Committee noted the Panel's comment and there was considerable discussion on the relevance of the proposal to ITTO. The consensus of the Committee was that biotechnology research programmes could be relevant to ITTO where they were explicitly linked to reforestation and forest management activities designed to promote sustainable management. The Delegate from Colombia indicated that the proposal would be reformulated for consideration in future project cycles.

PD 49/92 (F)

Biological Control of Pathogenic Micro-organisms in Forest Species

The discovery of residual action pesticides in the last 40 years has provided a tool for fighting against pest diseases in many areas of the tropics. In Colombia, pest and disease control has been based mainly on the application of chemical products. However, this approach has a number of consequences such as the development of resistance to chemical products, environmental pollution caused by their use, depletion of the soil microflora and the persistence of this product in the soil and in harvested products which may be toxic for both animals and human consumption.

Because of the above problems, a new approach to forest research is suggested to seek appropriate, easily manageable and low-cost methods for the control of micro-organisms without causing ecological imbalances. This research project will seek:

- to adapt and develop techniques for the biological control of pathogenic micro-organisms of forest species in order to reduce the use of chemical pesticides and to avoid the disturbance of ecosystems,
- to control phytopathogenic fungi with fungi and bacteria of mycotoxic action so as to make maximum use of the effect of these substances in controlling plant diseases,
- to control phytopathogenic bacteria with the use of antagonistic micro-organisms so as to reduce the incidence of phytosanitary disturbances and environmental pollution,
- to establish protocols of biological control of pathogenic micro-organisms of plant species so as to use them as tools in integrated control programs and
- to develop simple and low-cost biological methods to control pathogens with minimum environmental pollution and maximum safety for human beings.

The immediate objective is to adapt and develop native antagonistic micro-organisms management systems for the prevention and control of Agrobacterium tumefaciens in Eucalyptus globulus; to produce antagonistic stocks to control Erwinia amylovora in forest species and phoma sp. which causes dumping-off in forest nurseries; to develop biological control techniques for

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Phytophthora cinnamoni in forest species, Botrytis cynnerea in forest nurseries and Fusarium oxysporum which is causing vascular necrosis in forest nurseries.

Comments by the Panel

The Panel felt that the proposal outlined a basic research project that experience elsewhere had suggested would prove to have a low probability of success. The Panel also felt that the proposal was not directly relevant to priority ITTO concerns such as Target 2000 and suggested that the experience of other country's research investments in similar areas needed to be carefully evaluated before applying limited funds to such ventures.

Conclusion of the Panel

The Panel concluded the project is not sufficiently relevant to merit ITTO support and that it could therefore not recommend it to the Permanent Committee for approval.

Response to the Panel's Comments

The project was completely reformulated following a strategy linking basic research with participatory applied research and extension/training for the intended beneficiaries. The revision justifies the project on the grounds that it contributes to ITTO's Action Plan by 'maximizing the use of biological resources, without environmental degradation, preventing damage to the ecosystem and maintaining biodiversity, and contributing towards sustainable development through the reduction of agrochemicals use and its accompanying risks to humans and living organisms'.

The proposed project will complement an on-going watershed management project supported by the Government of Colombia. Under this project, small holders produce forest tree seedlings to establish plantations on their land. The purpose of these plantations are primarily to 1) serve as an alternative source of wood and income, 2) to help rehabilitate degraded watersheds, and 3) alleviate pressure on natural forests being cut to fulfill basic needs.

Seedling production has been hampered by diseases in the nursery. Participants have unsuccessfully used chemical pesticides to control diseases, thereby placing the environment and themselves at risk. The productivity of the plantations is also in doubt because diseases have caused deformation and mortality of planted trees.

This project will provide an essential link, utilizing biological control methods to reduce and eliminate damage caused by disease. The project will take a participatory approach, where small holders will assist scientists to identify problems and strategies for solution. Participants will then experiment with biological methods to test their effectiveness. Successful biological control methods will be disseminated to other communities through an extension and training program.

According to the proposal, the project will address problems directly related to the deterioration of Colombia's natural resources on the grounds that:

- * The project will help resolve environmental degradation and loss of agroecosystem biodiversity by offering to control pest agents through biological means.
- * INDERENA has been supporting a program to rehabilitate degraded watersheds. Activities in tree seedling production and reforestation are undertaken by affected communities.
- * Nursery production is hampered by disease problems in community nurseries. Farmers use heavy applications of pesticides to combat diseases, placing pesticide users, farm families, livestock and the environment at risk. So far, agrochemicals have proved to be ineffective.
- * Diseases have spread to plantations of Eucalyptus and Pinus, causing deformation, low productivity and a significant loss in biomass.

- * Principles and technologies will be applicable not only to forest nurseries and plantations, but also to native tree species. Furthermore, the proposal argues that by stopping diseases, plantations will be more productive thereby increasing their effectiveness to 1) halt soil erosion and 2) serving as a substitute to cutting natural forests.

Objectives:

The Development Objective is to *promote Integrated Pest Management (IPM) to resolve the disease problems of economically important forest species through an appropriate case study in the Tropical Andes Forest, by developing biological control methods to be used in rural communities, with an aim of contributing towards sustainable development.*

The five immediate objectives are:

1. To control fungal and bacterial diseases of economically important forest species using beneficial micro-organisms.
2. To establish a precedence for biological control of forest pathogens with an aim of developing it as a tool for IPM.
3. Transfer the technology to all possible users residing in communities affected by the disease problems researched.
4. Develop a system of massive production for biological control agents researched with the aim of distributing needed inoculants to affected communities to prevent and control diseases.
5. Share lessons learned through a mass media campaign, to encourage the adoption of the new technologies.

The project's strategy is to use a case study approach, working in selected communities within one watershed area. Four stages have been identified for this four-year project:

Stage 1:

- Watershed and community selection
- Field study of disease problems
- Isolation and identification of diseases
- Identification of controlling biological agents
- Laboratory testing of control measures

Stage 2:

- Testing effectiveness of biological control agents in greenhouse nurseries
- Field testing effectiveness of biological control agents in nurseries and plantations

Stage 3:

- Transfer of IPM technologies to communities through training and technical assistance

Stage 4:

- Production and distribution of biological control agents on a wider scale.
- Extension of IPM technologies through a mass media and focused training program.

Monitoring & Evaluation:

The proposal calls for the establishment of a Steering Committee, to meet twice annually, with the participation of ITTO representatives. Biannual updates will be presented at Council Sessions.

Other Items:

The project is now a four year effort with a larger overall budget of \$1,012,500 and a request of \$742,370 from ITTO.

This project has been completely reformulated and appears much more relevant to ITTO's objectives and strategies because it now clearly provides:

- * A solid linkage between basic research and extension with potential for practical use.
- * Research being done to resolve a problem identified in the field.
- * There is some degree of community participation in research.
- * IPM (integrated pest management with biological control methods) is a topical and relatively new field, with a great deal of support amongst donors and governments. This could potentially be a model practical application of the policy expressed on ITTO's Guidelines on the cautious use of agrochemicals in forest management and contribute to the conservation of biodiversity (especially at the micro-organism level).

Conclusions of the Committee

Considerable discussion centered around the potential relevance of the project. The Committee concluded that this project, and others of this type, may be very important to the future of tropical forestry. The Committee commended the fact that the proposal had been substantially reformulated to address the comments of the Panel. However, due to the technical nature of the subject, the Committee felt that it would need the technical evaluation of the Expert Panel before it could give the revised proposal a full and proper appraisal. The Committee therefore recommended that the revised proposal should be reviewed by the Panel and, if deemed appropriate, commended to the Committee for final appraisal and approval.

PD 50/92 Rev.1 (F)

Conservation and Integrated Development in La Macarena Special Management Area

This three year project aims firstly to contribute to the protection and rehabilitation of forest ecosystems that are of great biological diversity and are strategically located for regional development, and secondly to generate alternatives based on forest resources so as to obtain social and economic benefits for the rural communities in the region. Five immediate goals are envisioned namely:

1. to increase the institutional capacity in La Macarena Special Management Area by developing basic infrastructure and increasing the number of qualified personnel,
2. to generate participatory action/research and training processes with the rural communities settled in the Special Management Area and neighbouring areas with a view to improve their quality of life through the preservation, integrated management and sustainable development of renewable natural resources, and the restitution of local knowledge.
3. to promote the application and adjustment of appropriate techniques and technologies for the management of flora and wildlife resources in the region, through the linking of research in both the natural and the social sciences.
4. to rehabilitate the most degraded areas in the selected districts and conserve totally protected areas thus strengthening the planning capacity and local action of the community with a view to proper management of the area and
5. to ensure the protection and preservation of existing ecosystems in the "Sierra de la Macarena" and "Tinigua" Natural National Parks.

