



ITTO

**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Dist.
GENERAL

ITTC(XVII)/13
12 December 1994

Original: ENGLISH

SEVENTEENTH SESSION
8-16 November 1994
Yokohama, Japan

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

Yokohama, Japan

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REPORT

Item 1: {Opening Ceremony}

1. The Seventeenth Session was opened by the Chairman, Mr. Yoichi Suzuki (Japan). Mr. Suzuki drew the Council's attention to major issues on the agenda, including the 1995 mid-term review of Members' progress towards the ITTO Year 2000 Objective required by Decision 3(X), and called upon all Members to hasten the process of bringing into force the ITTA, 1994.

Item 2: {Ascertainment of the Quorum}

2. The Executive Director informed the Council that the quorum had been met (Annex I of this document gives a full list of participants).

Item 3: {Adoption of the Agenda and Organization of Work}

3. The Council adopted its agenda (Annex II of this document).

Item 4: {Report on the Membership of Council}

4. The Executive Director reported that there had been no changes to the Membership of Council since he had reported at the Sixteenth Session, so membership remained at fifty-two, composed of twenty-five producers and twenty-seven consumers.

Item 5: {Distribution of Votes}

5. The Executive Director referred Council to the annex to Document ITTC(XVI)/1, which recorded the distribution of votes for 1994.

Item 6: {Admission of Observers}

6. Council considered the applications for admission by the countries and organizations recorded in Document ITTC(XVI)/Info.4 and decided to admit all as observers to the Session.

Item 7: {Statement by the Executive Director}

7. The Executive Director, Dr. B.C.Y Freezailah, welcomed the distinguished delegates to a new and expanded working environment generously provided by the Government of Japan and the City of Yokohama. He recorded his appreciation of Mr. Suzuki's presence in the Council Chair, despite pressing official commitments, and informed Council that H.E. Mr. Tao Seng Hour, Minister of Agriculture, Forestry and Fisheries of Cambodia would address the Council later to announce the prospective membership of Cambodia. Official interest in joining the Organization had also been expressed by Fiji, Republique Centrafricaine, and Solomon Islands.

Dr. Freezailah urged all Members to accelerate their respective national procedures on accession to the ITTA, 1994. The new treaty, once in force, would bring greater responsibility to the Organization amid an effervescent environment of initiatives on international cooperation. Prominent among these was the Third Session of the U.N. Commission on Sustainable Development (UNCSD), scheduled for April 1995 in New York. Both States and international organizations were planning to participate and examining

their own achievements to this end. The Council, at its Tenth Session in Quito in 1991, had fixed 1995 as the year of the mid-term review of progress towards its own Year 2000 Objective, and again, at its Twelfth Session in Yaoundé, had stipulated the same year for a review of the adoption of the ITTO criteria and indicators for sustainable management of tropical forests.

The Executive Director stated that the 1995 review had clearly to be viewed in the wider context of the ongoing UNCED process. UNCED had revealed adversarial positions on forestry as on many other issues, but as the Conference continued a consensus gradually formed on the main issues, leading to the "Forest Principles". Holistic in concept, this Statement of Forest Principles furnished a framework within which to define and examine possible strategies for forests. In particular, forestry could not be viewed as an isolated field, but rather the insights of numerous disciplines were needed. Dr. Freezailah considered that all the post-UNCED initiatives were reflected in one or more of the Forest Principles. All ITTO Members should be informed of, and should have the opportunity to participate in these initiatives: the Indonesia Dialogue on Global Forests, the Helsinki Process, the Montreal Process, the Inter-Governmental Working Group on Global Forests (Canada-Malaysia Initiative), the Indo-U.K. Forestry Initiative in collaboration with FAO, the Olympia International Dialogue, the forthcoming Japanese Working Group and the CIFOR seaborne dialogue on the Java Sea. Several of the initiatives addressed the issue of criteria and indicators for sustainable management of temperate and boreal forests and others were closely concerned with universal scientifically-based sets of criteria. The FAO's Committee on Forestry in March 1995 would be followed by a Ministerial Conference to take a synthetic overview of the initiatives to date.

The IWGF (Canada-Malaysia) sessions had been notable for addressing all the seven issues in the UNCED Forest Principles and for including a greater number of ITTO producer member country representatives. The Executive Director gratefully acknowledged financial support which had been channelled through the Organization and counterpart expenditures in host countries to facilitate the participation of the ITTO Producer Members in the IWGF and several other meetings which he had cited.

Furthermore, ITTO's geographical location in Yokohama had enabled the Executive Director to participate, along with the World Bank and several U.N. organizations, in the series of annual Ministerial Conferences on Environment and Development sponsored by Japan and entitled "ECO-ASIA". Japan and the Asia/Pacific states had sought to institutionalize such regional cooperation, and ECO-ASIA offered good long term prospects for contributions to the UNCED process. The Executive Director also expressed the honour he felt at being invited to take part in the Eminent Persons Meeting created by former Prime Minister Takeshita. The Tokyo Declaration 1994 which emanated from this meeting covered vital problems from the CSD Agenda and was notable for its candid statement of obligations and commitments by the global community.

The Executive Director explained how his analysis of the many recent initiatives had led him to the optimistic conclusion that an enlightenment was occurring through the revelation of the complexity of the problems of managing forest ecosystems sustainably. He now appreciated the increasing momentum towards a consensus on harmonization of criteria and indicators not only between European and non-European temperate and boreal forests, but also between tropical and temperate forests. Delegates might well reflect on the statement made on behalf of the Chairman of the UNCSD, the German Minister of the Environment, Dr. Topfer, which called for serious thought on specific elements to be included in the Commission's decisions in relation to the Forest Principles, for example, the possible recommendation of negotiations on a forest convention or protocols to the biodiversity and/or the climate convention.

Dr. Freezailah then spoke of the acclaim accorded in worldwide fora to ITTO's modest efforts in the sphere of sustainable forest management, in particular the Year 2000 Objective, and the series of guidelines. Nor was the Organization complacent. Projects were underway in Brazil and Ecuador, to name but two Members, to assist producer countries apply the guidelines in the field. Moreover, work was well advanced on two further sets of guidelines, those for the sustainable development of forest industries and for the protection of tropical forests against fire. A draft of the former would be presented to the Permanent Committee on Forest Industry. Inspiration for the latter had been drawn from ITTO's experience in assisting Indonesia to recover from the effects of the East Kalimantan fires. In a similar vein, successful experience in working with the Madras-based Centre for Research of Sustainable Agriculture and Rural

Development (CSARD) and the Okinawa-based International Society for Mangrove Ecosystems (ISME), had led the Council to approve a project, still to be financed, which would establish Conservation Centres for Mangrove Genetic Resources and lead to Guidelines for Sustainable Management of Tropical Tidal Forests. Finally, the Executive Director referred to the study on Biotechnology and Sustainable Production of Tropical Timber, two Ghanaian projects promoting respectively the roles of women and young people in forestry programmes, and equally important projects involving indigenous communities were located in Bolivia, Colombia, Ecuador, and Panama.

Cooperation between Member countries fostered by ITTO was also evident in the recent launching of the trans-national protected area of about one million hectares composed of two ITTO projects, the Lanjak-Entimau Wildlife Sanctuary in Sarawak and the Bentuang Karimun Nature Reserve in West Kalimantan, Indonesia. The area was species-rich, home to the orangutan and other rare primates.

One of these projects, Dr. Freezailah observed, had emerged from the Sarawak Mission, and he urged delegates to give sympathetic consideration to the invitation made at the last Council Session by the Bolivian Minister of Sustainable Development and Environment, H.E. Mr. José Guillermo Justiniano, for a similar Mission to visit his country. He had already visited Bolivia to confer on the modalities of the mission, and the presence of Bolivia's distinguished representative, Mr. Jaime Muñoz-Reyes, Under-Secretary for Sustainable Development and Environment, who was also a former Chairman of the International Tropical Timber Council, augured well for the definitive planning of the mission. Dr. Freezailah expressed his gratitude to Bolivia for its reception during his visit, and asked donors to consider favourably the financing of the mission.

The Executive Director drew Delegates' attention to the quality of the work of the Expert Panel on Technical Appraisal of Project Proposals. Despite their efforts, the number of approved and good projects awaiting funding was still increasing. This situation was demoralizing for developing country members who in recent years had made sterling efforts to regularize their assessed contributions to the administrative account. These appeals were made because the work of the Secretariat continued to increase. An on-going programme of Fellowships broadened the working horizon of many aspirants from developing countries. Again, the Organization was embarking on a new cycle of workshops for training in project identification and formulation, and the Swiss Agency for Development Cooperation (Intercooperation) had been awarded the contract to conduct these. Also, training workshops in forestry and timber trade statistics were underway in all regions to create a cadre of high calibre officials with the skills needed to implement and manage projects and to act as efficient liaison channels for information-sharing.

Further strengthening of the Secretariat was being implemented through the gradual transfer of the Market News Service (MNS) to Yokohama as a new and re-orientated programme the Market Information System (MIS). The work of the UNCTAD/GATT International Trade Centre (ITC) in Geneva which had run the MNS from inception to date was gratefully acknowledged. The Executive Director would be visiting Geneva to discuss with ITC further endeavours of mutual interest and to discuss general cooperation with the Economic Commission for Europe/FAO Timber Committee, besides consultations on the new structure of the Market Discussions after the entry into force of the ITTA, 1994. Secondly, the now familiar Tropical Forestry Update (TFU) would also be transferred to Yokohama, and the former Assistant Editor had now been appointed Editor in the Secretariat. The ITTO was indebted to Dr. Frans Arentz of ANUTECH, in Canberra, who, as Editor, had nurtured the TFU from its birth to its current status as a widely distributed and highly regarded magazine. Regional consultancy services were being established in each of the three tropical regions to assist in preparing material for the TFU, which would be published four times a year in English, French, and Spanish. The Executive Director appealed for a more secure financing foundation for the project which enabled ITTO to publish its only mouthpiece. The current year-by-year funding was precarious, especially for the security of tenure of employment of the Editor. An endowment fund or other firm source of working capital was required.

The Executive Director concluded his address by noting that, as usual, the Proposed Administrative Budget for 1995 would be placed before the Council. No effort had been spared in the exercise of financial prudence but an nominal increase had been inevitable because of the continually strengthening yen. The Organization had benefitted from the Chairman's wise counsel over the years and he hoped that

in this and other matters he would continue to help the Organization to take bold steps forward in pursuit of its ideals.

Item 8: {Projects: a) Reports of Fifteenth Sessions of the Permanent Committees}

8. The reports of the three Permanent Committees were delivered by the Chairman of the Permanent Committee on Forest Industry Mr. Franklin D. Moore (U.S.A.), and the Vice-Chairmen of the Permanent Committees on Economic Information and Market Intelligence and Reforestation and Forest Management, Mr. J. Michael Martin (U.S.A.) and Mr. Derk de Groot (Netherlands), respectively. These reports are compiled in the present volume under Annex V.

9. Mr. Martin reported that the Permanent Committee on Economic Information and Market Intelligence had reviewed the full programme of projects and pre-projects. In particular the Committee noted the forthcoming transfer of the Market News Service from Geneva (ITC) to the ITTO HQ in Yokohama. At the last Session Members had called for a review of the Forecasting Enquiry in respect of coordination of content and structure with questionnaires administered by other international organizations. This matter would be taken up again at the next Session in May 1995, when the Annual Review would have returned to its usual schedule for consideration. Apropos this concern, the Committee recommended that ITTO be represented at the technical level at a forthcoming working group of international organizations designed to harmonize statistical collection procedures for forest products.

Finally, Mr. Martin noted that he would have the honour of occupying the Chair of the Permanent Committee in 1995 and the Vice-Chairman would be Dr. Adji (Indonesia).

10. Mr. Moore informed the Council that the Permanent Committee on Forest Industry had seen more projects submitted by Member countries for its consideration than in 1993. However, whereas in 1993 four projects were recommended to the Council for approval, in 1994 it had not been possible to recommend any. The reason was that Members now needed more time and effort to prepare their proposals using the new Formulation Manual. Therefore, Mr. Moore believed the future would see better-prepared projects.

The Committee was concerned to make clear its belief that the existence of efficient and profitable forest industries was a prerequisite for sustainable forest management. Policy work on the guidelines for sustainable development of forest industries {Pre-Project PPD 11/92 (I)} was most important, and the result of the working group would be considered at the next session. Furthermore, the Committee hoped that its forum could be used to promote knowledge of downstream processing of tropical timber. ITTO reports and statistical information should embrace products beyond the primary conversion products (sawn timber, plywood, etc.). There was a proposal to invite downstream processing experts to address the Committee.

Mr. Moore reported that the Appendix detailed 30 Fellowship awards made from 106 applications. There was still a need to increase applications from the African and Latin American/Caribbean regions.

Finally, Mr. Moore referred to the appointment of officers to the Committee for 1995. He wished to report that a Member country none of whose citizens had yet held an ITTO office, the Republic of Korea, had been asked to nominate a candidate for the Vice-Chairmanship of the Permanent Committee before the May 1995 Session and had agreed. The Chairman of the Permanent Committee during 1995 would be Mr. Jean Williams Sollo (Cameroon).

11. Mr. de Groot reported that the Permanent Committee on Reforestation and Forest Management had focussed on two items, namely the progress review of operational projects, pre-projects, and activities, and the proposals which had passed through the Expert Panel for appraisal by the Committee. During the session, it was decided to constitute an informal working group to review work done on the demonstration plots for sustainable forest management {PPD 8/92 (F)}; the recommendations of this informal working group were adopted by the Committee. Also, a revised outline for the background study

on biotechnology {PPD 12/93 (F)} was accepted, and it would be used as a reference for the conduct of the study.

The Committee had also made recommendations on the transfer of information between projects, the presentation of documents and the monitoring of projects. Four projects were commended for approval, with proposals for additional funds in one other. Mr. de Groot recorded the Committee's decision to appoint Mr. Angel Murillo (Honduras) to the Vice-Chairmanship; he would take the Chair in 1995.

12. The Chairman thanked the Permanent Committee officials for their work during the year and congratulated the appointees for 1995. Council then adopted all three reports.

Item 8: {Projects: b) Consideration of Project and Pre-Project Proposals}

13. Council considered the reports of the Permanent Committees on Pre-Project and Project Proposals placed before them, and in adopting the Committee reports, decided to approve the recommendations. These are recorded in Decision 1(XVII) in Annex IV of this volume.

Item 9: {Annual Review and Assessment of the World Tropical Timber Situation}

14. Following accepted practice, this item was addressed during the proceedings of the 1994 Annual Market Discussion, conducted as a Joint Committee Session. The chairman of the Session, Mr. J. Michael Martin (U.S.A.) reported to the Council that this time the theme was "Changes in the Panel Trade". Four excellent presentations had been made, followed by a substantive discussion during which all participants increased their knowledge. The other part of the Market Discussions was the presentation of the Annual Review. An important matter arising was the limited and late responses to the annual Forecasting Enquiry. Transparency in the market was part of the *raison d'être* for the Organization, so the Permanent Committee had encouraged Members to make an effort to supply this information which would enable the Annual Review to contain as much valuable information on the market as possible.

Item 10: a: {Sustainable Management of Tropical Forests: Reports of Members on Progress towards the Year 2000 Objective - Decision 3(X)}

15. The Representative of Canada, Mr. David Drake, stated that, as an illustration of the partnership underlying the ITTA, his country had, at the last Session, presented a document detailing her progress towards the Year 2000 Objective ("Sustainable Forests - A Canadian Commitment"). This was a reflection of Canada's Forest Strategy, the main vehicle of her commitment to sustainability and the UNCED Forest Principles. Three further documents were now tabled: the first gave the state of Canada's forests up to 1993, as required by law, and addressed biodiversity, economic and social indicators, trade and the environment; the second was Canada's report to the North American Forestry Commission, which was recently held in Jasper, Alberta; the third was an independent mid-term evaluation of Canada's National Forest Strategy, which was directly linked to Canada's commitment to the Year 2000 Objective and contained strict deadlines established by the Canadian forest stakeholder community.

On the last-named study, Mr. Drake said that the review reported good progress in some areas but much work still to be done in others. However, the goals were ambitious, and the sheer complexity of the task of attaining sustainable forest management had been revealed. The review team's views were of wider import, especially as society's perspective on the pace of ecological change had altered in recent years, even though this was measured over human generations. The concept was clear enough, but its conversion into an annual ethic was not. This fact should be borne in mind during the mid-term review of the ITTO Year 2000 Objective.

16. The Delegate of Malaysia, Mr. Masran, told Delegates that his country, richly endowed with forests, had always attached significant importance to their well-being, not only for Malaysia, but also for the rest of the world. Systematic management dated from the appointment of the first Forest Officer in 1901, and

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had included not only the concept of a sustained supply of wood and non-wood forest products, but also the provision of environmental stability and the preservation of genetic sources of wildlife. Technically sound practices were in use to achieve these ends. Malaysia's decision to implement the ITTO Guidelines for Sustainable Management of Natural Tropical Forest reflected her awareness of the indissoluble link between environmental management and wood production.

Focussing particularly on the ITTO "Criteria", Mr. Masran said that Malaysia had delineated an area of 14.1 mill. ha. or 42.8% of the total area, as a Permanent Forest Estate (PFE). In this category, 3.2 mill. ha. were Totally Protected Areas, and, together with the 2.1 mill. ha. of National Parks and Wildlife Sanctuaries (of which 0.3 mill. ha. were located in the PFE), gave a total of 5 mill. ha. of TPAs, which amounted to 25.8% of the total forest area. Moreover, Malaysia had also established an area of 150,400 ha. of forest plantations. Forest management plans and harvest records had been kept since the early part of the century, and the appropriate cutting cycle was based on over fifty years of research.

The Malaysian Delegation wished to stress once more that the National Forestry Act which was passed in 1978 and reviewed in 1984, had been amended in 1992 and 1993 to ensure that, especially in Peninsular Malaysia, biological diversity conservation and the involvement of local communities was fully supported by the legislation, which had simultaneously increased penalties for forest encroachment and timber theft. Nevertheless, in a developing country, the controlled conversion of some forests to agricultural crops or industrial activities had to be accepted as part of the legitimate process of development and provision of employment.

17. The Representative of Indonesia, Dr. Toga Sillitonga, stated that the paper tabled on behalf of his Government was intended as a positive response to earlier ITTC decisions on information-sharing and to UNCED's Forest Principles and later developments of the UNCED process. A new forest land-use law had been enacted in 1993. Downstream forest industries were increasingly contributing to national economic development. The Government was in the course of initiating further improvements such as changes in concession inspection procedures, harmonization of production forest management systems, implementation of low-impact logging techniques, and so on.

Dr. Toga reported that Indonesia had ratified the Convention on Biological Diversity, and in October 1994, Indonesia and Malaysia had jointly launched a trans-boundary nature reserve of some one million hectares (Lanjak-Entimau in Sarawak and Bentuang-Karimung in West Kalimantan). Furthermore, Indonesia had established three million hectares of industrial plantations, and another 1.25 mill. ha. were planned in the period 1994-9 to relieve pressure on the natural forest. US\$170 mill. was being allotted to this project and last year 1.49 mill m³ was produced by these plantations. An annual cut of 5 mill. m³ was expected by the turn of the century.

On the subject of certification, Dr. Toga said that his Government considered any endeavour in this area as important for the attainment of the Year 2000 Objective and recently they had established a working group to prepare the creation of an independent body, the Indonesian Ecolabelling Institute. Indonesia was committed to a voluntary, multilateral, and scientifically-based certification principle.

Finally, forest fires remained a serious threat in Indonesia's forests. Dr. Toga said that fire-fighting manpower had recently been increased and national guidelines were being developed based on project work in East Kalimantan on the protection of tropical forests against fire.