The proposal was reviewed by the Fourth Expert Panel.

Comments by the Panel

The Panel felt that the proposal was potentially highly relevant to Target 2000 and ITTO's priority objectives. However, the Panel also felt that considerably more detail needed to be provided on many aspects of the proposal. Indeed, as written, the Panel felt that the proposal was essentially a Project Idea presenting a series of headlines for major objectives and activities, each of which needed elaboration in more detail. The Panel was unsure of the relationship between the Project and the national forestry action plan in Colombia and questioned whether the stated objectives could be met within the specified project duration of three years.

Recommendations by the Panel

The Panel recommended that the proposal be completely reformulated to:

1. Clarify the relationships between the forest protection, forest production and agricultural sectors and outline specifically how the project will provide linkages between these sectors.
2. Clarify the security situation in the proposed project area given the political violence and drug trafficking activities outlined on page 3 of the current proposal. In this regard, an assessment should be given of the likely impact of these activities on the success of the project.
3. Clarify what work has already been done in the project area and indicate how the project will build on any previous work or local institutions.
4. Review the duration and possible phasing of the project to ensure that stated objectives can be met. Measures that will be taken to ensure the continuity and institutional sustainability of forest management after the period of international assistance ceases should also be outlined.
5. Provide detailed outlines of time-lines and budget requirements for all major activities together with terms of reference for key staff positions.
6. Review the budget to avoid confusion between items in Colombian Pesos and US dollars.

Conclusions of the Panel

The Panel concluded that a complete reformulation of the proposal was essential and felt that it would need to see such a reformulated proposal before it could commend the proposal to the Permanent Committee for its appraisal. However, in the light of the potential importance of the project and the wide range of issues raised by the Panel's review, the Panel recommended that a Pre-project be considered to help in this reformulation process.

Response to the Panel's Comments

This proposal was substantially reformulated to address the Panel's comments and recommendations as noted point by point below:

1. Pages 1-18 defines the institutional framework for coordinating the project with rural organizations, including considerable detail on institutional arrangements. There are four objectives for the Integrated Management Districts (IMD) which form the legal and institutional basis for La Macarena Special Management Area. This section on the history of the area clarifies the relationship between the forest protection, forest production and agriculture sectors.

The proposal defines land use categories and their respective objectives within the IMDs. Subsequently, regions within La Macarena Special Management area are classified according to this system, indicating whether the areas should be oriented towards production or protection.

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2. The revised proposal does not attempt to clarify the problems associated with drug trafficking, political and social violence. However, in a video presentation to the Committee, it was indicated that in the past, coca growing had been widespread. However, this situation had changed and people were now turning towards exploiting timber to fulfill their financial needs.
3. Pages 9-16 summarize the development of the legal framework for integrated management, and past institutional arrangements. This section gives an overview of significant changes in natural resources policies and their implication for resolving problems. Past and on-going programs are described in some detail to demonstrate where the proposed project fits into the sustainable development strategies defined for Macarena.
4. The details required in the Panel's fourth and fifth recommendations were not provided in sufficient detail. The revised proposal indicated that the phasing and activities will be established in a detailed operational plan which will be completed within 60 days of project commencement. Furthermore, in section 8, the implementing agency simply restated its position that the objectives, as presented on pages 17-21 could be completed within the three-year time frame if activities are done concurrently. However, some activities need to be completed in a sequential basis to achieve the stated outputs.
5. There have not been any changes made in the budget worksheets included in the annex. The Panel was evidently confused by the dollar signs used in budget calculations. The Colombian Peso uses the same dollar sign as the U.S. However, to keep this clear, the budget uses the straight \$ for Pesos, and US\$ for United States Dollars.

Conclusions of the Committee

As background information, the Colombian delegation presented a short, 10 minute video on the Macarena Special Management Area during the informal session. This video highlighted the unique characteristics of the area's natural resources, and provided an encapsulated history of the socio-economic development. In summary, the video illustrated the rich biological diversity and majestic topography of Macarena, and the problems of environmental degradation and over-exploitation of the area's forest and soil resources. Rural inhabitants were interviewed in order to learn of their impressions and interest in taking action to overcome problems.

Subsequently, the Committee sought clarification from the Colombian delegation on a number of points in the proposal. The Committee noted that a great deal of work had been done in reformulating the proposal and that the revision had, in fact, addressed most of the Panel's recommendations. However, in the light of the continued uncertainty about the detailed operational plan, some of the delegations felt that the proposal should be referred back the Panel before commending it for approval as had been originally suggested by the Panel.

The Colombian delegation was concerned with the impact of delays in the area if the proposal was deferred back to the Panel. However, the Committee noted that the Panel recommended that a Pre-project be considered to help in the reformulation, and to expedite matters the Committee recommended that the Council urge the Executive Director to immediately constitute a Project Formulation Mission under PD 73/89 (M,F,I) to assist the Government of Colombia to formulate the detailed operational plan to complete the PD 50/92 Rev.1 (F) proposal in time for consideration by the Expert Panel in the Project Cycle leading to the Fourteenth Session of the Council.

PPD 6/92 (F)

Study of the Stratification of the Primary Forest Area of Gabon for the Purpose of Forest Management

This Pre-project study was reviewed by the Fourth Expert Panel. Its comments and recommendations were as follows:

Comments by the Panel

The Panel considered that the Pre-project proposal was well formulated and relevant to both the objectives and the priorities of ITTO. Indeed the Panel only saw a need for a number of relatively minor points of clarification as detailed below.

Recommendations by the Panel

That minor revisions be made to the proposal to:

1. Clarify the likely timescale for the various elements of the forest management planning process leading from the Pre-project to biophysical reconnaissance surveys and ultimately to the development and implementation of forest management plans in various priority areas.
2. Clarify the relationship between the broad-scale land stratification that could arise out of the Pre-project and the management plan for the already selected Bokome Forest Reserve that is being proposed under PD 37/92 (F).
3. Ensure that the term "Primary Forest Zone" is replaced by the term "First Forest Zone" in the English versions of the proposal. The Panel thought that this was necessary to avoid the possible ecological connotations of the former term ie, the Panel felt that it was important to indicate clearly that the term referred to the geographic location of the forest zone not its management/disturbance history.

Conclusion of the Panel

While the above minor amendments are desirable, the Panel concluded that the draft project proposal should be recommended to the Committee for final appraisal and approval.

Response to the Panel's Comments

The Government of Gabon revised the proposal to address the above comments and recommendations and provided the following information in the revised Project Document:

1. The current proposal aims at providing a basis for the development of a stratification project outlining the methodology, the technical parameters and the budgetary considerations. This proposal will be followed by the implementation of the stratification project over a two-year period, focussed in the first phase on an area of 1 million ha. This implementation of stratification project should result in land-use planning and the development and implementation of multipurpose and integrated forest management plans for the targeted area within a period of 10 years.
2. The Pre-project is concerned with providing a technical and financial basis for a stratification project, whereas PD 37/92 (F) has the objective of developing an Integrated, multipurpose forest management plan for the Bokoue Forest which should provide a model for plans for permanent forest areas identified during the stratification process initiated by PPD 6/92 (F).
3. The term "Primary Forest Zone" has been replaced in the English version of the Project Document by "First Forest Zone" as requested by the Panel of Experts.

CONCLUSIONS

The Committee concluded that the revised proposal satisfactorily addressed the Panel of Experts concerns. The Committee approved the pre-project and recommended that the Council allocate US\$ 179,550 for its implementation.