18. The Representative of the United Kingdom, Mr. Ian Symons, reviewed his country's work in support of the ITTO Year 2000 Objective. The U.K.'s report, submitted in the Decision 4(XIV) format, had been summarised for the Market Discussions. Key elements in the document were the U.K.'s work on international forest policy issues, the bilateral aid programme, and work to encourage the sustainable management of domestic forests.

Firstly, the U.K. attached great importance to the UNCED Forest Principles and Agenda 21, and consequently to the CSD meeting in 1995. She had therefore worked with India to establish a framework for use by countries in their reports to the CSD on forestry aspects. Both the Biodiversity and the Climate

Change Conventions had been ratified, and the Desertification Convention signed. The U.K. had committed £150 mill. to the Global Environmental Facility (GEF), and had worked with the TFAP to help countries implement their own Forest Action Plans.

The United Kingdom, Mr. Symons said, had argued strongly against any controls on the trade in tropical timber as environmentally and economically unsound. The objective of the U.K.'s bilateral aid policy was to maximize the benefits that people in developing countries could derive from their forests. Aid was focussed on institutional strengthening, including policy and planning, sustainable forest management and conservation, and rural development linked to agriculture to combat desertification. In 1988-9 the U.K. spent £7.4 mill. on overseas bilateral aid in forestry; the forecast for the current year was about £30 million. There were about 200 forestry projects either underway or in preparation at a total estimated costs of about £150 million. Many of these bilateral projects were in ITTO Member countries such as Ecuador, Honduras, Ghana, Brazil, Cameroon, Indonesia, Malaysia, and Guyana and also much U.K.-based forestry research had a bearing on the mandate of ITTO. Direct assistance to ITTO projects was strongly focussed on policy development work.

In conclusion, Mr. Symons reported that in January 1994 the U.K. had published "Sustainable Forestry: The U.K. Programme", already distributed to Members. Its contents included the sustainable management of already existing forests and expansion of multi-purpose tree cover. The U.K. forest area had expanded from less than 5% at the beginning of the century to 11% at the present time. This expansion was initially to increase the harvest of home-grown timber, but now the objectives comprised a wide spectrum of other environmental, economic and social objectives. Mr. Symons noted that there was considerable scope for further expansion in the forest estate.

19. The Representative of New Zealand, Mr. Don Wije-wardana, tabled his country's report with the introductory statement that New Zealand had sought to promote sustainable development at both the domestic level (through its central piece of legislation the Resource Management Act) and the international level. New Zealand had also been an active participant in the various meetings to identify and refine criteria and indicators of sustainable management.

Mr. Wije-wardana informed delegates that New Zealand consumed less than one-third of its annual wood production of 16 million m³; the rest was exported in various forms. This annual harvest would increase to 26 mill. m³ by 2000, with further increases thereafter. Sustainability had been achieved through the foresight of earlier generations in planting large areas so that, in the year ended 31 March 1994, only 1.4% of the harvest originated from the natural forests. Government policy was aimed at conserving the six million hectares of indigenous forest whilst expanding the smaller exotic forest area for all wood demand. Amendments were made to the Forests Act in 1993 to ensure ecologically appropriate management of indigenous production forests.

The Resource Management Act focussed on controlling the environmental effects of a land-use activity rather than the activity itself. It contained a comprehensive definition of "sustainable management", as also did the Forests Act. The Logging Industry Research Association had developed a Code of Practice in 1991 which sought to bring self-regulation to the industry and ensure all facets of the forest were considered during the conduct of operations. Also, the New Zealand Forest Accord, signed in 1991 between the major forest industry confederation, the farm forestry association and ten environmental groups, had been a major landmark because the accord recognised the essential values of the natural forests and the need for protection and enhancement but simultaneously recognised that planted forests of exotic or indigenous species were a valuable alternative source of fibre and acted to prevent depletion of the natural forest.

Mr. Wije-wardana said that the New Zealand tropical timber importers were also organizing their commercial activities to ensure attention was given to the sustainability of the resource. The country had shown that forests could be managed sustainably and at the same time the flow of benefits could be substantially increased.

20. The Delegate of The Netherlands, Mr. Marco Braeken, noted that although his country had submitted a report at the last Session, several relevant developments had taken place since.

Firstly, a new Forest Policy Plan for 1994-2020 and beyond and incorporating the results of UNCED (1992) and Helsinki (1993) had been approved. Nationally and internationally the main objective of the Plan related to conservation and expansion of forests. In 1993, some 106 million guilders had been spent on forestry and biodiversity conservation aid. National guidelines on sustainable management were due to be developed by the end of 1995.

Secondly, an evaluation of the Framework Agreement on Tropical Timber had shown that the concept of sustainable tropical forest management had been elaborated further by a group of scientists, consultants had been contracted to examine the possibilities for a voluntary, market-based, and practical certification system.

Thirdly, bilateral joint working groups with Malaysia, Indonesia, Cameroon, and Gabon had been established.

Mr. Braeken summarised the results of Parliamentary discussions by reporting that his Government had recognized that it would not be possible to restrict trade in and use of tropical timber to sustainably managed sources by 1995, but that nevertheless this year would serve as a point of reference for the ITTO Year 2000 Objective. Furthermore, actions such as mandatory certification and unilateral import controls were proscribed because of their incompatibility with The Netherlands' international obligations. The Framework Agreement was to be broadened to cover all timber, and the Government would promote a voluntary, market-based certification scheme applicable to all timber. Only a policy of cooperation at the national, bilateral, and international level could produce effective results.

21. The Delegate of Japan, Mr. Muneo Segawa, pledged that Japan would continue to manage sustainably her own forests which covered 67% of the land area. 40% of this forest estate was planted. Internationally, Japan was helping countries with tropical forests on both a multilateral and a bilateral basis. For ITTO's work in particular, \$15.6 mill. had been pledged for fiscal year 1994. Moreover, Japan submitted and supported ITTO projects, including one dealing with value-added processing of fast-growing tropical species, presently before the Permanent Committee.

Japan had declared, at the Tenth Session of the Council in 1990, three principles she would observe in adopting any measures for the tropical timber trade. Firstly, monitoring of the tropical timber trade, and the import associations had accepted voluntary guidelines to create an orderly import of tropical timber. Secondly, Japan promoted the local enhancement of value in tropical timber products, and between 1986 and 1993 the import of finished tropical plywood increased sevenfold to 4.09 mill. m³, besides which Japan continued to assist producing countries with technological cooperation. Thirdly, Japan fostered the rational utilization of tropical timber. For example, in the case of plywood, the consumption of non-tropical raw material had increased to about 900,000m³ in 1993, or 12% of total consumption. The Japan Plywood Manufacturers' Association had also reported that the main use of plywood, in concrete panelling, was now subject to economies on tropical timber usage such as the use of temperate softwoods in the core and surface coating to permit re-use. As a result of these efforts, by 1993 the import of tropical roundwood had fallen to 7.96 mill. m³, two-thirds of the figure in 1986.

Mr. Segawa concluded by stating that Japan would continue to support the Year 2000 Objective both by taking measures as a consumer and by extending assistance to producing countries.

22. The Representative of Brazil, Mr. Everton Vargas, stated that his Government was in the process of regulating the Brazilian Forest Code (originally adopted in 1965), in particular Presidential Decree 1282 which regulated Article 15 and other Articles of the Code. This meant that exploitation of the forests in the Amazon Basin would only be permitted under conditions of sustainable management, which are furnished with a technical basis by the Decree. The general principles underlying the Code were the conservation of natural resources, the conservation of the forest structure and functions, the conservation of biodiversity, and the social and economic development of the region.

Mr. Vargas continued by enumerating the requirements of the Decree, which included an inventory of the resources, the characterization of the structure and location of the forest, environmental impact analysis as provided for by the national legislation, the technical analysis of social consequences, the procedures for exploitation which would minimize damage to the ecosystem, the maintenance of the regenerative capacity of the forest, and enrichment and other plantation techniques. IBAMA, the Brazilian Institute for the Environment and Renewable Natural Resources would, with other State agencies, define areas for sustainable economic production of timber and other forest products. The Decree also regulated alternative uses of the soils of the Amazon, and such areas would be selected on ecological criteria.

23. The Representative of Colombia, Dr. Carlos Castaño Uribe, reported that in the last two years, as a result of the participation of ITTO and other organizations, Colombia had made a good deal of progress. An ITTO pre-project {PPD 44/91 (F)} had allowed the country's forestry sector to establish a comprehensive strategy. Institutional, legal, forest management, forest demarcation, industry, and social issues had been debated in a consultative framework which included local communities during the implementation of the pre-project. All this work had been accomplished against a background of institutional reform under the new national constitution of 1991 which contained 48 articles expressly stating the responsibility of all citizens for sustainable development and environmental commitment.

Dr. Castaño also referred to the Presidential Decree of 1992 on Conservation of Biodiversity. The four elements in the Decree covered genetic resources, forest policy, a special research project on biodiversity, and measures to reinforce the National Parks System, which presently covered 10% of the country (10.5 million ha). The Ministry of the Environment had been established with a general directorate concerned with forests and forests fauna, the National Forestry Service, and a Forestry Law covered both fiscal and development responsibilities. Colombia had also created a new forest zoning and management system and would participate more strongly in international work within the country. There was a serious national commitment to the principle of sustainability.

24. The Representative of Papua New Guinea, Mr. Alan Ross, highlighted aspects of his country's report, while reiterating his country's commitment to the ITTO Year 2000 Objective. Following an exhaustive two-year review, the Papua New Guinea Government approved the new forest policy in April 1990. The three major objectives were the management of the forest resource as a renewable national asset, utilisation of these resources to achieve economic growth, employment creation, greater Papua New Guinea participation in the industry, and more viable on-shore processing. The supporting objectives related to research, education and training, and addressed effective strategies and legal machinery. In July 1991 the new Forestry Act was passed replacing all previous legislation and giving effect to the new policy.

Mr. Ross reported that in September 1993 the National Forestry Development Guidelines were approved. These contained major initiatives, including resource planning, acquisition and allocation, sustained wood production, a new forest revenue system, and cessation of log exports by 2000 linked to measures to provide secure and adequate wood supplies for domestic processing. Existing projects were being reviewed to bring them into line with the new Act and the Guidelines. The latter would be themselves reviewed every three years. A national forest inventory was furnished by the Rapid Resource Appraisal project. This was designed to provide data in the shortest possible time for sustained yield management planning and was associated with the development of a computerized land-use and mapping information system. Funded by the Government of Australia, the two-year project was close to completion.

Mr. Ross then noted that industry too was being subjected to a review with the main purpose of re-arranging permitted cuts into sustainable working circles. This review had just begun. A logging code of practice would ensure that forest officers were empowered to take action when loggers breached pre-determined standards. In the case of research, a review of the Papua New Guinea Forest Research Institute had concluded that the Institute existed primarily to support the sustainable management of natural forests and 50-55% of the budget from the Forest Authority should be devoted to this aim. The current emphasis was on the establishment of 1 ha growth plots to determine rates of growth expected of residual stems in logged stands. Some 100-200 plots nationwide were planned, and ITTO's technical

and financial support had already provided a good start to this work. In about ten years, data from these plots would allow stand models giving composition and yield to be constructed for most forest types and sites.

In conclusion, Mr. Ross mentioned the National Forestry and Conservation Action Programme, which from 1990 had sought to provide a balanced approach and assist the Government with sectoral reform. Now the programme consisted of 25 individual projects targetting particular key objectives and implemented by the PNG Forest Authority, the Department of Environment and Conservation, and the National Alliance of NGOs. The whole programme was currently under review, and it was hoped that commitment would be renewed through a new suite of projects. Finally, Papua New Guinea had been represented at a recent meeting of South Pacific Forum countries in Vanuatu, in which a minimum set of conditions had been agreed governing the logging of indigenous forests in the region. These conditions would be a basis for Papua New Guinea's Code of Practice, and a practical instrument in achieving the Year 2000 Objective.

25. The Representative of Denmark, Mr. Hans Schou, reported that as a result of efforts to follow up the UNCED and later Helsinki initiatives, the Danish Parliament had approved a new forest strategy earlier in the year. The strategy dealt mostly with forests within Denmark, in particular the encouragement of broad-leaved species and an afforestation programme to expand the national forest estate. Chapters on international cooperation comprised the continued work of DANIDA on both a bilateral and multilateral basis. DANIDA was currently finalizing a strategy on forestry and agroforestry cooperation with developing countries to bring their work into line with the post-Rio developments. The Danish Fund for Environment and Development set up after the UNCED Conference would provide additional funds (i.e. beyond those provided by DANIDA) for nature conservation. The Fund had begun its work in Asia, and was now operative in Eastern Europe and southern Africa.

26. The Representative of Ecuador, Dr. Jorge Barba, informed the Council of policies and activities in his country over the last two years which had been directed at the achievement of sustainable management of tropical forest. The forest policies incorporated social, ecological and economic elements as well. The assistance of GTZ (Germany) had enabled the process to approach completion. Also, ITTO Project PD 138/91 Rev.2 (F) had helped to establish INEFAN (the Ecuadorian Forestry Institute). Of great importance was the consequent ability to map the twenty-one provinces of Ecuador, including delineation of areas exclusively reserved for forestry.

Dr. Barba continued his exposition by informing the Council of negotiations with the World Bank which had secured \$9 million from the Global Environment Facility (GEF) for the protection of biodiversity. 17% of Ecuador was protected (one of the world's highest proportions). Reforestation had accomplished five times as much in the last year as in the previous four. Moreover, such work was of particular benefit to those with the least resources. Decree 1701 had set out the mechanisms for achieving sustainable development, and the details drew heavily on ITTO's Guidelines. Ecuador was also working with a U.K. organization to set up a database of national forest resources.

Dr. Barba concluded by describing the seminars being conducted with indigenous groups under the auspices of ITTO Project PD 25/93 Rev. 1 (F) which was designed to assist Ecuador in achieving the Year 2000 Objective.

27. The Delegate of Honduras, Dr. Angel Murillo, noted that since the establishment of the Master Plan on promotion of renewable natural resources in 1992, 23% of his country had been protected through a network of 104 reserves. Regulations were in force for the sustainable development of forests and these ensured that all forest land (both State and private) would be properly managed. These Regulations revoked the earlier concession system, eliminating contracts on areas smaller than 100 ha. Private forests were under Government oversight.

Dr. Murillo informed Delegates that Honduras had 1.7 million ha of young coniferous forest and 3.7 million ha of mixed forest. The forest sector was significant contributor to the GNP. As all forests were now managed, it was hoped that production would reach 4 mill. m³ which was five times current wood

production. Since 1993 the "Green Honduras" Campaign had been operational. Management Plans were created for forests under the control of indigenous groups; this would help to increase the income base for these communities. This work had been accomplished through the assistance of the Government of Finland and others.

To improve genetic potential, multiple-use species plantations had been established. Energy resource plantations were also being assisted by the Government of the U.K. There was also a sustainable management plan under Honduran control in order that the entire population could be encouraged to respect it. Honduras was committed to the achievement of sustainable production levels within the framework of the Year 2000 Objective (including certified products). The new resource base inventory would be established in 1995.

28. The Representative of China, Mr. Zheng Rui, reported that ever since the 1984 China Forestry Law had been passed, his country had been engaged in a massive afforestation drive which had established 4-5 million ha, of which about 2-3 mill. ha were being harvested, giving a net increase of 2 mill. ha per year. The total territory of China was 9.6 mill km² so this increase was about 0.2%/annum. The forest estate comprised 128 mill. ha and it was planned to increase this by 15% by 2000. Over 700 nature reserves had been established including wildlife reserve.

Industrial harvesting in the tropical regions had been halted, and this included Hainan Island, where ITTO Project PD 14/92 Rev.1 (F), supported by the Government of Japan, was operational. However, China had to be realistic, as the population pressure was still great, the increase having been, at 1.4%/annum, higher than anticipated. The Government was determined to continue promoting the afforestation campaign. The first priority was to increase forest cover (Mr. Zheng noted that two provinces had already lost their complete cover), secondly to protect existing forests by ensuring that harvests did not exceed increments, and thirdly, to fully utilise the resource through improved efficiency of processing. China was working on the details of her Agenda 21 programme which would be submitted to the COFO Ministerial Meeting in March 1995, and then to the CSD later. China's implementation plan for the Forest Principles already existed and an English translation would be submitted to COFO and the ITTC.

Item 10: b) {1995 Review of Progress towards the Achievement of the Year 2000 Objective - Decision 3(X)}

29. The Spokesperson for the Consumers, Mr. Ian Symons, reported that considerable discussion had taken place on this agenda item. In the opinion of all, it would be a very important study, and all Members were urged to contribute to it in a positive fashion. Decision 3(X) set June 1995 as the time when countries should present these reports and it was hoped that the Eighteenth Session in May 1995 would also serve as a forum for this matter.

30. The Spokesperson for the Producers, Mr. Amha Buang, noted that the relevant previous decisions of the Council had clearly described what was required of the 1995 review. It was considered that at the next Session Producers would be in a better position to consider the structure and conduct of the review.

31. The Chairman reminded Delegates that the issue was a serious one, and appealed to them to reach agreement at the new Session.

Item 11: {CITES Listing Proposals by Members - Decision 3(XVI)}

32. The Executive Director noted that two listing proposals for the Fort Lauderdale CITES meeting had been reported to the Secretariat from The Netherlands and Germany. There had not been time to circulate these to Members, but he firmly expected improved liaison and coordination with CITES in the future.

33. The Chairman tabled the draft decision on cooperation between CITES and ITTO, later approved as Decision 3(XVII), recorded in Annex IV of this document.

Item 12 {Report of the Credentials Committee}

34. The Report of the Credentials Committee was presented by the Mr. Michael Hicks on behalf of the Chairperson, Ms. Julie Jack (U.S.A.).

The Committee, consisting of Canada, Gabon, Germany, Ghana, Japan, and the Philippines, had met to consider the credentials and attendance of 39 countries and the European Union and recommended to Council that the credentials be approved.

The Committee, whose full report was tabled as Document ITTC(XVII)/7, requested the Government of Egypt to submit its credentials to the Secretariat at the earliest possible opportunity.

Item 13: {Review of Contributions to the Administrative Budgets}

35. The Chairman of the Finance Committee, Dr. Rubén Guevarra-Moncada (Honduras), reported that the Committee had considered the information presented in Document ITTC(XVII)/CRP/2, prepared by the Secretariat. He thanked the Executive Director for the way in which he had administered the budget during the year 1994, and for the Delegates who had worked to expedite the work of the Finance Committee. Referring to Document ITTC(XVII)/CRP/2 Rev.1 he explained the current financial situation. There was a shortfall in funds available to administer the Organization's activities for the remainder of 1994 and the Finance Committee had accepted a request by the Secretariat to transfer a sum of \$370,000 from the Working Capital Account to cover this need.

Item 14: {Administrative Budget Proposals for 1995}

36. Referring to Document ITTC(XVII)/2 Amend.1, Dr. Guevarra-Moncada reported the Finance Committee's recommendation that the 1995 Budget of US\$4,118,426 be approved by Council. The increase over the 1994 budget was 6.37%, largely due to the strong yen with a small inflation factor.

37. Dr. Guevarra-Moncada referred to the post of Information Officer, which had been approved several Sessions ago, but had been subject to a moratorium on the appointment during 1994 as a means of maintaining zero-growth in the budget. He announced that the Government of Japan had very generously agreed to consider the possibility of funding this position from the Special Account, and the Secretariat would be authorised to liaise with Japanese authorities on this matter.

38. The Finance Committee Chairman also reported a request from the Delegation of Canada (supported by other delegations attending the Committee) that the Secretariat should conduct a brief and rapid study to examine the possibility of Members' assessments to the Administrative Budgets being permitted in mixtures of their own currency, the yen, and the US\$, in particular the latter two which it was hoped would help to avoid problems arising from the strength of the yen. Such a system was believed to be in at certain other international organisations including the IAEA, the IMO, and UNESCO.

39. The Chairman thanked the Finance Committee Chairman for his report and Council then adopted all the recommendations of the Committee as detailed under agenda items 13, 14, and 15 a & b) and 16. (Decisions 4(XVII) & 5(XVII), recorded here in Annex IV, were also framed to ratify this approval).

Item 15: {Financial Resources of the Special Account
a) Review of Pre-Project Sub-Account} &
b) Review of Project Account}

40. The Secretariat explained the contents of Document ITTC(XVII)/CRP/1, which covered both agenda sub-items. Comments on details were received from the Representatives of Switzerland, Mrs. Laurence Wiedmer, on the funding of PD 26/93 Rev.1 (F); of Norway, Mr. Erik Byørnebye, on the Sarawak Mission final accounts, of the European Union, Mr. Enzo Barattini, on the Certification Working Party final accounts, and of China, Mr. Zheng Rui, on the correct ordering of the joint Executing Agencies in PD 14/92 Rev.1 (F) Ph.1, and the Secretariat agreed to take appropriate remedial action on all these issues at the earliest possible opportunity. With these provisos, Council took note of this document and expressed satisfaction with its contents.

Item 15: {Financial Resources of the Special Account
c) New Contributions to the Special Account}

41. The Representative of the U.S.A., Mr. Stephen Brundage, announced that his country would be making a voluntary contribution to the ITTO Special Account for 1995, and the specific amount would be released at a later date.

42. The Delegate of Japan, Mr. Hidehiro Hosaka, recalled Japan's pledge at the last Session of \$15.6 million to the ITTO Special Account, and reported confirmation by the Diet in June 1994, following which \$14 mill. had been paid to ITTO. Japan wished to emphasize once more than achievement of ITTO's objectives rested on the level of voluntary contributions, and she called upon other donors to commit themselves in like manner.

43. The Delegate of the Netherlands, Mr. Peter-Derek der Hof, informed the Council that his country would make a modest contribution to the Special Account.

44. The Chairman thanked Delegates for their statements of support and called upon all Members to act in the spirit proposed by the Delegate of Japan.

Item 16: {Appointment of Auditors for 1994 Accounts}

45. The Finance Committee Chairman, Dr. Rubén Guevarra-Moncada, reported that the Secretariat had tabled before the Finance Committee Document ITTC(XVII)/6. After hearing explanations from the Secretariat on the relative merits of the three candidate companies the Finance Committee recommended that the Council appoint Price Waterhouse & Co. to audit the Organization's accounts for the financial year 1994.

Item 17: {Election of Chairman and Vice-Chairman for 1995}

46. The Spokesperson for the Consumers, Mr. Ian Symons, proposed Dr. Rubén Guevarra-Moncada for the Chair. Dr. Guevarra-Moncada had received his higher education in the U.S.A. and was presently Chief Executive Officer for CATIE, the Tropical Agriculture Research and Higher Education Centre. He was a Member of the Board of the Centre for International Agricultural Research (CGIAR), had further responsibilities in three agricultural and natural resources research groups in Honduras and Costa Rica, and was very active in both IUFRO and IUSF. He was a former Vice-Minister of Natural Resources in Honduras, whose Outstanding Service Award he had received in 1992. Finally, his talents had already been well displayed during his term of office as Vice-Chairman of the ITTC.

Dr. Rubén Guevarra-Moncada was then unanimously elected as Chairman of the ITTC for 1995.

47. In reply, Dr. Guevarra-Moncada acknowledged the honour he felt both for himself and for his country, Honduras, at the invitation to accept this office. 1995 was the year when the forestry agenda would come before the U.N. Commission on Sustainable Development. ITTO and other international agencies would be summoned to account for their stewardship. All Members should work hard to ensure the Executive Director was able to give a good account of ITTO's achievements.

Dr. Guevarra-Moncada paid tribute to his Latin American colleagues, to all Producer delegations, and to the Producer Spokesperson, Mr. Amha bin Buang, for supporting his candidature. The Consumers, especially Mr. Ian Symons, the Spokesperson, were also owed a debt of gratitude. Above all, he praised the diplomatic skills and deep experience of the current Chairman, Mr. Yoichi Suzuki. He observed that the Executive Director, Dr. Freezailah, had been a sturdy embodiment of assiduity and integrity and a strong support figure during his Vice-Chairmanship, and he would count on his continued advice and guidance in 1995.

48. The Spokesperson for the Producers, Mr. Amha Buang, proposed Mr. Don Wije-wardana (New Zealand) as the new Vice-Chairman of the Council in 1995. Mr. Wije-wardana had been working in forestry for fourteen years and was presently the Manager of International Policy in the New Zealand Ministry of Forestry. The holder of a Master's Degree in Economics, he had experience in the N.Z. Department of Trade and Industry and the N.Z. Planning Council. Furthermore, he had served as an FAO consultant in a number of countries, including Nepal, Kenya, and Fiji and was currently a Vice-President of the International Society of Tropical Foresters and the N.Z. Secretary of the Commonwealth Forestry Association. Mr. Wije-wardana had participated in many international fora including UNCED and the current negotiation on formulation of criteria and indicators of sustainable management.

ITTC Delegates knew Mr. Wije-Wardana as a person always willing to work in a friendly atmosphere conducive to achieving results. Mr. Amha was entirely confident that Mr. Wije-wardana would work strongly in the interests of the Organization.

Mr. Don Wije-wardana was then unanimously elected as Vice-Chairman of the ITTC for 1995.

49. Mr. Wije-wardana thanked Delegates for according him the honour of the Vice-Chairmanship and pledged himself to be worthy of that trust. His mission was to further the interests of the Organization, with the guidance of his illustrious predecessors. He was grateful for the assistance he could expect from Dr. Freezailah and his Secretariat and looked forward to his assignment.

Item 18: {Dates of the Twentieth Session of the Council and the Eighteenth Sessions of the Permanent Committees}

50. The Representative of the Philippines, Mr. Batagan, conveyed to Council his Government's invitation to hold the Twentieth Session of the Council and the Eighteenth Sessions of the Permanent Committees in Manila. The Government of the Philippines intended to organize adequate facilities for the successful implementation of the sessions and any other associated meetings or consultations.

Mr. Batagan said that his Government, in extending this invitation, was acting in consonance with its support and commitment to the organization and in the spirit of the traditional canons of hospitality and in recognition of the vital role the organization is playing to promote international cooperation to promote ITTO's long-term objectives.

51. The Chairman accepted the accolade as an expression of the Council's acceptance of the offer of the Government of the Philippines and it was agreed that the Twentieth Session and by custom the Eighteenth Sessions of the Permanent Committees would be held in Manila, the Philippines, from 15 to 23 May 1996.

52. The Representative of Ghana, Mr. Samuel Appiah, noted that Council had already approved the dates and venue of its Eighteenth Session and the Sixteenth Sessions of the Permanent Committees as 10-18 May, 1995, in Accra, Ghana, and renewed his country's welcome to delegates for the forthcoming session, conveying the greetings of His Government to the Council. In Accra, all delegations would be able to observe a wide range of development issues and the best hospitality his country would offer.

53. The Chairman also stated that Council had already agreed the dates and venue for the Nineteenth Session and the Seventeenth Sessions of the Permanent Committees as 8-16 November, 1995, in Yokohama, Japan. The Chairman requested Members to consider the possibility of inviting Council to their countries for the Twenty-first Session, scheduled for November 1996, and noted that the appeal was open to Consumer Members as well.

Item 19: {Other Business}

54. The Representative of Canada, Mr. David Drake, speaking on behalf of both Malaysia and Canada, reported on the Inter-Governmental Working Group on Global Forests (IWGF), which was designed to support the work of the U.N. Commission on Sustainable Development, especially the review on forests, scheduled for its spring session in 1995. At the last Session, the Malaysian Representative, Mr. Amha Buang, had outlined progress made at the first meeting, held in Kuala Lumpur from 18 to 21 April 1994. Mr. Drake stated that his duty was to report on the proceedings of the second meeting of the IWGF held in Hull from 10 to 14 October 1994.

Participation in the second meeting had been expanded to cover technical and policy experts from over 32 countries encompassing all forest types, and from five inter-governmental and eleven non-governmental organizations. Delegates spoke on an equal basis, notwithstanding their official representation, as the IWGF was not a negotiating forum. The majority of countries and NGOs were from the developing world.

Mr. Drake said that the meeting had brought forth a number of salient issues, of which seven key ones were isolated, namely: forest conservation, cover, and the role of forests in meeting basic human needs; criteria and indicators for sustainable forest management; trade and the environment; approaches to mobilizing financial resources and technology transfer; institutional linkages; participation and transparency in forest management; and comprehensive cross-sectoral integration including land-use planning and other policy issues external to the forest sector. All these issues featured prominently in the Chapter 11 of the UNCED Agenda 21, and background papers were written to develop discussion.

The second IWGF meeting resulted in several synthesis papers, one for each key issue, and proposing options and solutions for each topic. The wealth of information in these papers was, in the view of Malaysia and Canada, a major contribution towards consensus in the global forest dialogue. The report was a collective effort which summarised differing views without necessarily reflecting any consensus. The organizers paid tribute to the rapporteurs' work, whose number had included ITTC Delegates Dr. Toga Silitonga (Indonesia) and Mr. Bile'Allogho Joachim (Gabon), and rendered a special vote of thanks to Mr. Amha Buang. Ghana and the FAO had contributed important background papers, too. The IWGF had allowed both convergent and divergent views to be considered in one dialogue, and provided a sound information base for the CSD's work.

55. The Representative of Malaysia, Mr. Amha Buang, expressed his appreciation of Mr. Drake's description of the IWGF meetings. One singular achievement of the meetings had been to arrange dialogue between parties who commenced from different origins, such as NGOs and Governments. Both Canada and Malaysia had pro-active roles in the run-up to UNCED in 1992, and the IWGF meetings were evidence of their continued commitment to the post-Rio ideal of effectively implementing the Forest Principles. Mr. Amha noted that the 41-page report of the meetings was notable for its attention to substantive issues, and he informed the Council that the IWGF had successfully satisfied the requests of the NGOs for full participation.

56. The Representative of Myanmar, U Khin Maung Mya, requested the Council, on behalf of the Minister of Forests, to send an official mission to his country, a new Member of ITTO, to appraise the situation and advise his Government on action needed. He hoped that the Chairman and Executive Director could make an advance visit to Myanmar.

U Mya described the geographic location of his country and its general dimensions, noting that of the 66 mill. ha the FAO had estimated the forest cover at about 50% of the land surface. Because of the long north-south distances and the topography, Myanmar traversed many climatic zones from temperate to tropical, arid and moist, with associated variations in dominant forest types. Valuable tree species such as teak had been designated as royal property from early times and scientific forest management commenced in 1856. Myanmar forest practices were unique insofar as the Selective Felling System had included estimates of Annual Allowable Cuts based on Forestry Department inventories, in particular for teak and other hardwoods. Currently the total AAC was about 2.97 million m³/annum for the whole country.

About 1.2% was in the protected area system at present but the objective was to reach 30% for the reserved forest area and 5% for the protected area in the near future, and 10% in the long-term. Of 1200 tree species recorded only 700 reached merchantable size, with only 85 classified into five groups as suitable for industrial use, since only a few species had regularly been used, even though these other species were well-known in other countries of the region. Nevertheless, there were enrichment problems from shifting cultivation, grazing, land-use changes, and fuelwood collection.

Further, the representative of Myanmar said that his country had never accepted the concept of the inexhaustibility of forests, and so clear-felling had not been practised. The reforestation in degraded areas where natural regeneration could no longer be achieved included 50% of commercial plantations (about 90% teak). Since 1992, the Forest Law has opened up plantations to the private sector. Joint venture and foreign companies would be allowed to establish their own supplies in the near future. Up to 1992, 450,634 ha had been established. The Government had distributed free seedlings to local communities to help supplement the fuelwood supply. 4.5 million seedlings a year initially had grown to 11 million in 1993-4. The dry central plains of Myanmar had not been successfully regenerated and desertification had become a danger. A large workforce drawn from the community and the armed forces was seeking to regenerate 51,000 ha in three years.

Myanmar had never used concessions, and still adhered to the tendering system. The Forest Department enumerated and measured trees in each forest area, following which marked trees were tendered. Felling was supervised, with marking of both logs and stumps. These rules also apply to the Myanmar Timber Enterprise.

The National Commission for Environmental Affairs was formed in 1991 to highlight the importance of environmental issues. Also the Ministry of Agriculture and Forestry was re-organized in 1992 into two separate ministries. In fact, the sector had relied on the old 1902 Act, which was replaced by the 1992 Act. In order to solve land-use conflicts, committees were formed at all levels from national to township. At the national level, the Minister of Forests was the Chairman. The Forestry Institute was also moved from the Ministry of Education to that of Forestry, and an effort was made to up-grade the curricula. The earlier Wildlife Act of 1936 was replaced by the 1993 Act. The fact that the new Acts preceded the elaboration of a new Forest Policy was recognized as anomalous, but the urgency over-rode this consideration, and the assistance of FAO was being sought with the policy drafting, so this would soon be published. Assistance with the National Forestry Action Plan was also being delivered by this source.

U Mya said that the new Forestry Department had been expanded to include new directorates such as Watershed Management, Inspection, Extension, etc. The Inventory Department had started its work long ago, but this was up-dated in 1981-3. The Forestry Research Institute was established in 1977 with the assistance of UNDP & FAO; in 1985 it was handed over to the Myanmar Government, but a shortage of both human and financial resources has impaired its performance. At present the assistance of JICA was being sought to help the FRI.

In conclusion, U Mya said it was apparent that Myanmar had already been managing its forest resources in accordance with the Year 2000 Objective. Although extraction was from the natural forest, its level was below the measured increment. Myanmar was committed to cooperation with ITTO and its constituent Member countries.

57. The Chairman replied that the request from the Representative of Myanmar for an ITTO Mission would be considered by the Council, and he and the Executive Director would certainly endeavour to accept the invitation to visit the country.

58. The Spokesperson for the Consumers, Mr. Ian Symons (United Kingdom), referred to the forthcoming U.N. Commission on Sustainable Development meeting, expressed his personal appreciation of the Canada/Malaysia IWGF initiative and emphasized the importance of ITTO making an independent and factual account of its own activities promoting the sustainable management and development of tropical forests directly to the CSD. The Executive Director had spoken on behalf of the Organization at many different fora worldwide, and the Consumers' Group now requested him to make a report to the CSD in 1995. The report should be factual, and would not of course contain policy elements which were the sovereign right of each Member State.

59. The Chairman recorded no objection to this proposal by the Spokesperson for the Consumers, and therefore he requested the Executive Director, on Council's authority, to prepare the report on ITTO's activities for the CSD in the manner and form outlined by the speaker.

60. The Minister for Agriculture, Forestry and Fisheries of Cambodia, H.E. Mr. Tao Seng Hour, on behalf of his Government, congratulated the Chairman of the Council, expressing appreciation of his competence and wisdom. Furthermore, he wished to thank the Government of Japan and in particular the representative of JICA in Cambodia for the arrangement of his official visit. It was an honour for him to participate in the Session and to meet many delegates.

Cambodia had suffered an enforced absence from the international community for nearly twenty years due to the effects of war, but now she was re-joining this community. The Minister informed the Council that preparations for joining the ITTO were underway in Cambodia. The Organization would have an important part to play in the well being of Cambodia's forests and people. Cambodia also sought to manage her resources according to the UNCED Forest Principles and Agenda 21.

The Minister said that about three-quarters of Cambodia was forested prior to 1970 (133,000 km.²), but there had been over-cutting in recent years with consequent negative impacts. Now the forest area was only around 40-45% of the total. According to UNDP, Cambodia's forests were being cut at a catastrophic rate. The King of Cambodia had reported at the Rio Conference that cutting without regeneration had led to the disappearance of forests containing trees of exceptional quality. Flooding, drought, erosion, sedimentation and desertification were serious risks. Cambodia hoped for technical and financial assistance from the international community to halt and reverse these problems. The valuable support already given by donor countries, multilateral organizations, and NGOs was gratefully acknowledged.

The Minister concluded by pledging Cambodia's support for ITTO's ideals.

61. The Delegate of the African Timber Organization, Mr. Philemon Selebangue, expressed his pleasure at the invitation accorded to the ATO to participate as a Permanent Observer at the Session. ATO's membership comprised thirteen countries: Angola, Cameroon, République Centrafricaine, Côte d'Ivoire, Gabon, Ghana, Guinée Equatoriale, Liberia, Nigeria, Sao Tomé et Príncipe, Tanzania, and Zaïre. Six of these countries were also ITTO Members.

Mr. Selebangue referred to the recent concentration on the problems of protection and management of tropical forests. To protect the forestry capital of Africa, and to enable the continent to participate in the ecological development of the world was a challenge to all countries. Hence the creation of the ATO, which had approximately the same ideals as ITTO, but at the regional level. The ATO sought

sustainable use of the forests along with industrialization of the forestry sector for optimum gain in yields and development of new products.

The ATO had organized a seminar to promote investment in African forest industries and technology transfer. A regional seminar of forestry finance, sponsored by FAO and ATO, was held in Libreville. ATO would also participate in the regional Tropical Forestry Action Programme and had a number of projects for funding. Training and information was very important, and ATO published a magazine "ATO Information on the Tropical Timber Market", distributed throughout Africa. Developed countries should hear the arguments against boycotts of tropical timber. However, ATO had just begun a study of environmental labelling. These initiatives would all support the spirit of the ITTA, 1983, with benefits for both producers and consumers.

But, Mr. Selembangue warned, it was essential to have a level playing field for all, and he noted the disturbing attempts currently being made at the CITES meeting in Fort Lauderdale, Florida, to restrict trade in Entandrophragma, Khaya, and Diospyros spp., proposals already rejected at the ATO meeting in Yamoussoukro, Côte d'Ivoire. ATO Members were already taking steps towards sustainable management, and they would continue to cooperate strongly with the ITTO in the three main areas of its activities, although particularly in the field of statistics.

62. The Representative of FAO, Mr. James Bourke, conveyed the greetings of the new Director-General, Mr. Jacques Diouf, and informed the Council of the 13-15 March 1995 meeting of the Committee on Forestry (COFO), whose Membership included all but one ITTO Member. The meeting of Ministers responsible for forestry would take place from 16 to 17 March, allowing them to consider contributions to the CSD 1995 Review.

Mr. Bourke also reported that FAO would be hosting an "Expert Meeting on the Harmonization of Criteria and Indicators for Sustainable Forest Management" in February 1995. This meeting would address the technical and policy aspects of on-going international action on sustainable forest management, ways and means of involving countries, regions, and eco-zones not presently associated with this work, and global action to harmonize current work, and find a global minimum core set of criteria and indicators.

Finally, Mr. Bourke referred to FAO's work in developing a Code of Forest Harvesting Practice, a draft of which had already been circulated for comments. ITTO Members were recommended to assist in the development of this Code.

63. The Delegate of the United Nations Development Programme (UNEP), Mr. Bai-Mass Taal describing his pleasure in again speaking on behalf of the Executive Director, Ms. Elizabeth Dowdeswell, at the ITTC forum at which UNEP was a Permanent Observer. UNEP had followed ITTO's activities for some years, and it was gratifying to note the progress made towards the year 2000 Objective. UNEP was particularly concerned with the conservation of biological diversity, and over 80% of some 10-30 million known species were to be found in ITTO Member countries. The forest meeting of the Convention of Parties to the Biodiversity Convention would take place in December 1994 in the Bahamas. Several countries had already ratified the convention, and key individuals who had been involved in both this Convention and the CSD were also present at this ITTC Session.