APPENDIX I

TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS IN THE AREA OF REFORESTATION AND FOREST MANAGEMENT

| PROJECT/PRE-PROJECT DOCUMENT | ITTA OBJECTIVES Article 1 | AREA OF ACTIVITY | | CRITERIA Art.23 Para.6 | ITTO BUDGET (US\$) | DURATION (years) | GEOGRAPHICAL COVERAGE | RECOMMENDATION |
|---------------------------------|---------------------------------|------------------|------------------|------------------------------|---|---------------------------|--------------------------|--------------------|
| | | Art.23 Para.2 | Art.23 Para.5 | | | | | |
| PD 197/91 Rev.3 | c,f,h | R & D | a,b,c,d,e | a,b,c,d,e | 986,000 | 5 | Philippines | To be resubmitted |
| PD 200/91 Rev.2 | c,f,h | R & D | a,b,c,d,e | a,b,c,d,e | 593,313 | 3 | Philippines | To be resubmitted |
| PD 201/91 Rev.2 | c,f,h | R & D | a,b,c,d,e | a,b,c,d,e | 345,400 | 5 | Philippines | To be resubmitted |
| PD 8/92 Rev.2 | c,f,h | R & D | c,e | a,b,c,d,e | 922,467 | 5 | Honduras | 4 |
| PD 9/92 Rev.1 | c,e,f | R & D | a,b,c,d,e | a,b,c,d,e | 722,619 | 3 | Honduras | 4 |
| PD 15/92 Rev.3 | f,h | R & D | a,b,c | a,b,c,d,e | 394,520 | 3 | Brazil | 4 |
| PD 16/92 Rev.2 | c,f,h | R & D | a,b,d | a,b,c,d,e | 352,800 | 2 | Brazil | 4 |
| PD 19/92 Rev.1 | f | RFM | c | a,b,c,d,e | 680,000 | 2 | Côte d'Ivoire | 1 |
| PD 21/92 | c,f,h | R & D | a,b,c,d,e | a,b,c,d,e | Phase I: 570,000 Phase II: 1,500,000 | Phase I: 1 Phase II: 3 | Peru | To be resubmitted |
| PD 22/92 | f,h | R & D | e | a,b,c,d,e | 267,200 | 2.4 | Peru | To be resubmitted |
| PD 23/92 | c,h | R & D | b,d | a,b,c,d,e | 350,000 | 1.5 | Peru | To be resubmitted |
| PD 26/92 Rev.1 | a,c,f,h | R & D | a,b,d,e | a,b,c,d,e | 1,816,810 | 5 | Cameroon | 4 |
| PD 30/92 Rev.1 | c,f,h | R & D | a,b,c | a,b,e | 320,440 | 3 | Panama | To be reformulated |
| PD 32/92 | c,f | R & D | b,c,e | a,d,e | 1,066,460 | 5 | Brazil | 4 |
| PD 33/92 | c,f,h | R & D | a,b,d,e | a,b,c,d,e | 1,380,000 | 5 | Cameroon | To be resubmitted |

| | | | | | | | | |
|----------------|-------|-------------|-----------|-----------|-----------|----------|----------|--------------------|
| PD 34/92 | e,f,h | R & D | a,b,c | a,b,c,d,e | 1,440,529 | 3 | Honduras | Withdrawn |
| PD 37/92 Rev.1 | c,h | R & D | a,b,c,d,e | a,b,c,d,e | 1,265,292 | 2 | Gabon | 4 |
| PD 38/92 | c,f,h | R & D | c,e | a,b,c,d,e | 498,000 | 3 | Malaysia | To be resubmitted |
| PD 39/92 Rev.1 | f,h | RFM | b,d,e | a,b,c,d,e | 624,750 | 1.5 | Brazil | 4 |
| PD 41/92 | c,f,h | Network | a,b,c,d,e | a,b,c,d,e | 3,406,009 | 3 | Global | To be reformulated |
| PD 42/92 Rev.1 | c,f,h | R & D | a,b,c,d,e | b,d | 1,177,050 | 5 | Peru | 4 |
| PD 43/92 Rev.1 | c | Institution | a,b,c,d,e | a,b,c,d,e | 519,120 | 2 | Peru | 4 |
| PD 44/92 Rev.1 | f,h | R & D | c | a,b,d,e | 419,000 | 5 | Peru | To be resubmitted |
| PD 45/92 | c,f | R & D | b,c,e | a,d,e | 1,195,799 | 5 | Brazil | 4 |
| PD 47/92 Rev.1 | c,f,h | R & D | a,b,c,d,e | a,b,c,d,e | 742,895 | 3 | Colombia | 4 |
| PD 48/92 | f,h | R & D | a,b,c | a,b,c,d,e | 341,639 | 3 | Colombia | To be reformulated |
| PD 49/92 Rev.1 | c,f,h | R & D | a,b,c,d,e | a,b,c,d,e | 541,780 | 3 | Colombia | 2 |
| PD 50/92 Rev.1 | c,f,h | R & D | a,b,c,d,e | a,b,c,d,e | 1,215,953 | 3 | Colombia | To be reformulated |
| PPD 6/92 Rev.1 | c,h | R & D | b | a,b,c,d,e | 157,500 | 5 months | Gabon | 4 |

1. Recommend to the ITTO Council that the proposal should not be further considered by ITTO.
2. Recommend to the ITTO Council that the proposal be revised.
3. Decide on pre-project activities including Executing Agency and estimated budget.
4. Recommend to the ITTO Council to approve the (amended) proposal for implementation by ITTO.
5. Recommend to the ITTO Council that ITTO should sponsor the proposal in accordance with Article 20.
6. Recommend to the ITTO Council that ITTO should approve the proposal for ITTO sponsorship without funding and refer it to other relevant financial institutions.
7. Pre-project or project submitted directly to the Council for decision in accordance with the expedite procedure approved by Council Decision 2(X).

APPENDIX 2

Draft Terms of Reference for ITTO Expert Panel

on

The Protection of Tropical Forests Against Fire

The aim of the panel is to produce a draft set of guidelines on the Protection of Tropical Forests Against Fire to complement existing ITTO best practice guidelines for the Sustainable Management of Natural Tropical Forests, the Establishment and Sustainable Management of Planted Tropical Forests and the draft ITTO Guidelines on the Conservation of Biodiversity in Tropical Production Forests.

In preparing this draft set of guidelines, the panel should take the following issues into consideration:

- * The ecological significance of fire to tropical forests.
- * The traditional use of fire as a land management tool in tropical countries.
- * Available technologies for the prediction of both fire danger and fire behaviour.
- * Key management and planning principles relating to fire prevention, fire suppression and post fire rehabilitation and management.
- * The key role of community awareness and community participation in fire management in rural areas and adjoining forest lands.
- * The need to integrate fire management and planning with overall national strategies to promote the conservation and sustainable management of tropical forests.

To facilitate the work of the panel, the International Tropical Timber Council should authorize and provide funding for both the panel meeting itself and for the preparation of a consultancy report to form the basis of the panel's discussions. This consultancy report should be jointly prepared by a experienced tropical forest management specialist from a tropical producer country and a experienced fire management expert from a consumer country with significant fire management problems, expertise and access to modern fire management technologies. The composition of the Expert Panel should reflect the traditional balance of consumers and producer members of ITTO and the balance between the producer regions. The Panel should also contain a balance of expertise and include members with experience in the social sciences and community based planning.

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REPORT TO THE INTERNATIONAL TROPICAL

TIMBER COUNCIL

ELEVENTH SESSION OF THE PERMANENT COMMITTEE ON
FOREST INDUSTRY

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REPORT

1. Introduction

The Eleventh Session was opened on 16 November 1992 by Professor Nils-Erik Nilsson (Sweden), the Chairman of the Committee. The list of Participants is reproduced in Document ITTC(XIII)/Info.5 Rev.1.

2. Adoption of Agenda and Organization of Work

At its first meeting on 16 November 1992 the Committee adopted the agenda of its Eleventh Session as contained in Document PCI(XI)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document ITTC(XIII)/Info.6 Rev.1.

4. Annual Review and Assessment of the World Tropical Timber Situation (Revision of document ITTC(XII)/3 "Elements for 1991 Annual Review") Joint Session

Due to pressure of time it was not possible to take up this matter in Joint Session of the three Committees.

Copies of the revised "Elements for the Annual Review had, however, been widely distributed for study by all delegations. It was recommended that any further revisions requested could be communicated to the Secretariat. The Annual Review still contained gaps in the information provided despite ITTO having country correspondents in many countries. Members were reminded of the necessity of ensuring that qualitative and comprehensive information were provided by them in response to the Questionnaires forwarded to them by the ITTO Secretariat.

5. Report on Completed Projects

The Committee took notice of the work accomplished on the projects completed since its last Session:

PD 123/91 Rev.2 (I) TRAINING PROGRAMME ON FURNITURE PRODUCTION

PD 134/91 Rev.2 (I) SELECTION AND INTRODUCTION OF LESSER-KNOWN AND LESSER-USED SPECIES FOR SPECIFIC END-USES - PHASE II

The Committee expressed its satisfaction with the successful completion of these projects. A summary of the work completed under these projects is presented in Document PCI(XI)/4.

6. Report on Project Work in Progress

The Committee reviewed the work underway in twenty-seven ITTO approved and financed projects in the field of Forest Industry. The full report on project work in progress is reproduced in document PCI(XI)/5.