Mr. Taal said that achievement of the hopes of Rio depended greatly on cooperation, and he commended the forestry partnerships forged by India and the United Kingdom, and by Malaysia and Canada. UNEP recognised the major work of ITTO on the guidelines. There was another process leading to the CSD review; these were the regional FAO/UNEP workshops to be convened in Chile, December 1994, in Bangkok (16-18 January 1995), and in Accra, 24-27 January 1995. These workshops would bring together work on Agenda 21, Chapter 11 of the Principles. It was hoped that ITTO would be represented at some or all of these meetings.

Item 20: {Decisions and Report of the Session}

64. The Chairman tabled the draft Decisions of the Council at its Seventeenth Session. After settling certain queries from both the floor and the main table, the Council approved these, and they are reproduced in this report as Annex IV.

65. The Executive Director explained the purpose of the special insertion of PD 18/92 Rev.1 (F) in Decision 1(XVII), and the Representative of Côte d'Ivoire, Mr. Yamani Soro, further informed the Council that the first phase of the project could now proceed, whilst the second phase would be presented to the Permanent Committee at the next session. He thanked the Government of Japan and the Organization for its efforts, ultimately successful, to enable this project to commence implementation.

66. In the discussion on the Bolivian Mission {Decision 2(XVII)}, the Delegate of Japan, Mr. Hidehiro Hosaka, expressed his country's willingness to co-finance the mission.

67. The Delegate of the U.S.A., Mr. J. Michael Martin, applauded the leadership shown by the Government of Bolivia in helping to define the terms of reference of the mission. The U.S.A. would also like to co-finance this mission.

68. The Delegate of Bolivia, Mr. Fernando Calderon, reiterated the importance which his Government gave to this Mission, and thanked the Chairman of the Council for his competent direction of the debate. Finally, he expressed his appreciation of the potential donors who had already pledged support. Bolivia was entirely convinced of the ultimate benefit accruing to the country from the mission.

Closing Session

69. The Spokesperson for the Producers, Mr. Amha Buang, expressed the gratitude of all the producer delegations and of his own Government, Malaysia, for the wise and astute leadership of the Chairman of the Council. ITTO had benefitted from his wide experience. The 1995 Chairman and Vice-Chairman-elect were also congratulated, as were the new officers of the Permanent Committees.

Mr. Amha also thanked the Executive Director and his team for their loyal and devoted service to the Organization. He said that once again Council was indebted to the City of Yokohama and the Government of Japan for commitment of financial and human resources to the success of the Session. On this occasion hospitality had been exceptional.

Acknowledging the patience and understanding of his producer colleagues, and his re-appointment as spokesperson, he thanked the Consumers who had shown a sympathetic understanding of producer aspirations. The Bolivia Mission was a good example of this understanding.

Finally, Mr. Amha expressed his appreciation of the work of the interpreters, many of whom had seen long service at the ITTC sessions.

70. The Spokesperson for the Consumers, Mr. Ian Symons, noting that this was his third visit, recorded his increasing admiration of the work done by the City of Yokohama to support the sessions. Without the interpreters delegates would have no mutual understanding, and again, the Executive Director and the Secretariat had been able to keep the sessions moving with constant assistance. Finally, Mr. Symons thanked the Chairman for his control of the debate, his consumer colleagues and the producer delegations, especially the Spokesperson whom he would meet again next year. He firmly expected the Bolivia Mission would be highly successful.

71. The Chairman thanked all the Delegations for their assistance received during the year. It had been an honour to serve the Council, and if he had been able to make any humble contribution, it was certainly due to all the helpful friendships he had made during his tenure of office. Particular thanks were due to both Spokespersons, to the hardworking Bureau members, and to Dr. Freezailah and his Secretariat. A vote of thanks was due to the Vice-Chairman, who had officiated in his absence, and would make an able Chairman. He had also learnt much from Mr. Appiah, the 1993 Chairman. He noted that his official responsibilities for his Government involved trade negotiations with the European Union, and he appreciated his European friendships within the ITTO. The Chairman concluded by thanking the City of Yokohama and the interpreters.

The Chairman wished delegates a safe journey home and formally closed the Seventeenth Session of the International Tropical Timber Council.

Annex I

LIST OF PARTICIPANTS

{Document: ITTC(XVII)/Info. 3 Rev. 1}

Distr.
GENERAL

ITTC(XVII)/Info.3 Rev.1
14 November 1994

English/French/Spanish

SEVENTEENTH SESSION
8-16 November 1994
Yokohama, Japan

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SEVENTEENTH SESSION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL AND FIFTEENTH SESSIONS OF THE PERMANENT COMMITTEES

Yokohama, Japan, 8-16 November 1994

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Annex II

AGENDA

{Document: ITTC(XVII)/1}

Distr.
GENERAL

ITTC(XVII)/1
5 September 1994

Original: ENGLISH

SEVENTEENTH SESSION
8-16 November 1994
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. Statement by the Executive Director
8. Projects:
 - a) Report of the Fifteenth Sessions of the Permanent Committees;
 - b) Consideration of Project and Pre-Project Proposals.
9. Annual Review and Assessment of the World Tropical Timber Situation
10.
 - a) Sustainable Management of Tropical Forests Reports by Members on Progress made towards the Year 2000 Objective - Decision 3(X)
 - b) 1995 Review of Progress towards the Achievement of the Year 2000 Objective - Decision 3(X)
11. CITES Listing Proposals by Members - Decision 3(XVI)
12. Report of the Credentials Committee
13. Review of Contributions to the Administrative Budgets
14. Administrative Budget Proposals for 1995

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15. 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.
16. Appointment of Auditors for 1994 Accounts
17. Election of Chairman and Vice-Chairman for 1995
18. Dates of the Twentieth Session of the Council and the Eighteenth Sessions of the Permanent Committees
19. Other Business
20. Decisions and Report of the Session

Annex III

MEMBERSHIP OF COUNCIL AND DISTRIBUTION OF VOTES FOR MEMBER STATES FOR 1994

DISTRIBUTION OF VOTES FOR 1994

	<u>Number of Votes</u>	
	<u>1993</u>	<u>1994</u>
<u>PRODUCERS</u>		
Africa		
Cameroon	28	28
Congo	27	28
Côte d'Ivoire	28	28
Gabon	28	28
Ghana	27	28
Liberia	27	28
Togo	27	28
Zaire	28	28
Asia & Pacific		
India	38	34
Indonesia	178	172
Malaysia	147	141
Myanmar	-	34
Papua New Guinea	32	28
Philippines	32	25
Thailand	24	21
Latin America		
Bolivia	28	26
Brazil	151	141
Colombia	31	29
Ecuador	20	18
Guyana	20	19
Honduras	15	14
Panama	16	15
Peru	33	31
Trinidad & Tobago	15	13
Venezuela	-	15
Total	1,000	1,000

CONSUMERS

Australia	19	18
Austria	11	11
Canada	12	12
China	30	38
Egypt	15	15
European Community		
Belgium/Luxembourg	27	27
Denmark	11	12
France	47	47
Germany	37	37
Greece	13	14
Ireland	13	13
Italy	38	38
Netherlands	44	43
Portugal	18	18
Spain	26	26
United Kingdom	50	45
Finland	11	11
Japan	346	349
Nepal	10	10
New Zealand	10	10
Norway	11	11
Republic of Korea	95	105
Russian Federation	11	13
Sweden	14	11
Switzerland	11	11
United States of America	70	55
Total:	<u>1,000</u>	<u>1,000</u>

Annex IV

TEXT OF THE MAIN DECISIONS

ADOPTED BY THE COUNCIL AT ITS FIFTEENTH SESSION

{Documents: **DECISION 1(XVII)** ITTC(XVII)/8
DECISION 2(XVII) ITTC(XVII)/9
DECISION 3(XVII) ITTC(XVII)/10
DECISION 4(XVII) ITTC(XVII)/11
DECISION 5(XVII) ITTC(XVII)/12}

Distr.
GENERAL

ITTC(XVII)/8
16 November 1994

Original: ENGLISH

SEVENTEENTH SESSION
8-16 November, 1994
Yokohama, Japan

DECISION 1 (XVII)

PROJECTS AND PRE-PROJECTS

The International Tropical Timber Council,

Having considered, at its Seventeenth Session, the recommendations of the three Permanent Committees on Projects and Pre-Projects as contained in documents PCM(XV)/9 Rev.1, PCF(XV)/29 Rev.1 and PCF(XV)/29 Rev.1/Add.1, and PCI(XV)/6,

1. Decides:

(i) To approve the following Projects:

PD 46/94 Rev.1 (M,F,I)	Forestry Law Regulation (\$116,050.00)
PD 33/92 Rev.4 (F)	The Establishment of a Demonstration Area for Sustainable Use in the Wood Resource Base of the Forest Enterprise in N'Lobo (\$1,524,475.00)
PD 22/93 Rev.4 (F)	Forest Management, Community Participation and Sustainable Utilization in Si-Kop Forest Area, Coastal Province, Cameroon (\$725,102.00)
PD 2/94 Rev.2(F)	Dissemination of Silvicultural Experiences with Promising Forest Species in the Peruvian Amazon Region (\$472,218.00)
PD 4/94 Rev.3 (F)	East New Britain Balsa Industry Strengthening Project (\$289,070.00)

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

PD 4/94 Rev.3 (F)

(iii) To authorize an increase in the budget of the following Project:

PD 12/93 Rev.3 (F) (\$48,100.00)

(iv) To authorize a decrease in the budget of the following project:

PD 18/92 Rev.1 (F) (\$300,000.00)

/ ...

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

PD 46/94 Rev.1 (M,F,I)
PD 33/92 Rev.4 (F)
PD 22/93 Rev.4 (F)
PD 2/94 Rev.2 (F)

2. Decides:

- (i) To approve the recommendations of the Permanent Committees to implement the following Pre-projects:

PPD 7/94 Rev.1 (I) Pre-Project for the Establishment of the AIMA Forest Corporation CORFOAIMA (\$101,491.00)

PPD 9/94 Rev.1 (I) Value-Added Wood Processing of the Fast Growing Tropical Species (\$117,517.00)

- (ii) To authorize financing for immediate implementation of the following Pre-Projects approved at this Session:

PPD 7/94 Rev.1 (I)
PPD 9/94 Rev.1 (I)

- (iii) To authorize additional funding for implementation as soon as funds are available in the Special Account, of the following Pre-Project approved at the Thirteenth Session:

PPD 8/92 Rev.2 (I) (\$10,000.00)

3. Decides to approve the following activity and to authorize financing for immediate implementation:

- Ninth Expert Panel for the Technical Appraisal of Project Proposals, 20-24 February 1995 (\$110,500.00)

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

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

6. 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.

7. Further requests the Executive Director to consult with potential donors to provide up to three years' funding from the Special Account for the recruitment of an Information Officer.

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Distr.
GENERAL

ITTC(XVII)/9
16 November 1994

Original: ENGLISH

SEVENTEENTH SESSION
8-16 November 1994
Yokohama, Japan

DECISION 2(XVII)

THE PROMOTION OF SUSTAINABLE FOREST DEVELOPMENT IN BOLIVIA

The International Tropical Timber Council,

Reaffirming the obligation and commitment of all Members to the objectives of the ITTA, 1983,

Reaffirming its Decisions 3(X)¹ and 5(X)² of 6 June 1991, in which Members were urged to promote the application, as appropriate, of the various ITTO Guidelines,

Bearing in mind Article 1(a) of the ITTA, 1983, "to provide an effective framework for co-operation and consultation between tropical timber producing and consuming Members with regard to all relevant aspects of the tropical timber economy", and Article 1(h) of the ITTA, 1983, "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 statement made by the Minister of Sustainable Development and Environment of Bolivia at the Sixteenth Session of the International Tropical Timber Council, inviting the Council to dispatch a Mission to advise the Government in implementing policies aimed at promoting sustainable forest management,

Recognizing the efforts of the Government of Bolivia in formulating and implementing policies designed to achieve the sustainable development of its forest resources,

Taking note of the statement made by the representative of Bolivia at its current Session,

1. Welcomes and expresses its appreciation to the Government of Bolivia for its decision to invite an ITTO Mission to visit Bolivia, at a date to be decided by mutual agreement,
2. Decides to establish an independent Mission in support of Bolivia's efforts to promote sustainable forest management, with the following terms of reference:

¹ Council Decision 3(X): Sustainable Tropical Forest Management and Trade in Tropical Timber Products.

² Council Decision 5(X): ITTO Guidelines for the Sustainable Management of Planted Tropical Forests.

- A. Make recommendations, within the framework of ITTO's mandate, taking into account the objectives, policies and strategies adopted by the Government of Bolivia, for an integrated national programme to enable Bolivia to:
- (i) Assess and monitor the composition and extent of the forest resources in Bolivia, particularly in the Departments of La Paz, Pando, Beni, Santa Cruz, Cochabamba and Tarija, in order to rationalize their possible productive, protective, social, conservation and other functions for purposes of forest-use planning at the national level.
 - (ii) On the basis of the assessed sustainable timber productive capacity of the forests in those Departments, develop a rational forest industry development plan in terms of types and number of industries which can be established with indications of their possible locations. The potential for the sustainable development of non-wood products should also be considered.
 - (iii) Examine and analyze the nature of social pressures on forest lands and forest resources as they relate to the promotion of sustainable management of timber producing forests, in order to formulate policies and measures to mitigate such pressures.
 - (iv) Examine and promote ways and means to ensure that the development of forest industries take into account the economic, social and other developmental needs of indigenous communities.
 - (v) Examine its current legislation, concession and forest revenue systems and formulate, as appropriate, legislative measures and equitable rates and systems of taxation that promote sustainable forest management and logging practices and the establishment of viable industries to generate increased employment opportunities.
 - (vi) Develop effective mechanisms and institutional structures to control and promote sustainable development of the forest sector. The needs for research and development and extension activities should also be included.
 - (vii) Assess its needs for human resource development with particular emphasis on the training needs of indigenous communities in order to ensure their meaningful and beneficial participation in the various forest sector development programmes proposed.
- B. Take into account the views of NGOs and of the representatives of indigenous and other major groups.
- C. Examine any other issues, within ITTO's mandate, which the Mission may consider necessary and make pertinent recommendations in order for Bolivia to achieve the sustainable development of its tropical forest resources, including through international assistance, taking into account Bolivia's national efforts and other on-going relevant programmes.
3. Expresses its appreciation for the readiness of the Government of Bolivia to fully co-operate in facilitating the work of the Mission.
4. Urges all Members, and relevant international organizations and international institutions to lend their fullest support for the success of the Mission.

5. Authorizes financing of US\$585,000 from the Pre-Project Sub-Account for the financing of the work of the Mission. This amount does not include costs for local operations and support for which the Executive Director is requested to consult the Bolivian authorities and co-donors as necessary.
6. Requests the Executive Director to undertake the necessary consultations and preparations towards the implementation of this Decision.
7. Requests the Executive Director to communicate this Decision to all international organizations and others interested in the work of the ITTO.
8. Further requests the Executive Director to present progress reports at its Eighteenth and Nineteenth Sessions and the Mission to present its final report to the Council at its Twentieth Session. The Council will decide on the dissemination of the final report.

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Distr.
GENERAL

ITTC(XVII)/10
16 November 1994

Original: ENGLISH

SEVENTEENTH SESSION
8-16 November, 1994
Yokohama, Japan

DECISION 3(XVII)

COOPERATION WITH THE CONVENTION ON INTERNATIONAL TRADE IN
ENDANGERED SPECIES OF WILD FLORA AND FAUNA (CITES)

The International Tropical Timber Council,

Recalling Decision 6(XII) concerning actions to improve cooperation between ITTO and CITES;

Also recalling Decision 3(XVI) to arrange for a study to examine methodological bases for regulation international trade in plant species that are endangered or may become endangered;

Noting that the coincident scheduling of the Seventeenth Session of the ITTC and the Ninth Conference of Parties to CITES precluded either organization being represented at the other's meeting;

Recognizing the benefit to Members of having a clear understanding of the working methods and listing procedures of CITES, as well as the status of listings related to tropical timber species on CITES appendices;

Emphasizing the need for cooperation between CITES and ITTO in future, including in the scheduling of meetings;

Decides to:

- (1) request the Executive Director to invite CITES to make a presentation and participate in a discussion at the Eighteenth Session of the ITTC in Accra, Ghana (10-18 May 1995) on the background and work of CITES as it relates to tropical timber species;
- (2) also request the Executive Director to inform the Council at its Eighteenth Session of what steps have been taken to encourage ITTO-CITES cooperation and information exchange;
- (3) encourage ongoing liaison between the ITTO and CITES and in particular complementary scheduling of meetings of the two organizations, including participation by appropriate ITTO representatives in activities in follow up to the Ninth Session of the CITES Conference of Parties which are relevant to the mandate of ITTO.

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Distr.
GENERAL

ITTC(XVII)/11
16 November 1994

Original: ENGLISH

SEVENTEENTH SESSION
8-16 November 1994
Yokohama

DECISION 4(XVII)

FINANCIAL MANAGEMENT OF THE
ADMINISTRATIVE BUDGET FOR 1994

The International Tropical Timber Council,

Recalling Chapter 1 of its Financial Rules and Rules Relating to Projects;

Further recalling Decision 7(XII) which established the Working Capital Account;

Noting with concern the current total receipts of Members' contributions to the Administrative Budget for 1994;

Authorizes the Executive Director to use a sum up to US\$370,000.00 from the Working Capital Account to meet the anticipated shortfall of funds required to implement the work programme of the Organization until the end of the financial year 1994;

Requests Members to pay as early as possible their outstanding contributions to the Administrative Budget for 1994 and all arrears in contributions to previous years' budgets to prevent further erosion of the Organization's savings through depletion of the Working Capital Account.

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Distr.
GENERAL

ITTC(XVII)/12
16 November 1994

Original: ENGLISH

SEVENTEENTH SESSION
8-16 November 1994
Yokohama

DECISION 5(XVII)

APPOINTMENT OF AUDITOR FOR
THE 1994 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 appoint the firm Price Waterhouse to audit the Accounts of the Organization for the Financial Year 1994.

* * *

Annex V

REPORTS OF THE FIFTEENTH SESSIONS OF THE THREE PERMANENT COMMITTEES

{Documents: PCM(XV)/9
PCF(XV)/29 Rev. 1
PCI(XV)/6 }

Distr. GENERAL

PCM(XV)/9
15 November 1994

Original: ENGLISH

FIFTEENTH SESSION
8-16 November 1994
Yokohama, Japan

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

Table of Contents

Report

- Appendix A: Technical Assessment of Projects in the Area of Economic Information and Market Intelligence and Summary Table.
- Appendix B: Market Discussion and Annual Review and Assessment of the World Tropical Timber Situation

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REPORT

1. Opening of the Session

The Fifteenth Session of the Committee was opened on 8 November 1994 at a Joint Session of all three Permanent Committees under the Chairmanship of Dato' Ismail Awang (Malaysia), Chairman of the Permanent Committee on Reforestation and Forest Management. The list of participants is reproduced in document ITTC(XVII)/Info.3 Rev.1.

2. Adoption of Agenda and Organization of Work

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

3. Admission of Observers

The list of observers admitted by the Committee is reproduced in document ITTC(XVII)/Info.4.

4. Market Discussion and Annual Review and Assessment of the World Tropical Timber Situation (Joint Session of Permanent Committees chaired by Mr. Michael Martin, USA)

Part I - Market Discussion: "Changes in the Panel Trade"

Part II - Annual Review and Assessment of the World Tropical Timber Situation

The main theme of the 1994 Market Discussion was "Changes in the Panel Trade". The Rapporteur was Mr. Geoffrey Pleydell, Trade Advisor of the UK Delegation.