Further information on project implementation progress was given by the delegates of Cameroon [PD 3.a/87 Rev.2 (I) "Enhancing Locally the Value of Lesser Known Species (Manufacture of Blockboards from Lesser Known Species in Cameroon)"], Malaysia [PD 12/87 (I) "Research on Utilization of Tropical Timber in Construction"], Peru [PD 37/88 Rev.3 (I) "Industrial Use of New Forest Species in Peru"], Papua New Guinea [PD 108/90 Rev.1 (I) "Forest Industry Development Studies"], Ecuador [PD 137/91 Rev.2 (I) "Strategy for a Sustainable Wood Industry Sector in Ecuador"] and also [PD 155/91 Rev.2 (I) "Seminar on Sustained Forest Industry Development in the Andean Group Countries"] and by the coordinator of project PD 4/87 Rev.1 (I) "Training in Planning and Management of Forest Industries in Developing Countries".

The Coordinator of Project PD 4/87 Rev.1 (I): Training in Planning and Management of Forest Industries in Developing Countries, presented a full report on its implementation progress. In terms of scope, geographical coverage and duration, this 4 1/2 year project is the largest ITTO-sponsored training project. Though successfully implemented in its first 3 years, this FINNIDA-financed project budget needs now to be revised upwards because of recent strong devaluation of the Finnish mark. A detailed proposal to revise the budget was reviewed by the Committee, which took the view that it is important to implement all training activities as planned. To this effect, the Committee decided to recommend to the Council a supplementary allocation of funds to this project, amounting to US\$ 244,000.00 for 1993 and US\$ 146,600.00 for 1994. The Committee stressed that this budget increase is essential to allow the implementation of the training activities in Asia to the benefit of ITTO producing members in the region.

In reviewing the progress in the implementation of project PD 37/87 Rev.3 (I): Industrial Use of New Forest Species in Peru: Phase II, the Committee was presented with a short report, informing on the work of an independent consultant engaged by ITTO to assist in the project monitoring and evaluation. The Committee took note of the main conclusions and recommendations presented in the consultant's report:

The project is being effectively and efficiently administered and the objectives should be met by the end of Phase II, if the project length is extended approximately six months. The processing trials, training, and promotion aspects are being well performed, providing encouraging results and forming positive attitudes towards the lesser-used species (LUS) in the domestic and international markets.

The project progressed well and is likely to succeed in achieving all its stated objectives and outputs in the project document by the end of Phase II. Due to the nature of dissemination, it will take some time beyond the end of the project for all of the benefits to be actualized. The target groups, which include the Peruvian forest industry, architects, engineers and students, as well as the consumers in Peru, Japan, North America and Western Europe, will all benefit from the outputs of this project.

The increased demand for LUS caused by this project could result in increased land degradation without proper silvicultural information and management plans for the alluvial forests. Currently, the degradation in the alluvial forests is mainly limited to small-scale farming, which could be greatly reduced if local participation is included in the forest management plans of the alluvial forests.

It is recommended that a project be developed to fully address the forest management of the alluvial forests in the Ucayali region. This could be an entirely new project, or possibly a Phase III of the current project. The project should concentrate not only on forest management, but also on continued development of market promotion. Market promotion activities would include a continuation of SIAT (Information Service and Technical Assistance in the use of wood) and other forms of information dissemination. The ecological aspects should be developed to complement and network with ITTO Project PD 95/90: Forest Management Plan for the Alexander Von Humboldt National Forest.

The Committee requested the Secretariat and implementing agency to fully consider the report prepared by the consultant in deliberations concerning the project work.

The Committee expressed its satisfaction with the completion of the work of an independent consultant which evaluated the fellowship programs implemented under project PD 60/89 (M,F,I) "Fellowship and Related Assistance Program to Promote Tropical Forest Sector Development". The full report of the consultant is reproduced in document PCI(XI)/3.

Though pleased with the overall success of the program reported in the consultant's report, the Committee supported the consultant's recommendation for improvement in the program, in particular through:

- (i) continuation and expansion of the program for a sufficiently longer period (e.g. 4-5 years), with an annual allocation of US\$ 500,000.00;
- (ii) inclusion of provisions for ensuring that quality reports and technical papers produced by fellows financed by the project are published and disseminated in the ITTO Information Series or other appropriate technical publications or journals;
- (iii) inclusion of the appropriate funds to finance the administration of the expanded fellowship program and control of related matters, from announcement through reporting;
- (iv) introducing measures that will encourage fellowship applications from all producing countries covering the fields of all three Permanent Committees, thus aiming at a more balanced distribution of awarded fellowships by region, country and area of work.

The Committee concluded its review on this project by requesting the Secretariat to prepare and submit for its consideration at the 14th Council Session a project proposal for continuation of the program, taking into account the above recommendations and its experience with the administration of the present program. As an interim measure, the Committee decided to recommend to the Council a supplementary allocation of US\$ 200,000.00 to allow continuation of the project until the 14th Council Session.

Stressing again the importance of this training program, the Committee expressed its gratitude to the governments of Japan and the Netherlands for their continuous provision of financial support for the project since its inception and appealed to other donors to consider joining in future financing the envisaged follow-up project.

In its review of progress on implementation of project PD 73/89 (M,F,I): Assistance for Project Identification and Formulation, the Committee once again recognized the importance of this project as an effective tool to assist Member Countries to identify and prepare appropriate project proposals for ITTO consideration. The Committee recalled that the importance of the project was recognized in Council Decisions 2(X) and 2(XI), which remind and encourage Members to use the expert facility available under the project to enhance their ability to identify and formulate good projects. The Committee also pointed out that the project is closely linked to other ITTO activities which together comprise a multi-pronged approach to seeking excellence in the structure and implementation of the project cycle, noting that the project is particularly suited to provide an umbrella for the implementation of training activities designed to familiarize producing Member countries with use of the new ITTO Project Preparation Manual, once the ITTO Council has approved a final version of this. The Committee decided to recommend to the Council the continuation of the project for one additional year with a supplementary allocation of funds amounting to US\$ 300,000.00 earmarked for training workshops on the use of the new Project Preparation Manual and to fund missions to assist in the preparation of selected projects upon request from producing Members.

On the basis of requests submitted by the Government of Ecuador, the Committee agreed with proposals to rearrange the budgets of projects PD 137/91 Rev.2 (I) "Strategy for a Sustainable Wood Industry Sector in Ecuador" and PD 155/91 Rev.2 (I) "Seminar on Sustained Forest Industry Development in the Andean Group Countries", implemented by the Subsecretary for Forestry and Renewable Natural Resources, Ministry of Agriculture, Ecuador. Under project PD 137/91 Rev.2 (I), project contingency funds will finance additional international consultancy services expanded to cover studies on major forest products imported by Ecuador and with potential for local production. Under project PD 155/91 Rev.2 (I), the funds allocated to consultancies and conference preparation are to be rearranged to allow hiring a part time project coordinator and to expand case studies on appropriate forest industries from two to four.

The Committee requested the Secretariat to provide Steering Committee Meeting and project completion reports to the respective project donors upon receipt from the implementing agency.

7. Consideration of Project Proposals

Taking into account the report of the Panel of Experts for technical appraisal of project proposals, the Committee appraised and evaluated 1 pre-project and 4 project proposals which were submitted in time and with sufficient level of preparation for appraisal:

| PROJECT NUMBER | PROJECT TITLE | SUBMITTING GOV'T |
|--------------------|---|---|
| PD 79/90 Rev.1 (I) | SEMINAR AND ROUND TABLE ON THE DEVELOPMENT OF FURNITURE AND JOINERY INDUSTRIES | GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO |
| PD 17/92 Rev.3 (I) | TECHNOLOGY TRANSFER/ COMMERCIALIZATION OF SELECTED COCOWOOD UTILIZATION TECHNOLOGIES | GOVERNMENT OF THE PHILIPPINES |
| PD 35/92 (I) | VOCATIONAL TRAINING CENTER FOR THE FOREST INDUSTRY - TIMBER, FURNITURE INDUSTRIES AND ENVIRONMENT IN THE AMAZONIAN REGION | GOVERNMENT OF BRAZIL |
| PD 46/92 (I) | WORLD CONFERENCE ON TROPICAL PLYWOOD IN THE LATIN AMERICA/CARIBBEAN REGION | GOVERNMENT OF ECUADOR |
| PPD 8/92 (I): | PRE-PROJECT STUDY ON THE CREATION OF A CENTER FOR THE PROMOTION OF LESSER KNOWN SPECIES IN EUROPE | GOVERNMENT OF CAMEROON |

The detailed results of the Committee's evaluation and appraisal of these 4 project proposals and 1 pre-project are presented in Appendix I.

The Committee decided to defer final appraisal and evaluation of 1 pre-project and 3 project proposals [PPD 7/92 (I) "Prefeasibility Study on the Efficient Use of Wood Waste for Process Heat and Motive Power Generation in Wood Industries - Is Steam a Viable Option?", PD 25/92 (I) "Study of the Nature, Extent, Causes and Possible Uses of Logging Wastes", PD 28/92 (I) "Development of Timber Seasoning Kilns in the Cameroon", and PD 29/92 (I) "Timber Bridge Built with Reinforced Timber Beams"] because, as pointed out in the Expert Panel Report, they lacked sufficient information and/or were not sufficiently prepared and submitted in time for appropriate appraisal and decision. The proposal contained in document PD 28/92 Rev.1 (I) had been revised by the submitting country, but was not resubmitted in time for proper advance distribution to Members and the Committee decided it should therefore be made available to the next Panel and Committee Meetings. The Committee, however, decided to include in Appendix I some initial comments on this proposal to assist the submitting country in an eventual further revision before the next Panel Meeting.

Based on the results of the pre-project study on the feasibility of project PD 177/91 (M,F,I) "Strengthening ITTO Field Activities and Monitoring In Latin America/Caribbean Through the Services of a Field Officer", and in view of another project proposal [PD 41/92 (F) "International Network for Developing Human Resources for Sustainable Tropical Forest Management"] including similar activities, the Committee decided to once again defer consideration and final appraisal of PD 177/91 (M,F,I) until conclusion of further pre-project work approved in this Session to integrate and harmonize the work proposed under the two documents.

8. Report on Completed Pre-Projects

The Committee took note of the reports on the following completed pre-projects studies:

- PPD 48/91 (I) FEASIBILITY STUDY ON PROGRAMME TO SUPPORT THE SUSTAINABLE
MANAGEMENT OF THE AFRICAN FORESTS PRODUCING INDUSTRIAL
TIMBER IN ORDER TO BETTER ENHANCE THEIR POTENTIALITY
- PPD 49/91 (I) FEASIBILITY STUDY ON A PROGRAM TO STRENGTHEN ITTO ACTIVITIES
IN LATIN AMERICA/CARIBBEAN THROUGH THE SERVICES OF A FIELD
OFFICER

The full reports on these pre-project studies are reproduced respectively in documents PPR 25/92 (I) and PPR 26/92 (I).

In the African Feasibility Study, confirming a preliminary report presented to the ITTO Council in the 12th session in Yaoundé, the final report of the mission visiting ITTO African Members concluded that ITTO's activities in the African region should concentrate on the promotion of sustainable forest management, with emphasis on three main areas:

- (i) providing assistance to concession holders to assist them in forest management;
- (ii) supporting demonstration and pilot projects to improve forest inventories and forest management; and
- (iii) restructuring and strengthening forest management departments in national and provincial forest agencies.

Additionally, the study recommended that priority be accorded to projects related to agro-forestry, forestry legislation and institutions, planning and development of timber industries, and training in general.

The study also has a chapter covering a proposed arrangement to increase ITTO presence in Africa through cooperation with the African Timber Organization (ATO). More specifically, the study proposed the placing of an ITTO regional officer in the ATO headquarters in Libreville, Gabon. The officer would be responsible for:

- (i) assisting implementation of ITTO activities in the region;
- (ii) assessing feasibility of project proposals from Member Countries in the region and assisting them to formulate appropriate proposals for ITTO;
- (iii) assisting ITTO to follow-up the implementation of projects in the region; and
- (iv) ensure cooperation and complementary of work between ITTO and ATO.

The Committee noted that the pre-project report includes an outline for action based on the study's findings and recommendations, but project proposals for ITTO consideration were not drafted by the consultants. The Committee was informed that the Government of Gabon has submitted a proposal for implementing a regional project which is reportedly based on the findings of the pre-project study, and recommended that other countries planning to develop further proposals for work to assist tropical forest development in Africa fully consider the results of this pre-project study as contained in document PPR 25/92 (I).

The Committee expressed its gratitude to the Governments of France and Sweden for financing the participation of two experts in the team that implemented the feasibility study in Africa.

Under the Latin American Feasibility Study, in August and September of 1992, a team of two consultants visited international/regional organizations and government agencies in the following Latin

American/Caribbean ITTO Member Countries: Colombia, Ecuador, Brazil, Bolivia, Peru, Honduras, Panama, and Trinidad and Tobago. The main findings and conclusions of the study are as follows:

- (i) All Member Countries in the region decidedly support the implementation of PD 177/91 (M,F,I) and agree that a need exists to expand ITTO's presence in the region.
- (ii) According to priorities expressed by the Member Countries, PD 177/91 (M,F,I) should focus on the following activities:
 - assistance in identifying projects that can significantly contribute to the implementation of ITTO's Action Plan and achievement of Target 2000;
 - increased presence of the Organization in the region to facilitate dissemination and promotion of ITTO's policies, to represent the Organization at regional events, to assist in collecting information on progress toward Target 2000 and to promote the adoption of policies and other measures geared to facilitating achievement of this goal, to coordinate collection of data for the "Annual Review and Assessment of the World Tropical Timber Situation," and to assist when needed with evaluation and monitoring of ITTO projects implemented in the region.
- (iii) Regarding potential host countries, Member Countries Bolivia, Ecuador and Honduras expressed interest in hosting PD 177/91 (M,F,I). Other countries, namely Brazil, Panama, and Peru, indicated that they may also become potential hosts to the project.
- (iv) The four following international organizations are also possible hosts for the project's headquarters:
 - The Amazon Cooperation Treaty (ACT), Pro-Tempore Secretariat with headquarters in Quito, Ecuador;
 - The Cartagena Agreement (JUNAC), Technical Secretariat of the Andean Pact with headquarters in Lima, Peru;
 - Latin American Economical System (SELA), with headquarters in Caracas, Venezuela;
 - Andean Corporation for Development (CAF), with headquarters in Caracas, Venezuela.

The study provided a preliminary assessment of their potential as possible hosts for the project.

- (v) The cost benefit evaluation considered and quantified the value and costs of project services covering (a) assistance to monitoring and evaluation of ITTO projects in the region; (b) assistance in the collection of regional statistics; (c) coordination of preparation and distribution of a newsletter; and (d) other services. The study concluded that substantial savings would be effected by using a field officer posted in the region as opposed to an equally qualified Secretariat staff member working at headquarters.
- (vi) Finally, the study recommended that further assessment and decision on the implementation of project PD 177/91 (M,F,I) be conducted in light of the project proposal PD 41/92 (F). Both proposed projects intend to post at least one officer in Latin America and include as one of the project activities the production of a regional newsletter. Since PD 41/92 (F) proposes to post two ITTO officers in the region; it is possible that the more senior officer posted could oversee the activities envisioned in both projects. Regarding the proposed newsletter, they vary in that PD 41/92 (F) emphasizes forest management issues in general, whereas the scope of PD 177/91 (M,F,I) is larger and includes dissemination of ITTO activities in the region along with ITTO guidelines and policies, in addition to discussion of general forest management issues.

9. Report on Pre-Project Work in Progress

The Committee took note of the progress on the implementation of the following pre-project studies:

- (i) Development Work to Phase Out Trade of Unsustainably Produced Timber: I - Assessment of Future Mahogany Supply and Alternative Industrial Operations for Sustainable Production
- (ii) Institutional Strengthening of IBAMA's Forest Products Laboratory
- (iii) Manpower Development of the Sarawak Forest Sector
- (iv) Technical and Economic Feasibility of Large-Scale Construction of Wooden Houses in Brazil
- (v) The Industrial Utilization and Marketing of Eucalyptus Plantations of the Province of Loja, Ecuador
- (vi) Feasibility of a Promotion Center for Furniture Manufacturing in Ecuador
- (vii) Provision of Assistance for the Reassessment and Reformulation of Zairian Project Proposals PD 205/91 (I) "National Saw Maintenance Centre" and PD 209/91 (I) "Study of Zairian Timber with a View to Promoting Certain Species"

10. Decision on Pre-Project Work

The Committee considered a pre-project submitted by the Government of Cameroon entitled "Pre-Project Study on the Creation of a Center for the Promotion of Lesser Known Species in Europe". Supporting the previous appraisal and recommendation made by the Panel of Experts, the Committee decided to approve the revised pre-project proposal [PPD 8/91 Rev.2 (M,I)]. The detailed results of the Committee evaluation and appraisal of this pre-project proposal are included in Appendix I.