The following were the discussion leaders and the topics of their presentations:

Mr. Gabriel Gasparetto Executive Director, AIMEX Belem, Brazil	"Overview of issues arising from the Second International Congress of Plywood and Tropical Timber in Belem, Brazil"
Mr. Antonio Bernas Chairman of the Board, Philippine Wood Producers' Association Manila, Philippines	"Sources of tropical plywood and prospects for development"
Dr. Shuichi Kawai Associate Professor, Wood Research Institute Kyoto University Kyoto, Japan	"Changes in the Japanese structural panel market"
Ms. Julie Jack Coordinator (International Trade) American Forest and Paper Association Washington, D.C., USA	"Competition between tropical and temperate plywood in North America"

An account of the Market Discussion is contained in Appendix B.

The discussion relating to the Annual Review began with a summary presentation by the ITTO Statistician. An account of the discussion is contained in Appendix B.

5. Review of ITTO Activity in Progress

PPA/11-14 Feasibility of Strengthening Incentives for the Management of Tropical Moist Forest for Sustained Producer Country

The Committee was informed by the Secretariat that the final report of the Activity was still being prepared by the Government of Ghana in consultation with the ILED.

6. Report of Pre-Project Work in Progress

The Committee considered a report [document PCM(XV)/4] prepared by the Secretariat on the progress or status of Pre-Projects approved for financing and implementation by the Council. The Committee took note of the progress report on the following two Pre-Projects:

1. PPD 4/94 Rev.1 (M,F,I) Groundwork for an ITTO Information System

The Secretariat reported that the pre-project was on schedule. A final report would be ready for consideration at the next session of the Committee.

2. PPD 5/94 (M) Implementation of a Forest Statistical Information System

The representative of Peru informed the Committee that the pre-project Agreement had been signed and the selection of consultants to assist in the implementation of the pre-project was under way.

7. Report of Project Work in Progress

The Committee considered a report [document PCM(XV)/5] prepared by the Secretariat on the progress or status of Projects approved for financing and implementation by the Council. The Committee took note of the progress report on the following thirteen Projects:

1. PD 167/91 Rev.1 (M) Diagnosis and Evaluation of the Brazilian Forestry Sector

The representative of Brazil gave a brief report to the Committee, based on the written submission from the executing agency as contained in document PCM(XV)/5.

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

The representative of the executing agency (OFI) reported that the first version of the PROSPECT database had been completed and that complimentary copies would be distributed to member States through the heads of delegations.

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

The Committee took note of the report submitted by the executing agency (Wageningen Agricultural University) as contained in document PCM(XV)/5.

4. 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 representative of Gabon informed the Committee that two international consultants had been retained and had begun work in Gabon. They were scheduled to visit the other target countries of the region as envisaged under the project.

5. PD 9/93 Rev.1 (M) Market Intelligence: Tropical Timber Market Information

The representative of the executing agency (SBH) reported that the project could not yet be completed largely due to delays in the availability of foreign trade data for the EU countries, and that a final report would be available for consideration at the next session of the Committee.

6. PD 16/93 Rev.4 (M) Market Information Service for Tropical Timber and Timber Products

The representative of the executing agency for Phase I (ITC) informed the Committee of the successful implementation of the project to date and the need for further funding for the next phase in 1995. Some delegations requested clarifications from the Secretariat on arrangements for the impending transfer of the service to Yokohama. They also advised that the proposed transfer should be handled in such a way so as to maintain the quality of the service.

The Secretariat offered qualifications to the Committee on the arrangements envisaged for the transfer of the service to the ITTO headquarters. This transfer, which had been the subject of past deliberations in the Committee, was decided in the interest of building up the Organization's in-house capability in market intelligence, trade statistics, and information. There will be a transitional period during which all efforts will be deployed to ensure that the transfer of the service does not detract from its quality. Cooperation will be maintained with the ITC and this and other matters will be discussed between the Secretariat and the ITC. Council will be requested at this Session to allocate funds (\$552,600) to implement Phase II of this project.

7. PD 27/93 Rev.2 (M) Training Workshops on Tropical Forestry and Timber Trade Statistics - Phase II

The Secretariat advised the Committee of the successful completion of the first two workshops under the first cycle of this project, held in Cali, Colombia and Cap Esterias, Gabon in May and August 1994 respectively. The third workshop under the first cycle will be held 28 November - 16 December 1994 in Kuala Lumpur (Malaysia). Council will be requested at this Session to allocate funds for the second cycle of workshops scheduled for 1995.

8. PD 28/93 Rev.3 (M) Analysis of Macroeconomic Trends in the Supply and Demand of Sustainably Produced Tropical Timber from the Asia-Pacific Region - Phase II

The Committee took note of the written report submitted by the implementing agency (Reid Collins and Associates) as contained in document PCM (XV)/5.

9. PD 5/94 Rev.3 (M) Development of Computerized Information System for the Forestry Commission of Ghana

The Committee noted that the project Agreement had been forwarded to the Government of Ghana for signature.

10. PD 24/94 Rev.1 (M) Blueprint for Adapting the Foreign Trade Registration System at the ITTO National Level

The representative of the executing agency (SBH) presented the final report of this project to the Committee. He urged members to note its recommendations regarding customs classification systems of wood products.

11. PD 35/94 Rev.4 (M,I) Forest Products Marketing Organization Feasibility Study

The representative of PNG advised the Committee that the project agreement had just been signed and delivered to the ITTO Secretariat.

12. PD 19/94 Rev.2 (M,I) Forest Industry Diagnosis in Peru

This project is still awaiting financing. Council will be requested at this Session to allocate funds for the implementation of the project.

13. PD 34/94 Rev.1 (M) Establishment and Implementation of a Forest Statistical Information System

The representative of Colombia reminded the Committee of the importance of this project to his country and requested funding to implement the project. The Committee took note of this statement. Council will be requested at this Session to allocate funds for the implementation of this project.

8. Consideration of Project Proposals

The Committee had before it four Project proposals evaluated by the Expert Panel for the Technical Appraisal of Project Proposals at its Eighth Session in Yokohama (29 August - 2 September 1994). Following the practice in the other two Permanent Committees, the Committee decided to consider only those projects which were recommended to it by the Expert Panel. Consequently the Committee considered only one project.

PD 46/94 Rev.1 (M,F,I) Forestry Law Regulation

The Committee decided to recommend this project for immediate approval and financing. The Technical Assessment of this Project proposal is contained in Appendix A to this report.

9. Decision on Fellowship Applications under Project PD 1/93 Rev.1 (M,F,I)

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

10. Election of Chairman and Vice-Chairman for 1995

Following usual consultations undertaken by the Producer and Consumer Groups, Mr. Michael Martin (USA) was elected Chairman of the Committee for 1995 and Dr. Hadi Daryanto (Indonesia) was elected Vice-Chairman for 1995.

11. Dates and Venue of the Eighteenth Session

The Sixteenth Session of the Permanent Committees will be held in conjunction with the Eighteenth Session of the International Tropical Timber Council, scheduled for Accra, Ghana from 10 to 18 May 1995. The Seventeenth Session of the Permanent Committee will be held in conjunction with the Nineteenth Session of the ITTC scheduled for Yokohama from 8 to 16 November 1995. The Eighteenth Session will be held in conjunction with the Twentieth Session of the ITTC which will take place in Manila, Philippines from 8 to 16 May 1996.

12. Any Other Business

It may be recalled that, at its Fourteenth Session held in Cartagena de Indias, Colombia, from 16 to 23 May, 1994, the Committee recommended that a technical Working Group be established to meet in Yokohama during the Seventeenth Session of the ITTC to develop means of coordination in the collection and dissemination of forestry statistics and to present recommendations to the Council at this Session. This recommendation arose from concerns expressed regarding the expanded content of the 1993 ITTO Forecasting and Statistical Enquiry, which was revised to reflect Council Decision 4(XIV) with respect to the format for information sharing on forest resources and trade. To expedite the deliberations

members were asked to solicit comments on the ITTO Enquiry from their relevant experts responsible for forestry statistics and to submit these to the Secretariat for collation and distribution to all members prior to the meetings of the Permanent Committee. Members were asked to focus on:

- (i) the structure, scope and formulation of the ITTO Enquiry;
- (ii) coordination in collection and dissemination of forestry and timber trade statistics, with members and relevant national and international agencies; and
- (iii) other relevant aspects of ITTO's statistical functions.

The Working Group convened and had before it a document PCM (XV)/7 "Members' Comments on ITTO's Statistical Enquiry and Functions" compiled by the Secretariat. The Working Group was chaired by Mr. Michael Martin (USA) and consisted of representatives from ten member countries, the FAO and the ITTO Secretariat. The Working Group reaffirmed the need for coordination in collection and dissemination of forestry and timber trade statistics, with members and relevant national and international agencies. The Working Group recommended that:

- (i) A specific item for considering the elements of ITTO's Enquiry be included in the agenda of the Sixteenth Session of the Committee to ensure a full and open discussion and follow-up decision on which data ITTO itself should be collecting;
- (ii) ITTO should provide representation at the technical level to all relevant fora on forestry statistics, including meetings of the FAO/ECE Timber Committee, FAO Forest Resource Assessment project and the Customs Cooperation Council (as originally recommended to Council by the Fourteenth Session of the Committee); and
- (iii) in keeping with recommendation (ii), ITTO should provide representation at the technical level to the upcoming FAO/ECE, FAO, EU, EUROSTAT, and OECD inter-secretariat working group to harmonize procedures for collection of statistics in the field of forests and forest products. The Working Group further recommends that a written detailed technical report on this meeting and any steps taken to coordinate statistical collection between ITTO and the other participating organizations be circulated to members in time for the Sixteenth Session.

13. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations:

- (i) That funds be allocated to implement Project PD 16/93 Rev.4 (M) Phase II (\$552, 600)
- (ii) That funds be allocated to implement Project PD 27/93 Rev.2 (M) Phase II Cycle II (\$486,100)
- (iii) That funds be allocated to implement Project PD 46/94 Rev.1 (M, F, I) (\$116,050)
- (iv) That funds be allocated to implement Project PD 19/94 Rev.2 (M, I) (\$557,936)
- (v) That funds be allocated to implement Project PD 34/94 Rev.1 (M) (\$819,377)
- (vi) That Council take note of the recommendations arising from the discussion of the Working Group on the ITTO's statistical functions.

APPENDIX A

TECHNICAL ASSESSMENT OF PROJECTS IN THE AREA OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND SUMMARY TABLE

1. PD 46/94 Rev.1 (M,F,I) Forestry Law Regulation

This Project proposes to develop the Regulations of the new Bolivian Forestry Act. This legal instrument will establish the norms and regulations for the forestry sector based on the rational and sustainable management of Bolivia's forests.

The main project activity will be to create an inter-disciplinary technical working group, composed of both national and international experts which will elaborate a first draft proposal of the Regulations of the new Bolivian Forestry Act. Broad consultations will be undertaken with all sectors and parties concerned and four or five workshops will be held to structure the different aspects of the regulations in the first draft proposal. Once this first draft proposal is defined it will be subject to discussion at two national seminars, the outcome of these being a final version of the proposal that will consequently be forwarded to the Legislature for its approval.

It is envisaged that the outcome of this 7-month project will set the norms and regulations for the sustainable development of Bolivia's forests for at least the next 20 years.

Comments and Recommendations of the Expert Panel

The Panel recognized the importance of the overall objective of the proposal to the forest sector administration of Bolivia and its relevance to ITTO's mandate. It also viewed the proposal in the light of the evolving relationship between ITTO and Bolivia in promoting sustainable forest development.

The presentation of the proposal does not comply with the requirements of the ITTO Manual for Project Formulation. The activities need to be more clearly specified to make them consistent with the proposed objectives. Details should be provided on the proposed Working Committees and the modalities for Bolivian community participation. A detailed work plan should also be provided. The Panel noted that the Forestry Bill was currently before the Bolivian legislature. It would be useful to have at least a summary of the Forestry Bill appended to the proposal.

The terms of reference for the national consultants should be clearly specified. The Panel suggested that a short input from an international consultant with

- (i) regional experience in drafting forestry rules and regulations;
- (ii) familiarity with current forestry and environmental legislation; and
- (iii) knowledge of ITTO's work program and objectives

would assist in the successful implementation of the proposal. The terms of reference and budgetary allowance for such an international consultant should be included in the proposal.

The Panel made the following comments regarding the proposed budget:

- inconsistency in the statement of the overall budget total (\$100,000 versus \$110,000)
- in kind contribution of Government of Bolivia should be quantified
- provision for ITTO monitoring and evaluation should be included (\$10,000)
- provision for ITTO administrative support cost (5.5% of total ITTO budget)

Conclusion

The Panel concluded that, with the incorporation of the above essential modifications, and the perusal of the Forestry Bill by the Permanent Committee once it is enacted, the project should be recommended to the Permanent Committee for final appraisal.

Assessment by the Committee

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

SUMMARY TABLE

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

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		CRITERIA	ITTO BUDGET US\$	DURATION	GEOGRAPHIC COVERAGE	RECOMMENDATION (*)
		Art.23 Para.2	Art.23 Para.5	Art.23 Para.6				
PD46/93 Rev.1	a,b,c,d,e,g				\$116,050	7 mths	Bolivia	4

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

APPENDIX B

REPORT OF MARKET DISCUSSIONS AND ANNUAL REVIEW AND ASSESSMENT OF THE WORLD TROPICAL TIMBER SITUATION

PART 1 - MARKET DISCUSSION: 'CHANGES IN THE PANEL TRADE'

1. Introductory Statement

Dr. B.C.Y. Freezailah, Executive Director, ITTO

The Executive Director welcomed members to this important discussion on panel products and introduced the speakers.

He emphasized that a discussion on panels is timely in view of changes in the world's panel trade which affect plywood which is the panel product within ITTO's mandate. The subject of the discussion must therefore be seen in the wider context of oriented strand board (OSB), particleboard, medium density fibreboard (MDF), and other panels. ITTO has given prominence to plywood by planning two important conferences - The First World Conference in Indonesia in December 1991 and a second such conference planned for Quito, Ecuador in May 1995.

The Executive Director also made a reference to the discussion on the ITTO's Annual Review and Assessment of the World Tropical Timber Situation. There are rapid changes in the global situation for timber products. ITTO's Annual Review provides an overview of such changes. However in compiling information for the review, the Secretariat has difficulty in obtaining statistics from members. Only 33 member countries provided statistics in 1994. Many of these provided figures only up to 1992 even though the Annual Review had been moved to the November 1994 meeting in order to give more time for providing timely information. Members were urged to cooperate with the Secretariat in ensuring the flow of statistical information, especially in the light of the Organisation's 1995 review of progress towards achieving ITTO's Year 2000 Objective.

2. Overview of issues arising from the recent International Congress of Plywood and Tropical Timber in Belem, Brazil

Mr. Gabriel Gasparetto, Executive Director, AIMEX, Belem, Brazil, on behalf of Ivan Tomaselli

Mr. Gabriel Gasparetto recalled the First International Congress of Tropical Plywood held in Manaus in October, 1992. This was subsequently followed by the Second International Congress on Plywood and Tropical Timber, recently held in Belem from 20 to 23 September, 1994. It was organized by ABIMCI - the Brazilian Plywood and Industrialised Wood Association - and by AIMEX - the Association of the Timber Exporting Industries of Para State. The 1st Machinery and Timber Products Fair, Belem took place at the same time.

Four basic subjects were discussed: Legislation and Policy; Technology and Equipment; Economics and Markets; and Environment and Forests. Key findings of the conference included:

Legislation and Policy: In general the international community had not properly considered the differences between countries and regions within countries when defining criteria and guidelines. ITTO was seen as an appropriate forum for such discussion. The private sector was therefore urged to increase its participation in ITTO.

Technology and Equipment: The process of technical transfer and development has been slow and, as a consequence, has not compensated for the cost of better forest practices. Efforts have been made to introduce more species, to improve yield and quality, and to reduce costs. Often this requires new investment in more sophisticated equipment. Productivity is a key factor in cost reduction, along with training and modernization of equipment.

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Economics and Markets: The ITTA has an important role in relation to markets. Better market information and transparency is needed to avoid price manipulation. Tropical producers seek stable and remunerative markets to help ensure forest sustainability. Certification was regarded not as a marketing instrument or a solution, but as a problem. Priority should be given to the evolution of guidelines and criteria for each country or region, followed by the development of acceptable monitoring. Global trends in supply and demand needed to be more clearly established to ensure sustainable development.

Environment and Forest: The timber industry is not a major factor in forest degradation. The industry is convinced of the need for sustainable management but the market shows little sign of absorbing the additional costs.

At the close of the Congress participants issued a Congress Declaration of the following seven points.

1. Governments should define long term forest policies and provide appropriate legislation.
2. Industrial policies should be established for the forest sector.
3. Government should define forest areas in terms of those allocated for production and those for conservation.
4. Government should promote technical development.
5. There should be increased cooperation and information exchange between tropical timber producing countries.
6. Governments should accept greater participation of the private sector in international fora, in particular within ITTO.
7. There should be development of discussion relating to certification and the private sector should be involved.

Mr. Gasparetto announced that the third International Plywood and Tropical Timber Congress would be held in conjunction with the second Machinery and Wood Products Fair in Belem, from 24 to 28 September, 1996. The financial assistance of the ITTO will be sought at the appropriate time in organizing the Congress and the Fair.

3. **Sources of tropical plywood and prospects for development**
Mr. Antonio Bernas, Chairman of the Board, Philippine Wood Producers' Association,
Manila, Philippines

Mr. Bernas noted that world production of all plywood had risen from 38.8 million m³ in 1976 to 47.9 million m³ in 1992 but during this time the pattern of production had shifted strongly from developed countries to developing countries, notably to countries in the Asian regions. The North American share of 50% in 1976 fell to 40% by 1992 whereas Asia/Oceania rose from 31 to 48% over the same period.

Plywood exports grew at an annual average rate of 9% during this period and a major international trade has developed between Asian producers and importing Asian nations. At the beginning of the 1990's Indonesia, Malaysia and the Philippines accounted for almost 90% of world tropical plywood production. Neither Africa or Central and South America showed the equivalent huge growth exhibited by Asian producers. Nevertheless Brazil has raised its plywood exports from 45,000 m³ in 1976 to around 300,000 m³ in 1990. Indonesian exports went from 13,000 m³ in 1976 to 8.6 million m³ in 1992; Malaysia from 407,000 m³ to nearly 1.7 million m³ over the same period, but the Philippines exports declined from 260,000 m³ to 85,000 m³ and by 1994 had almost ceased.

Future prospects depend on a number of factors including availability of forest supply; the presence of modern plywood capacity; the ability to compete on quality and price - especially against substitute

panels, the existence of demand, better cooperative supply management, the effect of environmental issues, and favourable policies and support from Government.

It may be misleading to project the past development of the tropical plywood market into the future. There are signs that plymill capacity in the Asian region is not fully utilised due to constraints on wood supply but more plywood mills are being established in Sabah and Sarawak, and planned in Vietnam and Myanmar.

Capacity expansion is possible in a number of South American countries. Particleboard, MDF and OSB could provide serious lower priced competition.

If production constraints are related to raw material supply then plywood output could still rise up to the year 2000 but thereafter might decrease. Supplementing supplies from natural forest with core and back material from plantations is possible.

Discussion

The Representative of Malaysia thanked the ITTO Executive Director for organizing this discussion on plywood. As a trader the representative felt that at past ITTO sessions insufficient time had been allocated for discussions on timber markets. ITTO was created to promote timber trade and this role must be strengthened. An ITTO forum was needed for consumers and producers to discuss trade issues and in particular such vital issues as prices for timber products which would be remunerative to producers and equitable to consumers. He referred to the positive trend in Malaysia's increased plywood production which has been achieved, without affecting the permanence of the forest resource, through greater technical efficiencies.