The Committee followed up on its initial discussion (10th Session) on the need to work to prepare Guidelines for Development of Sustainable Forest Industry. Recalling the preparedness by producer countries to overcome political, social and technical factors which are obstacles for sustainable management and utilization of their forests, and recognizing that a profitable forest industry is a basic prerequisite for sustainable forest management, the Committee decided to approve and initiate pre-project work towards developing and adopting ITTO Guidelines for the Development of Forest Industries. The Terms of Reference and Budget for the initial studies approved are included in Appendix IV.

The Committee also decided that implementation of additional pre-project activities are necessary to allow further consideration of the work proposed under Project PD 177/91 (M,F,I) "Strengthening ITTO Field Activities and Monitoring In Latin America/Caribbean Through the Services of a Field Officer". As reported under completed pre-projects (item 8 in this report), the proposal seems to be feasible and appropriate and some of its activities are also part of the project proposal PD 41/92 (F) "International Network for Developing Human Resources for Sustainable Tropical Forest Management," appraised by the Panel of Experts. In view of the acknowledged need to integrate and harmonize these proposals, taking into consideration the results of other related work [PPD 48/91 (I) and PD 51/92 (M,F,I)], and in view of the decision of the Japanese delegation to request deferring the appraisal of project PD 41/92 (F) until such harmonization is effected, the Committee decided to implement pre-project work in the form of a Working Group to be convened to review the proposals and related documents and prepare and make available a harmonized project proposal(s) in time for consideration by the Committee at its 12th Session. The Terms of Reference and budget for the activities of the Working Group are included in Appendix III.

11. Decision on Fellowship Applications Under Project PD 60/89 (M,F,I)

The Committee authorized the establishment of a Selection Panel to evaluate fellowship applications submitted in time for the Eleventh Session and select the successful candidates. The selection panel was composed of: Mr. Samuel Kwasi Appiah (Ghana), Dr. Toga Silitonga (Indonesia), Mr. Arthur V. Morrell (United Kingdom), Dr. Amantino Ramos de Freitas (Brazil), Dr. David A. Harcharik (U.S.A.), Prof. Nils-Erik Nilsson (Sweden) and Dr. Rubén Guevara Moncada (Honduras).

The selection panel appraised 56 fellowship applications, of which 21 were selected for appraisal and funding, with a total allocation of about US\$ 125,000.00. The applications approved are listed in Appendix II.

12. Dates and Venue of the Thirteenth Session

The Committee decided that the dates and venue of the Thirteenth Committee Session will be agreed upon by ITTC in the Thirteenth Council Session.

13. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. To approve for implementation the following project proposals:

| PROJECT NUMBER | PROJECT TITLE | SUBMITTING GOVERNMENT |
|--------------------|---|----------------------------------|
| PD 17/92 Rev.3 (I) | TECHNOLOGY TRANSFER/ COMMERCIALIZATION OF SELECTED COCOWOOD UTILIZATION TECHNOLOGIES | GOVERNMENT OF THE PHILIPPINES |
| PD 35/92 (I) | VOCATIONAL TRAINING CENTER FOR THE FOREST INDUSTRY - TIMBER, FURNITURE INDUSTRIES AND ENVIRONMENT IN THE AMAZONIAN REGION | GOVERNMENT OF BRAZIL |
| PD 46/92 (I) | WORLD CONFERENCE ON TROPICAL PLYWOOD IN THE LATIN AMERICA/CARIBBEAN REGION | GOVERNMENT OF ECUADOR |

2. To recommend to submitting countries the revision of the following proposals:

| | |
|---------------------|---|
| PPD 7/92 (I): | Prefeasibility Study on the Efficient Use of Wood Waste for Process Heat and Motive Power Generation in Wood Industries - Is Steam a Viable Option? |
| PD 79/90 Rev.1 (I): | Seminar and Round Table on the Development of Furniture and Joinery Industries |
| PD 25/92 (I): | Study of the Nature, Extent, Causes and Possible Uses of Logging Wastes |
| PD 28/92 (I): | Development of Timber Seasoning Kilns in the Cameroon |
| PD 29/92 (I): | Timber Bridge Built with Reinforced Timber Beams |

3. To make a supplementary allocation of funds amounting to US\$ 390,600.00 (US\$ 244,000.00 for 1993 and US\$ 146,600.00 for 1994) to allow thorough internal implementation and successful completion of project PD 4/87 Rev.1 (I) "Training in Planning and Management of Forest Industries in Developing Countries".

/...

4. To make supplementary allocation of funds amounting to US\$ 200,000.00 to allow continuation of the fellowship program under project PD 60/89 (M,F,I) "Fellowship and Related Assistance Program to Promote Tropical Forest Sector Development," until the next Committee and Council Sessions when a follow-up project proposal is expected to be ready for consideration.
5. To make a supplementary allocation of funds amounting to US\$ 300,000.00 to allow continuation of project PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation".
6. To urge Member Countries to contribute funds to finance forest industry pre-project approved in this session:

PPD 8/91 Rev.2 (M,I): Pre-Project Study on the Creation of a Center for the Promotion of Lesser Known Species in Europe

7. To urge Member Countries to contribute funds to finance forest industry pre-projects and projects approved by the Committee and Council in previous Sessions and still pending funding. These are:

PPD 2/92 (I): Sustainable Development of the Plywood Industry in Latin America

PD 121/91 Rev.2 (I): Entrepreneurship Development in the Furniture Industry

PD 122/91 Rev.1 (I): Furniture Export Marketing Programme for the EEC

PD 151/91 Rev.2 (I): Selection of Lesser-Known Tropical Timber Species of the Andean Sub-Region for Specific End-Uses

PD 153/91 Rev.1 (I): Feasibility Study to Establish an Andean Sub-Region Center for Development of Sustained Forest Management and Support to the Timber Industry

PD 163/91 Rev.2 (I): Technical Assistance and Training for Forest Industry Development in Sabah, Malaysia

PD 195/91 Rev.1 (I): Consumer Education on Timber and Processed Timber Products

PD 196/91 Rev.1 (I): Utilization of Residues and Dendrothermal Energy in the Peruvian Forest Industry

PD 4/92 Rev.1 (I): Development of Eucalyptus Timber in the West and North-West Regions of Cameroon

PD 6/92 (I): Reduction of Waste During Utilization and Processing of Timber in Cameroon

14. Election of Chairman and Vice-Chairman for 1993

The Committee elected Dr. Ruben Guevara Moncada (Honduras) the Chairman and Mr. Franklin Moore (U.S.A.) the Vice-Chairman for 1993.

15. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX I

TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS IN THE AREA OF FOREST INDUSTRY

| PROJECT DOCUMENT | ITTA OBJECTIVES Article 1 | AREA OF ACTIVITY | | CRITERIA Art.23 Para.6 | ITTO BUDGET (US\$) | DURATION | GEOGRAPHICAL COVERAGE | RECOMMENDATION |
|--------------------|---------------------------|--------------------------|---------------|------------------------|--------------------|-----------|--------------------------|----------------|
| | | Art.23 Para.2 | Art.23 Para.5 | | | | | |
| PD 79/90 Rev.1 (I) | c,e | seminar | a,c | a,b,c,d,e | 290,483 | 11 months | Latin America/ Caribbean | 2 |
| PD 17/92 Rev.3 (I) | c,e | R & D further processing | a,e | a,b,c,d,e | 626,990 | 3 years | Global | 4 |
| PD 35/92 (I) | c,e, | training | a,b,c, | a,b,c,d,e | 1,354,967 | 3 years | Latin America | 4 |
| PD 46/92 (I) | a,b,c,e,f,g | conference | a,b,c, | a,b,c,d,e | 223,650 | 6 months | Latin America/ Caribbean | 4 |

| PRE-PROJECT DOCUMENT | ITTO BUDGET (US\$) | DURATION | GEOGRAPHICAL COVERAGE | DECISION |
|--|--------------------|----------|-----------------------|-----------------------------|
| PPD 8/92 Rev.2 (I): Pre-Project Study on the Creation of a Center for the Promotion of LesserKnown Species in Europe | 52,500 | 6 months | Cameroon/Europe | approved for implementation |
| Pre-Project Study: Harmonization and Integration of Work Proposed Under Project Proposals: PD 177/91 (M,F,I): Strengthening ITTO Field Activities and Monitoring In Latin America/Caribbean Through the Services of a Field Officer and PD 41/92 (F): International Network for Developing Human Resources for Sustainable Tropical Forest Management | 44,000 | | Global | approved for implementation |
| Pre-Project Study: Reviewing and Preparing Supporting Documents for Work on Guidelines for Development of Sustainable Forest Industries | 57,200 | | Global | approved for implementation |

1. Recommend to the ITTO Council that the proposal should not be further considered by ITTO.
2. Recommend to the ITTO Council that the proposal be revised.
3. Decide on pre-project activities including Executing Agency and estimated budget.
4. Recommend to the ITTO Council to approve the (amended) proposal for implementation by ITTO.
5. Recommend to the ITTO Council that ITTO should sponsor the proposal in accordance with Article 20.
6. Recommend to the ITTO Council that ITTO should approve the proposal for ITTO sponsorship without funding and refer it to other relevant financial institutions.
7. Pre-project or project submitted directly to the Council for decision in accordance with the expedite procedure approved by Council Decision 2(X).

APPENDIX I

TECHNICAL EVALUATION OF PROJECT PROPOSALS

**PD 79/90 Rev.1 (I): SEMINAR AND ROUND TABLE ON THE DEVELOPMENT OF FURNITURE AND JOINERY INDUSTRIES
(GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO)**

The Committee concurred with the Expert Panel's conclusions that the project was consistent with the objectives of the ITTA and with the ITTO Action Plan, but further minor amendments were needed before the proposal could be commended to the Committee for final appraisal and approval. Specifically, the Committee reiterated the Panel's opinion that the project cost/benefits prospects could be improved particularly by reprogramming and redressing the seminar to a more uniform target group, and by minimizing overhead expenses and securing partial contribution of seminar participants and other project beneficiaries toward project costs.

The Committee concurred with the Panel's recommendation that the project be revised, taking account of the above comments by providing specific information and modifications as follows:

- (i) attempt to increase the seminar efficiency and project cost benefit prospects by (a) better specification of the training program and training level and participation, which may not need to include 25 trainees from outside Trinidad and Tobago, and (b) ensuring that the seminar methodology and training materials will be suitable and available for future planning and convening similar seminars at lower cost;
- (ii) explore possibilities of reducing the ITTO budget by ensuring concrete contribution by UNIDO and the Government of Trinidad and Tobago, including waving of UNIDO's overhead costs and considering partial contribution of trainees toward their participation in the seminar; and
- (iii) identify and list appropriate criteria for selection of seminar participants.

Noting that the proposal had not been revised to address these concerns, the Committee wished to provide the submitting government additional opportunity to effect these changes. The Committee therefore recommended that the proposal be further evaluated at its next session.

**PD 17/92 Rev.2 (I): TECHNOLOGY TRANSFER/COMMERCIALIZATION OF SELECTED COCOWOOD UTILIZATION TECHNOLOGIES
(GOVERNMENT OF THE PHILIPPINES)**

The Committee commended the proposal and recognized the importance of fuller commercial utilization of coconut wood in contributing to the wood supply in the Philippines. It also noted that the implementing government is well-equipped to successfully implement this project.

The Committee expressed its satisfaction with the revised project timetable requested by the Panel and felt that the proposal was ready for approval by the Council; however, it indicated that greater emphasis should be placed on the technology transfer component of the project during implementation. It also recommended the executing agency to ensure participation of the local community in project planning and project benefits. Noting that wood preservatives vary in their potential for negative environmental impacts, the Committee requested and received assurance from the Government of the Philippines and the implementing agency that chemicals known to be particularly hazardous (i.e. banned) will not be used in the coconut wood preservation trials.

The Committee recommended the project for approval with implementation to be guided by the above comments.

**PD 28/92 (I): DEVELOPMENT OF TIMBER SEASONING KILNS IN THE CAMEROON
(GOVERNMENT OF CAMEROON)**

The Committee recognized the relevance of the project to ITTO objectives, since availability of appropriately seasoned timber is essential to improve tropical timber competitiveness in most importing markets. The Committee also commended the submitting government for its extensive revision of the project in response to several requests from the Panel, including a reassessment of proposed research activities regarding kiln dryer designs in view of past research and indications of availability of kiln designs that are appropriate for manufacturing and use in Cameroon.

Given that the extensive literature review recommended by the Panel resulted in a complete reformulation of the proposal, the Committee concluded that further assessment of the proposal by the Panel is necessary before it can be properly evaluated by the Committee and recommended to the Council for approval.

The Committee recommended that the markets for kiln dried timber in Western Africa be considered by the submitting country and if possible and appropriate referred to and included in the project proposal.

**PD 35/92 (I): VOCATIONAL TRAINING CENTER FOR THE FOREST INDUSTRY - TIMBER,
FURNITURE INDUSTRIES AND ENVIRONMENT IN THE AMAZONIAN
REGION
(GOVERNMENT OF BRAZIL)**

The Committee agreed that the project proposal is consistent with ITTA objectives and with activities specified in the ITTO Action Plan.

Like the Panel, the Committee noted that Rondonia is a large state still mostly under forest cover and that hundreds of timber processing mills in Rondonia stand to benefit from implementation of this project. The Committee felt that the fact that other research and training centers in the Amazon do provide some of the services envisaged in the new training and vocational center do not invalidate the proposal given the large size of the Brazilian Amazon and special needs of each of its states.

Recalling that forestry and sustainable timber production and processing activities are rather appropriate to Rondonia, as opposed to the current unsustainable agricultural practices on which the local economy is based, the Committee saw merit in the proposed work for its potential to contribute to sustainable development through further processing and greater valuation of forest resources.

The committee reiterated the Panel's concern regarding the utilization of international consultants, expertise, and training facilities as opposed to national sources. It also requested a delineation of the inputs and activities needed to train youths in ecology and forest conservation, as these are missing from the proposal, and specification of the number of participants from other Latin American countries to be included in the project. It also noted that the budget should be revised downward to reflect the more efficient use of national training and consulting resources.

Noting that the Government of Brazil addressed these concerns in an addendum to the project document, the Committee recommended the project for approval with implementation to be guided by the above comments and subjected to the amendments contained in the addendum document PCI (XI)/9 Rev.1.

**PD 46/92 (I): WORLD CONFERENCE ON TROPICAL PLYWOOD IN THE LATIN
AMERICA/CARIBBEAN REGION
(GOVERNMENT OF ECUADOR)**

The Committee commended the project proposal and expressed strong support for the proposal, noting that it follows a recommendation of the first World Conference on Tropical Plywood, held in Jakarta in 1991 [PD 70/89 Rev.2 (I)], which called for the planning and convening of global

conferences on tropical plywood on a regular basis. It also expressed satisfaction with the revised project budget which now includes funds for evaluation and monitoring and administrative support, as recommended by the Panel.

The Committee saw considerable merit in the proposal, agreeing that progress in the plywood industry also contributes to Target 2000 as tropical plywood production is well suited to sustainable forest management because it allows utilization of a wide variety of species and qualities, thereby facilitating better use of forest resources. The Committee also highlighted its usefulness for assisting production and demand forecasts and contributing to planning the industry's sustainable supply of wood raw material. The Committee added that the proposed Conference structure and Sessions planned (economics, forest resources, and technology) fits in well with the sustainability concerns and requirements, which need to be dealt with in a holistic way.

The Committee noted that a related conference on lesser known species in the Amazon plywood industry was recently held in Manaus, Brazil under PD 93/90 (I), and encouraged the implementing agency to make use of the lessons learned from this conference in planning the project. It also noted that further lessons could be drawn from the pre-project study entitled "Sustainable Development of the Plywood Industry in Latin America," should the approved pre-project be financed at this Session and implemented in a timely manner.

The Committee recommended the project for approval with implementation to be guided by the above comments.

The respective submitting governments indicated that the following project proposals are currently being revised to address the Panel's recommendations, and that they would be resubmitted for consideration at the next Council Session: 1) PD 25/92 (I), Study of the Nature, Extent, Causes, and Possible Uses of Logging Wastes (Government of the Philippines); and 2) PD 29/92 (I) Timber Bridge Built with Reinforced Timber Beams (Government of Cameroon).

PPD 8/92 Rev.2 (I): PRE-PROJECT STUDY ON THE CREATION OF A CENTER FOR THE PROMOTION OF LESSER KNOWN SPECIES IN EUROPE (GOVERNMENT OF CAMEROON)

The Committee recognized the relevance of the pre-project to ITTO objectives and the work program to promote utilization of lesser-used tropical timber species. The Committee noted that the proposal for establishing a promotion center has been in the ITTO agenda since 1988 when such a proposal was put forward as a result of an ITTO pre-project study on lesser-known species implemented by CTFT (France). Preparatory work to study the feasibility of such a center was then approved by the Council, but not funded, motivating the Government of Cameroon to resubmit the proposal with some modifications [project proposal PD 5/92 (I) appraised at the Third Panel Meeting]. Given the long history of this proposal in the ITTO and persistent doubts concerning its feasibility and desirability, and in view of the detailed recommendation for further specific modifications made in the last appraisal, the Committee agreed with the Panel that the implementation of the proposed pre-project study on the center's feasibility is both appropriate and desirable.