The Representative of New Zealand sought explanation for the projected and continuing low African production. One possible reason, as Mr. Bernas pointed out, was increased demand in the African domestic market.

The President of the UCBT noted that the Philippines was once a major exporter but its contribution is now almost zero. He asked what log supply the Philippines needed to provide plywood for its domestic market; and further what the trade situation is for plywood imports. Mr. Bernas indicated that the Philippines requires annually 2.4 million m³ of logs for plywood, sawntimber and other uses. The ASEAN group is expected to remove protective tariffs. At present although there is a reduction in tariff barriers between ASEAN countries the barriers still remain high. The Philippines will be importing more logs in order to maintain production.

The Representative of Malaysia stressed the potential of Brazil as a supplier. He reiterated the point made earlier that the ITTO should focus even more strongly on the role of the private sector in its discussions. The delegate drew attention to the challenge of ensuring adequate raw material supply and sought more information on the prospect for plantation log input.

4. Changes in the Japanese Structural Panel Market Dr. Shuichi Kawai, Wood Research Institute, Kyoto University, Japan

Dr. Kawai noted that, whilst particleboard and fiberboard are increasing their market share, the use of plywood remained dominant at 77.5% of the Japanese panel market. The pattern of trade in plywood has changed dramatically, with domestic supply falling from 8 million m³ to 5.2 million m³ over the last fifteen years, but with imports of plywood rising to over 4 million m³. This is equivalent to 44% of Japan's plywood supply and is provided mainly by Indonesia (84%), Malaysia (9%) and North America (5%).

Water resistant particleboard and MDF are increasingly being used, and OSB will have a significant and increasing role, although Japan has no domestic production of OSB.

The Japanese structural panel market is now changing from tropical hardwood plywood to a variety of panel products, such as softwood plywood, multi-species plywood (combination of softwood and tropical hardwood veneers), OSB, structural particleboard, and MDF.

In answer to an enquiry for comparative prices of different types of panel products, Dr. Kawai estimated that although hardwood plywood prices have fallen recently, prices for softwood plywood are some 3 to 5 % lower, OSB about 10% lower and particleboard still lower.

5. Competition between tropical and temperate plywood in North America

Ms. Julie Jack, Coordinator (International Trade) American Forest and Paper Association, on behalf of International Wood Products Association (IHPA), USA

Ms. Jack outlined separate end uses for tropical and temperate plywood. Tropical plywood is mainly used in thinner panels (under 6mm) for non-structural purposes including overlaid wall panels, furniture and cabinet parts, floor underlay and toys. Temperate, exterior bonded softwood plywood is found in thicknesses over 6mm in roof, wall and floor sheathing, siding, concrete formwork, and soffits. There is in practice very little competition between temperate hardwood plywood and tropical plywood. North America consumers prefer the appearance of domestic hardwood species like Oak, Birch, Maple, Cherry and Walnut for cabinetwork and furniture but tropical plywood overlaid with these species is gaining market share because of lower prices.

The North American market consumed 44.7 million m³ of panel products in 1993 of which 64.4% were structural panels. Between 4 and 5% is imported plywood, mostly tropical.

A broader look at the American panel market shows three changes brought about by reduction in domestic wood supply due to environmental pressures - higher raw material costs, wider acceptance of more fibre-efficient products and a shift in industry both in items of geography and product type. There is increasing demand for OSB, particleboard, MDF, and engineered lumber.

Plywood's share of the American structural panel market will continue to decline. Total demand will increase slightly but OSB production in North America is forecast to reach 14.6 million m³ by 1998. North America plywood production may decline by 1.8 million m³ by 1998 with more mill closures in the West and also in the South and in Canada. More OSB and veneer will be needed in the engineered lumber market. Most importantly, the exports of OSB to Japan and Europe are expected to increase. Demand for non structural panels like particleboard has risen and new production plants will be coming on stream. Global demand for MDF has tripled since 1984 and is expected to rise by 40% to over 3 million m³ by 1997.

PART II - ANNUAL REVIEW AND ASSESSMENT OF THE WORLD TROPICAL TIMBER SITUATION

The ITTO Statistician explained that data from some member countries was late in arriving and therefore there have been problems in providing comprehensive information and also in obtaining translations. Most of the statistics regrettably related only to 1992 whereas it had been hoped that members could have supplied 1993 information.

There will be a Working Group to convene under the Permanent Committee on Economic Information and Market Intelligence later in the session to discuss issues relating to ITTO's statistical functions. Production statistics are the weakest link in the chain of data collection. New additions to the Secretariat document, "Elements for the Annual Review and Assessment of the World Tropical Timber Situation 1993-1994" include a table on tariffs, and a table to show tropical wood imports as a percentage of total wood imports in specific countries. The document also contains more information on prices based on the MNS database. More information about species is shown in the report and it is hoped that this can be further expanded.

The ITTO Statistician gave a summary review of trends in trade and production. Production of tropical saw and veneer logs by ITTO producer countries was almost 140.8 million m³ in 1992, an increase of 4% from 1991. Log production in 1994 was expected to decrease to 133 million m³ mainly due to reductions in Malaysia.

Sawnwood production in 1992 rose by 6.5% to 42.1 million m³ with an apparent rise of 2 million m³ in Brazil. Production fell back in 1993 to 41.4 million m³ and is expected to remain at this level in 1994.

Tropical veneer production rose by 38.8% to 2.1 million m³ in 1992, mainly because of new capacity in Malaysia, and output is expected to exceed 3 million m³ in 1994.

ITTO producer nations manufactured 14.3 million m³ of plywood in 1992, which was equivalent to 77% of plywood production in all developing countries and to 30% of global plywood production. Output in 1992 was 6.5% higher than in 1991, mostly due to increased production in Indonesia and Malaysia.

ITTO consumer countries face dwindling supplies of tropical logs but in 1992 produced 3.9 million m³ sawnwood, 1.1 million m³ of veneer and nearly 8 million m³ of plywood from imported logs.

Tropical log exports were 22.8 million m³ in 1992 with 78% from Malaysia, but this fell substantially in 1993 due to an export ban in Sabah and reductions in exports from Sarawak due to the implementation of the recommendations of the ITTO Mission.

Sawnwood exports rose 10% to 8.2 million m³ in 1992, fell to 7.9 million m³ in 1993 and are expected to fall to 7.6 million m³ in 1994. Drops in Indonesian and Malaysian exports account for most of these decreases. Malaysia remains the largest sawnwood exporter with 66% of all ITTO sawnwood exports in 1992.

Veneer exports led by Malaysia rose by a remarkable 50% to 1.1 million m³ in 1992.

Plywood exports increased by 5.9% in 1992 to 11.3 million m³. Indonesia and Malaysia supplied 93% and this dominance will continue in 1994, with increases from Malaysia offsetting a leveling off in Indonesia.

ITTO consumer countries' activity in exporting or re-exporting tropical timber is expected to continue to decline from 1992 figures of 300,000 m³ of sawnwood and 400,000 m³ of plywood.

Tropical log imports by ITTO consumer countries fell slightly to 33.8 million m³ in 1992. However, if imports by ITTO producing countries are taken into account, the total import of tropical logs reaches 26.2 million m³, which is 3.3 million m³ higher than the total exports of ITTO producers. The balance is presumed to come from non-ITTO sources including Indochina and the Solomon Islands. The shortfall may be approaching the limit of what these non-ITTO countries can contribute. The increasing gap between apparent tropical log imports and exports (4.3 million m³ in 1993 and a forecast 5.6 million m³ in 1994) may be due to under reporting of log exports or misclassification of imports.

Japan remained the main importer of tropical logs in 1992 (48%). Japan's imports of logs of 11 million m³ in 1992 fell sharply to 8.3 million m³ in 1993, but a recovery to 9.5 million m³ is expected in 1994.

Japan remains a major importer of tropical sawnwood, receiving 1.3 million m³ in 1992, a rise of 23% over 1991. Thailand imported 1.7 million m³ in 1992 and this is expected to rise to over 2 million m³ in 1994. In contrast, most consuming countries, with the exception of Japan and Korea, predict steady or declining imports of tropical sawnwood through 1994. The increase in sawnwood imports by ITTO countries of nearly 14% in 1992 is primarily due to Japan and Thailand which offset a steady decline in Europe.

The People's Republic of China and the Taiwan Province of China together imported 433,000 m3 of tropical hardwood veneer, thus overtaking Japan as the main ITTO veneer importer in 1992.

Japan was the main tropical plywood importer in 1992 taking 2.9 million m3 - down 2% on 1991 - with some recovery seen in 1993. Total tropical plywood imports by consumer countries reached 9.5 million m3 in 1993.

Asian log and sawnwood prices rose significantly at the end of 1992 and during early 1993 as supply shortages became apparent, but prices had fallen away by the end of 1993. Plywood prices also rose, but recent sharp drops have created uncertainty in the market.

Discussion of the Annual Review

The Representative of Malaysia complimented the efforts of ITTO in providing the review but noted some imbalance with less information about consumers and about the demand situation. For example, more information on the impact of the environmental pressure in consumer countries would be useful.

The Representative of FAO referred to the table on tariff information and advised that FAO had a consultancy presently updating and publishing new information on this subject. The information will be used to assist in assessing the impact of changes in GATT regulations.

The Chairman made a special reference to the problems of some members in producing data.

The Representative of the Netherlands referred to the problems of collecting foreign trade data at internal borders of the European Union and the current tax-receipt system used.

The Representative of Malaysia queried the ITTO forest area figures for Malaysia and requested an opportunity to clarify the situation.

The Representative of Malaysia expressed concern about local governments in consumer countries banning the use of tropical wood and asked ITTO to comment on this in future reviews.

The Representative of China noted that China has 420,000 hectares of tropical forest and requested, as a consumer nation, that this be recognized in Table 1. The Secretariat noted the request and also its relevance to Australia which also has tropical forest.

The Representative of UCBT responded to the Malaysian enquiries about environmental pressures and held the view that environmentalists felt that the effect was greater than the trade itself believed to be the case. Nevertheless the issue of certification remained highly relevant.

The Representative of Indonesia referred to its latest country statement and suggested amendment of Indonesian forest area statistics in light of this. He also noted the lack of country reports submitted by members.

The Representative of UCBT made a statement on the European situation. The trade in Europe is working to promote wood in general.

The Representative of Malaysia asked if the EU has made a decision on GSP quotas for imports of tropical plywood.

The Representative of UCBT said no decision had been made and it was a matter of great concern to the trade as the year end approaches.

The Representative of Malaysia stressed the importance of members providing more information for the Review to assist in obtaining transparency. Under the new ITTA it is expected that the Review will provide information on non-tropical wood. The Review provided greater transparency in producer information but

more insight was required for consumer countries in relation to such matters as non-tariff barriers. There is also a need to know about certification initiatives in specific countries.

The Representative of UCBT referred to the situation in Germany and the Netherlands where certification initiatives have been taken. It is understood that the Dutch Parliament is soon to debate this issue.

The Representative of the Netherlands indicated that on November 9th the Netherlands' Government will report to Parliament on the state of implementation of the national policy on tropical rainforests.

The Representative of Germany regretted that no representative of ITTO was present at the recent ECE/FAO timber committee meeting and expressed concern about insufficient cooperation.

Distr.
GENERAL

PCF(XV)/29 Rev.1
15 November 1994

Original: English

FIFTEENTH SESSION
8-16 November 1994
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
FIFTEENTH SESSION OF THE PERMANENT COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
8 - 16 NOVEMBER 1994

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Appendix II Report of the ad hoc group
on Demonstration Areas for Sustainable Management

Addendum

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1. Introduction

The Fifteenth Session of the Committee was opened, on 8 November 1994 by the Chairman of the Permanent Committee on Reforestation and Forest Management, Dato' Ismail Awang (Malaysia). The list of Participants is reproduced in Document ITTC(XVII)/Info.2 Rev.1.

2. Adoption of Agenda and Organization of Work

At the first meeting on 8 November 1994, the Committee formally adopted the Agenda of its Fifteenth Session as contained in Document PCF(XV)/1.

3. Admission of Observers

A list of observers admitted by the Committee to attend its Fifteenth Session is contained in Document ITTC(XVII)/Info.3.

4. Market Discussions (Joint Session of the Committees)

The Market Discussions were held on 9 November 1994 under the Chairmanship of Dr. Michael Martin (US), acting Chairman of the Permanent Committee of Economic Information and Market Intelligence

The Discussions were focussed on:

Part I "Changes in the Panel Trade"

Part II "The Annual Review and Assessment of the World Tropical Timber Situation"

The report of the discussions are available in Document PCM (XV)/9, Appendix B.

5. Report on Completed Projects

The Secretariat explained that the projects listed in Document PCF(XV)/3, Report on Completed Projects, are considered technically completed. The field activities for these projects have been concluded and the final report has been submitted to the Secretariat. However, the Secretariat explained that some administrative issues may still be pending such as the receipt, review and acceptance of the audited financial report. With this in mind, the Committee reviewed the following completed projects found in PCF(XV)/13.

(1) PD 10/87 (F) Forest Management of Natural Forest in Malaysia

The Committee took note that the Final Report was submitted by the Government of Malaysia and was distributed without annexes as PCF(XV)/15. The final report was accepted by the Committee and the project is now considered technically completed. Upon acceptance of the audited financial report submitted to the Secretariat, this project will be closed.

(2) PD 34/88 Rev.1 (F) Conservation, Management, Utilization and Integrated and Sustained Use of the Forest in the Chimanes Region, Beni Province, Bolivia

The Committee recalled that the Final Evaluation Report of this project had been circulated during its previous session in Cartagena in May 1994 as PCF(XIV)/15. The Secretariat explained that the Final Report had been submitted but was too lengthy to be reproduced and circulated. However, any interested delegations could contact the Secretariat to examine the report. In response to an inquiry

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made by the Committee, the Bolivian Delegation stated that the financial reports for the principal project period and the extension period had been submitted to the Secretariat. This project will be closed after the financial reports have been reviewed and accepted by the Secretariat.

(3) PD 69/89 Rev.1(F) Workshop on Sustainable Tropical Forest Management with Special Reference to the Atlantic Forest

The Committee noted that the Technical Report from the Workshop Proceedings had been circulated as PCF(XV)/20. The audited financial report had been received by the Secretariat and is currently under review. As soon as this review has been finished and accepted by the Secretariat, this project will be closed.

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

The Committee took note that the Completion Report had been submitted and was circulated as PCF(XV)/17. The audited financial report was being prepared by the Executing Agency and would be sent to the Secretariat in the near future. As soon as the financial report was received, reviewed and accepted by the Secretariat, this project will be closed.

(5) PD 138/91 Rev.2 (F) Program for Sustainable Forest Management in the Ecuadorian Forest Institute

The Secretariat informed the Committee that an eleven-volume final report had been received, in addition to the audited financial report. The Committee noted that the summary of the final report and a listing of the table of contents were presented in PCF(XV)/8. As soon as the Secretariat's review of the audited financial report has been concluded and accepted, this project will be closed.

(6) PD 157/91 Rev.2 (F) Establishment of an International Network for the Conservation and Sustainable Use of Mangrove Forest Genetic Resources

The Committee noted that the Final Report was available as PCF(XV)/9 and the Final Evaluation Report was circulated as PCF(XV)/10. The Secretariat informed the Committee that the audited financial report had been received and was under review by the Secretariat. Therefore, this project will be closed as soon as the review of the financial report has been completed and accepted by the Secretariat.

(7) PD 188/91 Rev.1 (F) Reforestation of Rioja

The Committee took note that the Final Report for this project had been submitted by the Executing Agency, and a 21 page summary was circulated as PCF(XV)/16. The Secretariat reported that the audited financial report has not yet been submitted, but field activities had been completed. This project will be closed as soon as the audited financial report was received, reviewed and accepted by the Secretariat.

(8) PD 189/91 Rev.1 (M,F,I) Publication of an Andean Forestry Journal

The Committee noted that the Final Report for this project had been received by the Secretariat and was being circulated as PCF(XV)/12. The audited financial report had also been submitted to the Secretariat and was currently under review. Therefore, this project will be closed as soon as the review of the financial report is complete and accepted by the Secretariat.

6. Report on Completed Pre-Projects

The Committee noted that since its last session in Cartagena in May 1994, one pre-project had been completed as described in Document PCF(XV)/4, Report on Completed Pre-Project:

The Secretariat informed the Committee that a three-volume final report had been submitted by the Executing Agency for the Pre-project PPD 44/91 Rev.1(F) "Review of the National Forest Situation so as to Establish a National Policy for this Sector in Colombia". As a result of this pre-project, two publications had been also produced. Due to the lengthy nature of these documents, the forward and table of contents of the Final Report and the publication on political strategies for the forestry sector were reproduced and circulated as PCF(XV)/19. Copies of the complete final report and supporting publications can be arranged by the Secretariat or Executing Agency upon request. This pre-project will be closed as soon as the audited financial report has been received, reviewed and accepted by the Secretariat.

7. Review of Activities in Progress

The Economic Case for Natural Forest Management

The Committee noted that only one activity remained in progress as reported in Document PCF(XV)/5, and now is considered technically complete with the submission of the Final Report. Since the two-volume final report was lengthy, the Secretariat distributed a copy of the Executive Summary of the final report in PCF(XV)/15 while a limited number of full copies are available to interested delegations. Upon receipt, review and acceptance of the audited financial report by the Secretariat this activity will be closed.

8. Review of Project Work in Progress

The Committee took note of a status report (document PCF(XV)/6) by the Secretariat on the 78 Projects, in the field of Reforestation and Forest Management, that have been approved by the Council, and which are either: a) in the process of implementation, b) awaiting the signing of an Agreement, c) not yet fully financed, or d) coming under the sunset provisions since last Session.