The Committee expressed satisfaction with the project revision submitted by the Government of Cameroon, in response to the Panel's requests for more detailed terms of reference for the feasibility study and stipulation that consultancy services be provided by an independent consultant to ensure an objective evaluation. The Committee reiterated the Panel's recommendation to emphasize the project component regarding the feasibility study of the promotion center, noting that further research on the properties of LKS is not required given the previous work conducted under ITTO of this nature; rather, research should focus on which species are most appropriate for promotion based on their known properties and the specific needs and requirements of the European market.

The Committee decided to approve this revised pre-project for implementation subject to the above comments.

APPENDIX II

**FELLOWSHIPS AND GRANTS APPROVED
(Report of the Selection Panel)**

| <u>Application No.</u> | <u>Name (Nationality)</u> | <u>Subject</u> |
|---|--|---|
| PERMANENT COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT | | |
| 6/C13/92A | APPIAH-KWARTENG, James Kofi (Ghana) | Micropropagation Techniques Study Tour |
| 8/C13/92A | BALAKRISHNA, Pisupati (India) | Research into Mangrove Genetic Diversity using RFLPs and PCR analyses |
| 23/C13/92A | GOLMAN, Martin (P.N.G.) | Study on Integrated Approach to Sustainable Management |
| 25/C13/92A | HESSE JOYA, Christel Ondina (Honduras) | Study of Institutional Development for Sustainable Forest Management |
| 26/C13/92A | JANSON, Mongan (Australia) | Attend Brunei Conference on Tropical Rainforest Research |
| 27/C13/92A | KATHIRESAN, Kandasamy (India) | Attend Asia-Pacific Symposium on Mangrove Ecosystems |
| 34/C13/92A | MAYCOCK, Colin Rulzion (Australia) | Paper at Brunei Conference on Tropical Rainforest Research |
| 35/C13/92A | MIRANDA, Carlos Peña (Bolivia) | Study of Forestry Planning, with special reference to Reforestation |
| 36/C13/92A | MOHAMAD NASIR, Husin (Malaysia) | Attend Asia-Pacific Symposium on Mangrove Ecosystems |
| 44/C13/92A | RAJA SULAIMAN, Raja Barizan (Malaysia) | Nutrient Analysis and Statistical Design in Hill Dipterocarp Forests |
| 49/C13/92A | SAYOK, Alexander K. (Malaysia) | Attend Brunei Conference on Tropical Rainforest Research |
| 50/C13/92A | SIAROT, Pablito (Philippines) | Attend Symposium on Genetic Conservation and Production of Tropical Tree Seed |

PERMANENT COMMITTEE ON FOREST INDUSTRY

| | | |
|------------|-----------------------------------|--|
| 2/C13/92A | AGBOZO, John Kwabla (Ghana) | Training in Production Technology for Wood Composite Products |
| 31/C13/92A | LI, Yudong (China) | Study of Advanced Wood Preservation Technology |
| 39/C13/92A | OFFEL, Alexander Botchway (Ghana) | Secondment to Study Quality Control and Costing of Wood-Based Panel Products |
| 48/C13/92A | SARFO, James Sah (Ghana) | Research on Effect of Ring Structure on Free Water Flow Direction in LKS |
| 57/C13/92A | VASQUEZ AREVALO, Winston (Peru) | Study of Timber Grading Using NHPA Rules |

PERMANENT COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

| | | |
|------------|-------------------------------------|---|
| 12/C13/92A | BURUA, Nathaniel (Papua New Guinea) | Attend course on "Economics of Resource and Environmental Management" |
| 21/C13/92A | FOMETE NEMBOT, Timothée (Cameroon) | Constraints and Prospects in the Cameroon Forest Industries |
| 38/C13/92A | OANES, Gloria Abraham (Philippines) | Attend course on "Economics of Resource and Environmental Management" |
| 46/C13/92A | RUSHTASOMBOON, Nopadol (Thailand) | Attend course on "Economics of Resource and Environment Management" |

APPENDIX III

Pre-Project Study

Harmonization and Integration of Work Proposed Under Project Proposals:

**PD 177/91 (M,F,I): Strengthening ITTO Field Activities
and Monitoring In Latin America/Caribbean Through the Services of a Field Officer
and**

**PD 41/92 (F): International Network for Developing Human Resources
for Sustainable Tropical Forest Management**

1. Introduction

The Permanent Committee on Forest Industry decided to implement further pre-project activities to harmonize and integrate the work proposed under documents PD 177/91 (M,F,I) and PD 41/92 (F) through a Working Group made up of experts from producing and consuming countries.

2. Terms of Reference

- A. Review the project proposals PD 177/91 (M,F,I) and PD 41/92 (F) taking into account the Committee and Expert Panel comments and decisions on them and the related documents listed below:
- (i) PPD 48/91 (I) Feasibility Study on Programme to Support the Sustainable Management of the African Forests Producing Industrial Timber in Order to better Enhance Their Potentiality
 - (ii) PPD 49/91 (I) Feasibility Study on a Program to Strengthen ITTO Activities in Latin America/Caribbean Through the Services of a Field Officer
 - (iii) PD 51/92 (M,F,I) Support for the Sustainable Management and Utilization of Timber Resources in Tropical Africa
- B. Prepare a project proposal(s) designed to appropriately implement the work proposed under proposals PD 177/91 (M,F,I) and PD 41/92 (F) in a manner that optimizes use of resources and removes overlapping and duplication of efforts.

3. Composition of the Working Group

It is recommended that the Panel be composed of representatives of at least 4 consumer and 4 producing countries, selected among the ones that have actively participated in the discussions on the above proposals. The ITTO Secretariat shall assist the Panel as appropriate.

4. Duration

The Working Group shall meet and finalize its work and reporting with a view to have the harmonized proposal(s) prepared and made available in time for consideration by the Committee at its 12th Session.

5. Budget

Organization of Working Group meeting and travelling costs: US\$40,000.
ITTO administrative support costs: US\$4,000.00.
Total: US\$ 44,000.00.

APPENDIX IV

Pre-Project Study

Reviewing and Preparing Supporting Documents for Work on Guidelines for the Development of Sustainable Forest Industries

1. Introduction

The Permanent Committee decided to implement a pre-project study to establish the basis for further work with a view to develop ITTO Guidelines for the Development of Sustainable Forest Industries.

2. Terms of Reference

Through specialized consultancy services, prepare a first draft of a document containing proposals on Guidelines for the Development of Sustainable Forest Industries. These Guidelines shall be drafted taking into account that a simultaneous adaption of the forest industries to sustainable forest management and of sustainable forest management to the forest industries is a prerequisite for a sustainable development of both forestry and forest industries, and that a profitable forest industry is a basic prerequisite for sustainable forest management.

The conception of the Guidelines should mainly take into account the enterprise perspective but should also include matters which relate to development of national policies.

In drafting the Guidelines, optimum use should be made of existing knowledge, as appropriate, such as those contained in completed and ongoing ITTO projects as well as relevant work by UNIDO and FAO. Particular attention should be paid to documents related to these Guidelines already perused by the Committee, namely:

- (i) Planning Forest Industries in Developing Countries ITTO/FTP - FINNIDA/FAO - (ITTO Technical Series 6: FTP-ITTO "Planning and Management of Forest Industries in Developing Countries: Training Manual", 1992.
- (ii) ITTO Guidelines for Development of Sustainable Forest Industries: A Discussion Paper (Appendix III in the Report of the Tenth Session of the Permanent Committee on Forest Industry).
- (iii) The ITTO Action Plan: Criteria and Priority Areas for Programme Development and Project Work, 1990.
- (iv) Both the contents and formats of the Guidelines already adopted or being adopted by ITTO:
 - ITTO Guidelines for Sustainable Management of Natural Tropical Forests;
 - Guidelines for the Establishment and Sustainable Management of Planted Tropical Production Forests; and
 - Report on Working Group on Guidelines for the Conservation of Biological Diversity in Tropical Production Forests (ITTC(XI)/7 Rev.2).

3. Budget

| | US\$ |
|-----------------------------------|-----------|
| Consultancy Services (3 m/m) | 30,000.00 |
| Travelling costs | 10,000.00 |
| Translation costs | 12,000.00 |
| ITTO administrative support costs | 5,200.00 |
| TOTAL | 57,200.00 |