A) Projects under implementation

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| 1) | PD 15/87 (F) | The Biology of the Okoume (<u>Aucoumea klaineana Pierre</u>) in Gabon |
| 2) | PD 52/89 Rev.4 (F) | Forestry Treatment by Thinning-Out in the Context of a Pilot Forest Development Scheme in the Reserve Forest of Sud-Bakundu |
| 3) | PD 68/89 Rev.1 (F) | Management of Tapajòs National Forest for Sustainable Production of Industrial Timber |
| 4) | PD 74/90 (F,I) | Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts |
| 5) | PD 75/90 (F) | Development of Genetic Resistance in the Tropical Hardwood Iroko to the Damaging Insect Pest: <i>Phytolyra lata</i> |
| 6) | PD 77/90 (F) | Establishment of A Pilot Area for Silviculture in Closed Forests in Congo |
| 7) | PD 84/90 (F) | Establishment of a Demonstration Plot for the Rehabilitation of Forests Affected by Fire in East Kalimantan |
| 8) | PD 88/90 Rev.1 (F) | Sustainable Selective Harvesting of Mahogany in Bolivia |
| 9) | PD 89/90 (F) | Sustainable Forest Management and Human Resources Development in Indonesia (Phase I) |

- 10) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase
- 11) PD 99/90 Rev. 1 (F) Establishment of Rio Preto National Forest
- 12) PD 103/90 Rev. 1 (F) Training and Manpower Development in Community Forestry Management
- 13) PD 104/90 Rev. 2 (F) Studies of the Management Standards of Hill Dipterocarp Forest in Sarawak from a Watershed Management Point of View
- 14) PD 105/90 Rev. 1 (F) Model Forest Management Areas
- 15) PD 106/90 Rev.1 (F) Development of the Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area, Phase I
- 16) PD 114/90 (F) Workshops on Conservation and Sustainable Utilization of Mangrove Forests in the Latin America and Africa Regions
- 17) PD 115/90 Rev.1 (F) Rehabilitation of Natural Forests
- 18) PD 119/91 Rev.1 (F) Workshop on Women and Forestry - A Look at African Experiences
- 19) PD 120/91 Rev.4 (F,I) Development of Operational Model for Sustainable Management of Natural Tropical Forests
- 20) PD 128/91 Rev.1 (F) Management, Conservation and Development of Mangrove Forests in Panama
- 21) PD 130/91 Rev.2 (F) Plantation Establishment Methods (First Phase)
- 22) PD 131/91 Rev.2 (F) Pilot Project for the Sustained Management of the So'olala Forest
- 23) PD 132/91 Rev.1 (F) Training Forestry Workers in Carrying Out Certain Tasks Related to Forestry
- 24) PD 148/91 Rev.3 (M,F,I) Seminar on Economic Case for Sustainable Tropical Forest Management
- 25) PD 156/91 Rev.2 (F) Establishment of Two Model Forest Nurseries and Forest Management Project
- 26) PD 162/91 Rev.1 (F) Intensification of Growth and Yield Studies in Previously Logged Forests
- 27) PD 172/91 Rev.2 (F) The Recovery of Natural Systems of the Hillside of Caqueta (Phase I)
- 28) PD 176/91 Rev.1 (F) Sustained Management for Production, Conservation, Demonstration, Diffusion and promotion Activities In Moist Tropical Forests in Ecuador's Northwest
- 29) PD 184/91 Rev.1 (F) Multipurpose Tree Planting in Egypt
- 30) PD 185/91 Rev.1 (F) Sustainable Forest Management and Development in Peninsular Malaysia
- 31) PD 186/91 Rev.2 (F) Tree Flora of Sabah and Sarawak

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| 32) | PD 202/91 Rev.1 (F) | Sustainable Forest Management Through Collaborative Efforts |
| 33) | PD 204/91 Rev.1 (F) | Identification and Study of a Plantation Project for the production of Timber (2,500 ha) in the Reserved Forest of Halo-Baloe (Plateau Region) |
| 34) | PD 8/92 Rev.2 (F) | Study on the Growth of Native Species of Commercial Interest in Honduras |
| 35) | PD 9/92 Rev.1 (F) | Forest Management in Islas de la Bahia, Honduras, Central America |
| 36) | PD 10/92 Rev.1 (F) | Books and a Data-Base on the Major and Minor Commercial Timbers of South-East Asia Volume 5(1) and Volume 5(2) within the Prosea Program |
| 37) | PD 11/92 Rev.1 (F) | Development and Dissemination of Re-afforestation Techniques of Mangrove Forests |
| 38) | PD 14/92 Rev.2 (F) | A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China (Phase I) |
| 39) | PD 26/92 Rev.2 (F,I) | Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon |
| 40) | PD 37/92 Rev.1 (F) | Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest |
| 41) | PD 39/92 Rev.1 (F) | Dissemination and Training on ITTO Guidelines and Criteria |
| 42) | PD 42/92 Rev.1 (F) | Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio |
| 43) | PD 5/93 Rev.1 (F) | Ten-Year Production of Treated Residual Dipterocarps Forest Stands. |
| 44) | PD 6/93 Rev.2 (F) | Manual and World Natural Mangrove Atlas for Mangrove Ecosystem Restoration |
| 45) | PD 11/93 Rev.1 (F) | A Strategy for the Sustainable Management and Harvesting of Forest Resources and Strengthening of Indigenous Territories in the Colombian Amazon |
| 46) | PD 20/93 Rev.1 (F) | Development of National Guidelines for the Sustainable Management of Natural Tropical Forests in Cameroon |
| 47) | PD 24/93 Rev.2 (F) | Forest Management of Natural Forest in Malaysia - Phase II |
| 48) | PD 25/93 Rev.1 (F) | Evaluation of Progress Made by Ecuador Towards Achievement of ITTO Target 2000 |
| 49) | PD 26/93 Rev.1 (F) | Development of Bentuang Karimun Nature Reserve as National Park (Phase I) |
| 50) | PD 32/93 Rev.2 (F) | Rehabilitation of Logged-over Forests in Asia/Pacific Region (Sub-Project III) |
| 51) | PD 35/93 Rev.4 (F) | Forestry Management, Community Development and Sustained Use of Forest on the Punta Patiño Nature Reserve, Darien Region, Republic of Panama |

- 52) PD 29/94 Rev.2 (F) Seminar and Study Tour on Biodiversity in Natural Forest in Miyazaki, Japan

B) Projects awaiting implementation agreement

- 1) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest - Phase II
- 2) PD 171/91 Rev.1 (F) Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps
- 3) PD 33/93 Rev.1 (F) Conservation, Management, Harvesting and Integrated and Sustained Use of Forests in the Chimanes Region, Beni, Bolivia - Phase I
- 4) PD 16/94 Rev.2 (F) Reforestation for Production of Valuable Timber and Non-timber Products
- 5) PD 18/94 Rev. 1(F) Participatory Forest Development in the Alto Mayo Region for the Sustainable Management of Moist Tropical Forest, Phase I
- 6) PD 27/94 Rev.2 (F) Women and Tropical Forest Development Program
- 7) PD 31/94 Rev.1 (F) Planning Practical and Cost Effective Strategies for Genetic-Resource Conservation of Commercial Tree Species in Tropical Asia and the Pacific

C) Projects awaiting financing

- 1) PD 18/92 Rev.1 (F) Research-Development Associated with Management Operations in the Closed Forest of Côte d'Ivoire: Determination of a Forest Typology Related to Silvicultural Systems
- 2) PD 48/92 Rev.2 (F) Biotechnological Development using Forest Species in the Zulia Basin, Municipality of Zulia, North Santander Department, Cimitarigua Community
- 3) PD 49/92 Rev.3 (F) Biological Control of Pathogenic Micro-Organisms in Forest Plantations of the Pamplonita and Arauca Basins, North Santander Department, Negavita Community
- 4) PD 50/92 Rev.3 (F) Conservation and Integrated Development in the La Macarena Special Management Area
- 5) PD 2/93 Rev.1 (F) Integrated Pilot Management of the Ngoua II Fores North - Phase I: The Preparation of the Management Plan
- 6) PD 3/93 Rev.1 (F) Management and Conservation of the Forest of Bangou - Phase I: Development of the Management Plan
- 7) PD 12/93 Rev.3 (F) Integrated Forest Fire Management in Indonesia - Phase I: National Guideline on the Protection of Tropical Forests Against Fire
- 8) PD 21/93 Rev.1 (F) Forest and Farmers: Sustainable Coexistence
- 9) PD 37/93 Rev.1 (F) Silvicultural Management in the Forests of Bajo San Juan
- 10) PD 40/93 Rev.1 (F) Improvement of Data Collecting, Processing and Application Techniques for Sustainable Forest Management

- 11) PD 8/94 Rev.2 (F) Evergreen Club of Ghana/ITTO Youth in Forestry Project
- 12) PD 23/94 Rev.1 (F) Rehabilitation of Fire Affected Forests in East Kalimantan
- 13) PD 26/94 Rev.1 (F) Conservation and Sustainable Management of Mangrove Genetic Resources - Phase II: Establishment of Four Conservation Centers, Human Resources development and Preparation of Guidelines for the Sustainable Management of Tropical Tidal Forests
- 14) PD 28/94 Rev.1 (F) Continuation of the Publication of the Journal "Bosques y Desarrollo" and Information Services

D) Projects coming under the sunset provisions since last Session

- 1) PD 15/92 Rev.3 (F) Establishment of a Germ Plasm Bank and Pilot Reforestation Units
- 2) PD 16/92 Rev.2 (F) Timber Logging in Rondonia - Phase I: Socio-Economic and Environmental Diagnosis
- 3) PD 32/92 Rev.1 (F) Agroforestry Systems for the Communities of Nova California and Extrema, Rondonia, Brazil
- 4) PD 43/92 Rev.1 (F) Strengthening of the Amazon Forest Development Center for the Sustainable Management of Tropical Forests
- 5) PD 45/92 Rev.1 (F) Agroforestry Systems for the Communities of Medicilândia, Para, Brazil
- 6) PD 47/92 Rev.1 (F) Project on Sustainable Forest Management, Production and Regulation in an Area of the Colombian Andes

The Committee noted the reports on the progress of these projects in Document PCF (XIV)/6 and further discussed the substantive issues associated with a number of Projects in depth. Details of these discussions are as follows:

- 1) **PD 68/89 Rev.2 (F) Management of Tapajós National Forest for Sustainable Production of Industrial Timber**

The Delegation of Brazil informed the Committee that an updated project report had been translated to English and was sent to the ITTO in September through official channels.

A Steering Committee meeting has been planned for 5 December 1994 to analyze project implementation and reorganize the Consultative Committee.

- 2) **PD 74/90 (F,I) Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts**

The Committee considered the report made by the Implementing Agency (BFH: Prof. D. Noack), which focussed on project objectives and outputs, the methodologies utilized in forest and mill studies. A summary of the final report of the project was presented to the Committee and circulated as document PCF(XV)/26. The Committee discussed the approach that should be utilized to address the problem of forest residue. In this respect, the Committee highlighted the need to use an integrated approach taking into consideration socio-economic and ecological considerations. The Committee also felt that a considerable amount of information on the appropriate forest technologies and equipment for reducing forest residue and the ecological negative impact of timber harvesting can be found in many developed countries. This information could be made available to producing countries through training and other related activities.

The Committee also discussed the merit of intensifying the use of LKS observing that trade and silviculture may conflict one another. However the Committee recognized that decisions should be guided by the overall objective of achieving the sustainable utilization of forest resources.

The Committee concluded that the study was very important and suggested that a summary of the results should be published in the ITTO Tropical Forest Update to disseminate information to ITTO Member countries.

3) PD 77/90 (F) Establishment of a Pilot Area for Silviculture in Closed Forests in Congo

The Committee acknowledged the declaration made by the Delegate of Congo highlighting the difficulties encountered in the implementation of the project, mainly because the first tranche of the ITTO contribution to the project (\$80,000) is still being kept with the BCC. He informed the Committee that this amount will be reimbursed by the Congolese Government in the course of 1995 fiscal year. He also appealed to ITTO to show more flexibility in releasing the next installment of its contribution which was made conditional to the release of the first tranche still being kept in the BCC, in order to pursue the implementation of project. The Delegate of Congo underscored the importance of the project for the sustainable natural forest management in Congo. He informed the Committee on progress in project implementation and emphasized that critical activities, such as the demarcation of the research plots boundaries have to be initiated without delay.

The Secretariat informed the Committee that some flexibility has already been shown, when a second tranche of funds (\$120,000) was released to allow project activities to continue, with the understanding that, based on the assurances given by the Government of Congo, the first tranche being kept will be released soon. Unfortunately, this has not been done yet.

4) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia (Phase I)

The Secretariat informed the Committee on the joint review conducted in Indonesia which identified factors causing the delay in project implementation. Based on this review, the project's workplan and financial plans were modified. Furthermore, changes in the organizational structure were suggested to the Executing Agency as outlined in Project Review Report distributed as PCF(XV)/13. The Indonesian Delegation confirmed the findings of the review and further informed the Committee that the Ministry of Forestry endorsed the recommendations made by the joint review. Consequently, the Government of Indonesia requested a two year extension of the project to allow the completion of project activities. The Committee requested a justification of this extension. The Indonesian Delegation explained that the extension is required because delays have been caused by the inaccessibility of the project sites, difficulties encountered in coordination with the Governmental agencies. The project also had to adjust its activities to coincide with those of USAID's NRM (Natural Resources Management) project financed on a bi-lateral basis. The Committee accepted the explanation and agreed to grant an extension of the project to November 1996 without additional cost to allow these activities to be completed.

5) PD 95/90 Rev 1. (F) Forest Management in the Alexander von Humboldt National Forest, Phase II

The Delegation of Peru explained that the project had been somewhat delayed for the reasons outlined in Document PCF(XV)/6, Report on Projects in Progress. However, the Executing Agency had made available US\$ 90,000 from internal resources to construct the access road. In addition, a commission is about to be formed to call for tenders for the harvesting of the first annual coupe. A technical meeting had also been planned with forestry professionals to finalize the forest management plan for 105,000 ha. In light of these on-going activities, the Delegation from Peru requested an extension through the end of the year. Noting the progress being made, the Committee granted an extension of this project until 31 December 1994 to allow the activities for Phase I to be completed.

6) PD 99/90 Rev.1 (F) Establishment of Rio Preto's National Forest

The Secretariat informed the Committee that the progress report for this project had just been received. According to the report, activities were being undertaken in forest management, protection, research and extension. The Committee noted that the Terms of Reference for the forest and soils inventories had been developed and these activities were programmed to begin in December 1994. The Committee was also informed that a wildlife inventory and agriculture studies formed part of the research, and the fencing around the forest boundaries was being rehabilitated. The project had also prepared extension materials and had carried out training courses in neighboring communities.

7) PD 105/90 Rev.1 (F) Model Forest Management Area

The Secretariat informed the Committee on recent activities undertaken by the project. The Executing Agencies requested an extension to enable the Executing Agencies to complete project implementation. The Committee decided to grant extension of the project without additional cost until November 1995 to allow the Implementing Agency to complete the project activities.

8) PD 119/91 Rev.1 (F) Workshop on Women and Forestry: A Look at African Experiences

The Committee considered the progress in project implementation. It decided to grant the project an extension until 30 June 1995, to allow the reproduction of the proceedings of the Seminar in all three working languages of the ITTO, English, French and Spanish.

9) PD 120/91 Rev.4 (F,I) Development of Operational Model for Sustainable Management of Natural Tropical Forests

The Secretariat and the Malaysian Delegation reported to the Committee on the saving of project funds amounting to US\$93,185. This saving occurred due to the additional contribution made by the Sabah Forestry Department to the project by covering certain budget lines items. Therefore, the Executing Agency requested a reallocation of the budget as specified in PCF(XV)/24.

The Committee expressed its gratitude to Malaysia for its additional contribution to the project. The Committee agreed to grant a six month extension of the project without additional cost and approved the modified budget outlined in PCF(XV)/24.

10) PD 128/91 Rev.1 (F) Management, Conservation and Development of Mangrove Forests in Panama

The Committee noted with interest the progress made on project activities, and the linkages between this and other related projects such as PD 114/90. The Committee suggested that experiences from this project be disseminated to other countries undertaking actions to conserve and manage mangrove ecosystems.

11) PD 148/91 Rev.1 Seminar on Economic Case of Sustainable Tropical Forest Management (M,F,I)

The Committee noted that the English version of the proceedings have been published and is available. The Committee also decided to grant an extension of the project until June 1995 to allow the reproduction of the French version.

12) PD 162/91 Rev.1 (F) Intensification of Growth and Yield Studies in Previously Logged Forests

The Secretariat informed the Committee on the outcome of the project review undertaken from 17-21 July 1994. The Committee noted the suggested changes in project design stemming from the recommendations of this review, and discussed by the project Steering Committee. Therefore, the

Committee decided to approve the changes in the project design recommended by the Project Steering Committee that met on 22 July 1994.

13) PD 172/91 Rev.2 (F) Project for the Recovery of Natural Systems of the Hillside of Caqueta Phase I

The Committee noted that marketing had been taken into consideration when developing agroforestry practices and other activities related to the rehabilitation of the degraded watershed in the Caquetá region.

14) PD 176/91 Rev.1 (F) Sustained Management for Production, Conservation, Demonstration, Diffusion and Promotion Activities in Moist Tropical Forests of Ecuador's Northwest

The Committee took note that the logs harvested from this project were processed, and the Lesser Known Species were being tested for their properties and potential in the Ecuadorian timber market.

15) PD 184/91 Rev.1 (F) Multipurpose Tree Planting in Egypt

The Committee noted that all project activities have been satisfactorily completed. The Committee decided to grant the project an extension until December 1995, to allow the Implementing Agency to submit the final reports of the project. The Committee also acknowledged that the final report of the project and the evaluation report will be circulated during the Sixteenth Session of the Committee in May 1995 at Accra, Ghana.

16) PD 186/91 Rev.2 (F) Tree Flora of Sabah and Sarawak

The Committee took note on the progress of project implementation and cost savings due to the prolonged vacancies in senior botanist posts. The Executing Agency requested a budget reallocation and referred the Committee to the details on budget line items contained in Document PCF(XV)/25. The Committee approved the modified budget.

17) PD 14/92 Rev.2 (F) A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China (Phase I)

The Chinese Delegation brought the Committee up to date on the recent developments in project implementation. The Committee noted the progress being made and acknowledged the request by the Chinese Delegation on the importance of financing Phase II.

18) PD 26/92 Rev.1 (F) Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon

The Committee acknowledged the satisfaction expressed by the delegate of The Netherlands, with regard to the implementation of this project. The Committee noted that the project contributes to the strengthening of national institutions, with a particular reference to research institutions.

19) PD 38/92 Rev.2 (F) The Establishment of Community Based Teak (*Tectona grandis*) Plantations on Degraded Forest Areas in the State of Kedah, Malaysia

The Malaysian Delegation informed the Committee that the funds for this project has been secured from other donors. Therefore, the Malaysian Delegation requested the Committee to withdraw this project from the list. The Committee noted that this project is no longer seeking financial support from the ITTO.

20) PD 39/92 Rev.1 (F) Dissemination and Training on ITTO Guidelines and Criteria

The Committee noted that 10 months of this 18 month project had already passed and a Steering Committee meeting had not yet been held. It felt that it was very important for the Steering Committee to be set up to ensure that the project is adequately monitored, and to disseminate project experiences to similar ones such as PD 25/93 Rev.1 (F) in Ecuador. The Committee emphasized the importance of convening a Steering Committee meeting in the near future with the participation of the ITTO Secretariat.

21) PD 42/92 Rev.1 (F) Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio Phase II

The Delegation from Peru explained that there had been delays in developing the forest management plan. However, the Executing Agency had decided to work with the National Agrarian University "La Molina" to avoid delays that would occur in contracting a private consulting firm. Furthermore, the Delegation from Peru also explained that one of the communities that had not yet decided to participate in the project was about to meet to make a final decision on this matter. Nonetheless, the University had already started gathering information for the management plan from four sites instead of three to ensure that there would be no further delays. Finally, the Committee was informed that this first planning phase would be concluded in March 1995 as planned and noted the appeal of the Peruvian Delegation the need to secure financing for Phase II.

22) PD 11/93 Rev.1 (F) Strategy for the Sustainable Management and Harvesting Forest Resources and Strengthening of Indigenous Territories in the Colombian Amazon

The Delegation from Colombia informed the Committee that the project was slow in starting off, but a detailed workplan had been developed and activities were about to get under way.

23) PD 12/93 Rev.3 (F) Integrated Forest Fire Management in Indonesia - Phase I: National Guidelines on the Protection of Tropical Forests Against Fire

The Committee noted that this project had been approved during its Thirteenth Session in Yokohama and full financing had not yet been pledged. In order to strengthen the impact of the project in other Producer countries, the Delegation of Indonesia submitted an addendum to PD 12/93 Rev.3 (F). This addendum proposed activities for organizing an international workshop to disseminate project experiences, with additional budget of US\$58,100 as proposed in Document PCF(XV)/23. An additional 48,100 contribution would be covered by ITTO while the Executing Agency would donate an additional US\$10,000, bringing the total ITTO contribution to US\$984,624. The Committee decided to approve the addendum as proposed in PCF(XV)/23.

24) PD 25/93 Rev.1 (F) Evaluation of Progress Made by Ecuador Towards Achievement of ITTO Target 2000

The Delegation of Ecuador informed the Committee on the importance of this project in helping Ecuador establish forest policies based on ITTO Guidelines. An Executive Decree had been issued calling for the sustainable management of the country's forests and this project will have a significant impact on the development of policies and strategies which guarantee the participation of local people in forest management. The first Steering Committee meeting will be convened before the end of the year. The Committee stressed the importance on having the Secretariat visit the project to share experiences from other ITTO projects in neighboring countries.

25) PD 33/93 Rev.1 (F) Conservation, Management, Harvesting and Integrated and Sustained Use of Forests in the Chimanes Region, Beni, Bolivia

The Delegation of Bolivia informed the Committee that this project had been approved and funded during its Fourteenth Session in Cartagena in May 1994. The agreement regulating the implementation of project activities had not yet been signed and the Executing Agency would like to initiate activities as

soon as possible so as to not lose continuity between the former project, PD 34/88 Rev.1 (F,I) and this new one. The Delegation of Bolivia also informed the Committee that the audited financial report had been submitted to the Secretariat.

26) PD 36/93 Rev.1 (F) Securing the Implementation of Improved and/or New Established Nurseries in Egypt

The Committee acknowledged the declaration made by the Egyptian delegate to express thanks and satisfaction to Japan for financing the project and for prompt action by the ITTO to facilitate the initiation of project activities.

27) PD 29/94 Rev.2 (F) Seminar and Study Tour on Biodiversity in Natural Forest in Miyazaki, Japan

Many Committee members had participated in the Miyazaki Seminar and Study Tour from 4-7 November, immediately prior to the XVII Council Session. A member of the Drafting Committee for the seminar proceedings informed the Committee on the highlights of the Seminar and Study Tour, and presented the draft skeleton for the report as found in Document PCF(XV)/22. This draft had been accepted along with a number of complementary comments by the Seminar participants. The Committee heard comments from delegates who were impressed with the sharing of experiences through this event. The Committee noted that the report will be finalized and distributed during its XVI Session in Accra in May 1995.

The Committee noted the status of the following project which was awaiting financing and needed attention:

1) PD 18/92 Rev.1 (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 Côte d'Ivoire Delegation underscored the importance of the project for the sustainable forest development in Côte d'Ivoire. The Committee was also informed that all preparatory arrangements to initiate project activities had been made by the Government of Côte d'Ivoire. The Côte d'Ivoire Delegation appealed to the Committee to help secure the full financing of the project. The Committee concurred with the suggestion made by the Chairman to take this matter up at the Bureau Meeting.

9. Review of Pre-project Work in Progress

Fourteen Pre-projects have been approved by the Committee and are under implementation, in preparatory stages or waiting funding. The Committee took note of a status report by the Secretariat contained in Document PCF(XV)/7.

1) PPD 1/93 Rev.1(F) Feasibility Study for the Preparation of Management Plan for the Souanke -Sembe-Kelle Area in North West, Congo

The Committee noted that insufficient information had been received from the Executing Agency on the progress in pre-project implementation. The Secretariat informed the Committee that the pre-project should have been completed in July 1994. The Committee granted an extension of the Pre-project until June 1995 to allow the completion of the activities.

2) PPD 5/93 Rev.1 (F) Preparation of an Integrated Management Plan No.1 of the Kuna Yala Indian Region

In regard to the resolution made by INRENARE calling for a 100,000 ha reserve encompassing the area designated for watershed protection, the Committee noted that the Kuna Indigenous Congress was holding internal discussions on whether to accept this classification made within their reserve. The Committee took note that the Executing Agency has planned a series of meetings with indigenous leaders to resolve this situation.

3) PPD 6/93 Rev.1 (F) The Development of Guidelines for the Protection of Forests Against Fire

The Committee acknowledged the progress made with this pre-project noting that the consultants had been contracted and were currently working on their assignment in Indonesia. The Delegation of the United States informed the Committee that due to the intense fire season over the past summer, it was difficult for the Forest Service to participate in this consultancy. However, the Delegation of the United States mentioned that it would like to have the opportunity to participate on the Expert Panel. The Committee expressed its wish for the members of the Expert Panel on Fire Guidelines to have a wide range of practical experience in fire management.

4) PPD 8/93 (F) Demonstration Areas for Sustainable Management of Production Forests

The Secretariat referred the Committee to the sites nominated as demonstration areas in Document PCF(XV)/21 and sought guidance from the Committee on the appropriate steps to take to continue to develop the network. The Committee noted the importance of establishing a network of demonstration areas for sustainably managed forests. It also observed that additional information was required in order to assess the adequacy of these sites for training and demonstration purposes. As a result, an ad hoc committee was formed to examine this pre-project in more detail and suggest steps that should be taken next. The report of this ad hoc Committee is attached as Appendix II to this Committee Report.

5) PPD 12/93 (F) Biotechnology and Sustainable Production of Tropical Timber

The Committee acknowledged progress in the implementation of the pre-project and considered the outline of the study which was circulated as PCF(XV)/18. The Secretariat informed the Committee that the first draft of the report should be generated by January 1995. The Committee requested the Secretariat to circulate to ITTO Producer Member Countries the first draft of the study for comments.

10. Consideration of Project Proposals

Ten project proposals entered the project cycle leading up to the fifteenth session of the Permanent Committee of Reforestation and Forest Management. The Committee recalled its recommendation to the Council during its Eleventh Session in Yokohama in November 1992, requesting the Secretariat not to forward any revisions of proposals requiring complete reformulation until these revision had again been technically evaluated by the Expert Panel. In this light six project proposals were not considered by the Committee.

Project List

Project Number	Country	Project Title
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Projects Assessed by the Committee

PD 33/92 Rev.4 (F)	CAMEROON	The Establishment of a Demonstration Area for Sustainable Use in the Wood Resource Base of the Forest Enterprise in N'Lobo
PD 22/93 Rev.4 (F)	CAMEROON	Tropical Moist Forest Protection, Rehabilitation, and Management with Local Community Participation in Sikop, Coastal Province, Cameroon
PD 2/94 Rev.2 (F)	PERU	Dissemination of Silvicultural Experiences with Promising Forest Species in the Peruvian Amazon Region
PD 4/94 Rev. 2 (F)	P.N.G.	East New Britain Balsa Afforestation Project

Projects not Assessed by the Committee

PD 197/91 Rev.4 (F)	PHILIPPINES	Research and Development on Sustainable Management of Lesser-used Species in Plantations in the Philippines
PD 40/94 (F)	PNG	Model Teak Grassland Plantation Project
PD 42/94 (F)	PERU	Forest Management in the Yarina Community Forest, Iquitos
PD 44/94 (F)	PANAMA	Reforestation Trials with Native Species in Tropical Moist Forests
PD 49/94 (F)	VENEZUELA	Establishment of an On-going Forest Monitoring Network (Permanent Growth Plots) in the Forest Reserves and Woodlots of the Guiana Region
PD 3/94 Rev. 1(F)	PERU	Natural Forest Management and Integrated Use by Ashaninka Native Communities

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.

11. Decision on Pre-project Work

The Committee noted that the Pre-project PPD 8/94 (F) "Diagnosis and Design of a Support Program for PLANFOR" was evaluated by the Expert Panel. The Panel concluded that the Pre-project needed to be reformulated and that it would have to evaluate the revised proposal before recommending it to the Committee for final appraisal. Therefore, recalling its decision not to review proposals requiring complete reformulation until the revisions had been technically evaluated by the Expert Panel once again, the Committee decided not to appraise this proposal.

12. Decision on Fellowship Applications under Project PD 1/93 Rev.1 (M,F,I)

Successful applicants for ITTO fellowships under Project PD 1/93 Rev.1 (M,F,I) are presented in the Report on the Permanent Committee on Forest Industries.

13. Selection of Chairman and Vice-Chairman for 1995

14. Dates and Venue of the Sixteenth Session

The Committee decided that the dates and venue of its Sixteenth Session will be agreed upon by ITTC in relation to the dates and venue fixed for its Eighteenth Session.

15. Any Other Business

A) Work of the Committee and Secretariat

During this session, a number of general comments were made on the work of the Secretariat for the Permanent Committee on Reforestation and Forest Management. The Committee expressed the wish for more information on projects and project achievements, including technical data to be more readily available so that projects and activities with similar objectives may profit from those experiences. The Committee observed that much of this information existed but was not readily available to interested Member countries. The Committee proposed that various possibilities be examined to make this information available utilizing computer networking technologies and/or CD ROM.

The Committee also made general remarks on the format followed in the progress reports. It is difficult for Members to deal with the vast amount of information made available during the Committee sessions. Alternative ways for presenting information to the Committee should be explored to make the reports more concise and easier to review in order to concentrate on issues that require decisions. For example, reports could be condensed by following a tabular presentation of information and summaries. The Committee felt that a greater emphasis should be put on projects and issues that require particular attention and solutions. The Committee also suggested that it would be useful for the format to also include a general summary, in order for Members to be more aware of the general trends in programming.

On several occasions, the Committee pointed out the need for more frequent monitoring of projects by the Secretariat staff. It also inquired about the involvement of the "Regional Offices" in monitoring and other ITTO related work. The Committee emphasized the importance of regular monitoring and evaluation visits by the Secretariat. It also requested that at each session, it be provided with a list of projects due to be visited within each of the regions along with an implementation plan. The Committee also requested up to date information on the "Regional Offices" and when they are expected to be operational. The Secretariat informed the Committee that steps have been taken to identify activities and projects in the Asian and Latin American regions where offices have been set-up, so that these offices become involved increasingly in project related work.

B) Unfunded Projects

The Committee noted with concern the number 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:

- 1) PD 18/92 Rev.1 (F) Research-Development Associated with Management Operations in the Closed Forests of Côte d'Ivoire: Determination of a Forest Typology Related to Silvicultural System
- 2) PD 48/92 Rev.2 (F) Biotechnological Development of Forest Species in the Zulia Basin in the Zulia Municipality, North Santander Department, Cimitarigua Community,
- 3) PD 49/92 Rev.3 (F) Biological Control of Micro-organism Pathogens in Forest Plantations in the Pamplonita and Arauca Basins, Pamplonita Municipality, North Santander Department, Negavita Community,
- 4) PD 50/92 Rev.3 (F) Conservation and Integrated Development in La Macarena Special Management Area, (Phases I and II)
- 5) PD 2/93 Rev.1 (F) Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan,
- 6) PD 3/93 Rev.1 (F) Management and Conservation of the Forest of Bangou - Phase 1: Development of the Management Plan.
- 7) PD 12/93 Rev.3 (F) Integrated Forest Fire Management in Indonesia - Phase I: National Guidelines on the Protection of Tropical Forests Against Fire
- 8) PD 21/93 Rev.1 (F) Forest and Farmers: Sustainable Coexistence
- 9) PD 37/93 Rev.1 (F) Silvicultural Management in the Forests of Bajo San Juan
- 10) PD 40/93 Rev.1 (F) Improvement of Data Collecting, Processing and Application Techniques for Sustainable Forest Management
- 11) PD 8/94 Rev. 2 (F) Evergreen Club of Ghana/ITTO Youth in Forestry Project
- 12) PD 23/94 Rev.1 (F) Rehabilitation of Fire Affected Forests in East Kalimantan
- 13) PD 26/94 Rev.1 (F) Conservation and Sustainable Management of Mangrove Genetic Resources Phase II: Establishment of Four Conservation Centers, Human Resources Development and Preparation of Guidelines for the Sustainable Management of Tropical Tidal Forests
- 14) PD 28/94 Rev.1 (F) Continuation of the Publication of the Journal "Bosquez y Desarrollo" and Organization of a Communication and Information Service.

16. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations:

1. The Committee recommended that the Council approve PD 33/92 Rev.4 (F) and allocate a total of \$ 1,524,475 for its implementation.

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2. The Committee recommended that the Council approve PD 22/93 Rev.4 (F) and allocate \$ 725,102 for its implementation.
3. The Committee recommended that the Council approve PD 2/94 Rev.2 (F) and allocate \$ 472,218 for its implementation:
4. The Committee recommended that the Council approve PD 4/94 Rev.2 (F) and allocate \$ 289,070 for its implementation.
5. The Committee recommended that the Council approve the increase in budget of PD 12/93 Rev.3 (F) and allocate an additional \$ 48,100 for its implementation.

17. **Report of the Session**

The Committee accepted this Report for submission to the Council.

Appendix I

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. PD 33/92 Rev.2 (F) **The Establishment of a Demonstration Area for Sustainable Forest Use in the Wood Resource Base of the Forest Enterprise**

Summary of the Original Proposal

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 I being two years and Phase II being three years. The first phase of the project is divided into four activities:

- 1) Social and economic study of the project site in order to integrate local communities with the project,
- 2) Collection of information about lesser-known species and non-timber forest products,
- 3) Information gathering and analysis of 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 logging plan based on an inventory of 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 under sustainable management,
- 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, and
- 6) Development of regional guidelines for sustainable forest management.

Project Compliance with ITTO Requirements

This project is related to Objectives (c), (f) and (h) of ITTA, areas (a), (b), (d) and (e) of Article 23.5 and potentially all criteria under Article 23.6 of the Agreement. The project is also potentially relevant to strategies (b), (d), (e), (f), (g), (h), (k) and (l) of the ITTO Action Plan in the field of Reforestation and Forest Management and should be of immediate relevance to Target 2000.

Comments of the Fourth 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 of the Fourth Panel

That the project be reformulated to:

- a. 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.
- b. 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.
- c. 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.
- d. Outline how the local people could give input to and participate in both the preparation and future implementation of the management plan.
- e. 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.
- f. 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.
- g. Indicate the specific nature of the training that would be provided by the Project.
- h. 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.
- i. Indicate provisions that will be made to ensure that sustainable forest management will continue in the project area after the end of the project period.

Conclusions of the Fourth Panel

The Panel concluded that it was essential for the reformulated proposal 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.

Summary of Rev.1

The project was reformulated as recommended by the Fourth Panel. The various concerns of the Panel were addressed as follows:

Point a: A map showing the location of the project site was provided. The proposal also mentions that the project area is partially covered by satellite data (Landsat) and aerial photographs (at a scale of 1:20,000). General information on soil types and activities of local people are also provided. The area was covered by an inventory carried out by ONADEF in 1989-1991, but further details on the nature of this activity were not given.

With regard to the status of forest management in the project area, the revised version explains that the forests in the project area have not been managed nor harvested and no other forestry projects are operating in this area. The project will take into consideration the results and experiences of other ITTO projects in Cameroon, such as PD 131/91 R.2 (F) 52/89 R.4 (F), 51/89 (I), 50/89 (I), 40/92 (M) and PPD 1/92 (F). Project activities include the preparing a forest master plan, a strategy to utilize LKS species, an analysis of bio-physical, socio-economic and environmental factors, the creation of a computerized inventory data base for management and educational purposes and the establishment of permanent sample plots. These activities will be developed on the basis of the results and experience of the other ITTO supported projects.

Point b: Methodologies utilized to undertake specific activities were explained in sections 4.1 and 4.2 of the revised proposal. Details on personnel were included in these sections. Funding resources required by each activity were included in the budget. However, it was difficult to assess the standard unit costs employed for expertise.

Point c: Details on data to be collected by the project was also given in sections 4.1 and 4.2. According to the proposal, the data collected will help define:

- Areas for harvesting annual allowable cut,
- Classification of the resource base area based on access and fire danger levels,
- Estimation of the wood resources volume by trade quality grade and cost value,
- An assessment of the potential of forest non-timber products, and
- Additional information to help develop the forest master plan.

In addition, the data collected will help establish a computerized inventory data base for management and training purposes.

Point d: Information regarding the involvement of local populations was provided in the section related to the description of the project site. The local populations will be consulted during the socio-economic study in order to determine:

- their interrelations with the forest environment,
- estimate their needs in forest products and expansion of agricultural lands, and
- the areas to be excluded from industrial cutting.

The local populations will benefit of employment opportunities during inventory, research, forest exploitation, forest fire protection and wood processing activities. The collection and processing of forest non-timber products will also be organized to improve income.

Point e: A more detailed budget was provided. However, the unit costs for experts were not clear and costs for inventory crews were not included. The basis for calculating construction costs were not shown. Costs for ITTO monitoring and evaluation were not included and ITTO administrative costs need to be adjusted to the approved 5.5% level.

Point f: Information concerning the Russian State Association "Lesproekt" was been provided. "Lesproekt" includes 13 regional enterprises with about 5,000 specialists. It has expertise in forest inventory, forestry organization and the establishment of forest management data base. Under the project, "Lesproekt" will be responsible of the following activities:

- Determination of the structure and content of a forest inventory data base and methods of collection of inventory information,
- Inventory and assessment of the forest resources base in the area,
- Preparation of the forest master plan,
- Industrial inventory of an area of 7,500 ha, and
- Creation of a computerized inventory data base for management and educational purposes.

Point g: Training will be provided through vocational courses, workshops and seminars and will be for the benefit of students at the technical school in Mbalmayo. Topics for training programs include sound industrial logging technologies, reforestation, forest resources management on the basis of a computed forest inventory data bank, development of management plans, monitoring of ecological changes, and so on.

Point h: No specific reference was made to PD 26/92 Rev.2 (F). However, the proposal indicated that it will consider the results and experiences of other ITTO projects implemented in Cameroon and will base its activities and strategies on the ITTO Guidelines to develop a sustainable management plan in an industrial large scale of 200,000 ha.

Point i: Prescriptions to ensure the continuity of sustainable forest management in the project area after the end of the project were included in section 4.2.7. of the revised proposal. This basically referred to:

- obligations of the forest concessionaire to follow the prescriptions of the forest master plan,
- a revision of the master plan after a period of 10-15 years,
- continued monitoring progress in implementing the master plan, and
- continued collection and processing of data related to the resource base.

Comments of the Seventh Panel

The Panel noted that an attempt has been made to address the comments of the Sixth Panel. However, it considered that some of the project components still require strengthening. In particular, local populations should be an active partner in the development and implementation of forest management activities. Therefore, the Panel felt that the demographic aspects of the project area as related to proposed activities have not been fully discussed. Mechanisms to ensure the participation of the local population have not been clearly outlined. More specifically, the Panel sought clarification on the sort of "Public Relations" mentioned in the proposal that would be used to contact local administration and population. Furthermore, additional details on how the local population will benefit from the project were needed.

The Panel made the following observations:

a) The project is imbalanced in three areas:

- There is an imbalance between the emphasis on traditional inventory work and other project objectives. The Panel noted that the project was aiming to develop an innovative approach to forest management activities with community participation. In this connection, the collection of data related to non-timber products, LKS, and the demographic, socio-economic and environmental aspects should be emphasized. The design of an innovative multi-purpose inventory addressing the above mentioned issues would be more appropriate.
- International expertise is heavily utilized without taking into full consideration the expertise and experience available within ONADEF to carry out forest inventories. International technical assistance could be justified for the overall planning of the project; design of a multi-purpose inventory; the development of strategies for a better involvement of local communities in forest management activities; data processing; establishment of a data bank

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and development of GIS. Nevertheless, the Panel believed that the project should emphasize and make full use of the available expertise and experience in ONADEF in many positions filled by international personnel. This change would result in budget savings that could either reduce the overall project budget or be used to strengthen the socio-economic components. The Terms of Reference for the international experts to be retained should be revised/developed and included in the project document.

- The contribution of the Government of Cameroon should be clarified and listed. The Panel felt that the responsibility of ONADEF to undertake field work for the multi-purpose inventory should be also clarified and detailed in the proposal. The Panel also recommended that, prior to the undertaking of field work, the inventory teams be trained in carrying out a multi-purpose inventory (identification of non-timber products, collection of environmental data, etc.). This training should also make use of the various guidelines developed by the ITTO.
 - The Panel suggested that budget framework be maintained but oriented in landscape format. This would allow space for six columns for the national contributions and six for the annual and overall totals. The Panel also suggested that the scope of the ITTO payments to national personnel be clarified.
- b) More information should be provided in the project document on the information available on LKS and on environmental and socio-economic data. This would help determine the feasibility of collecting the missing information within the proposed time-frame. Nevertheless, the Panel felt that two months for the international expert and two months for the national expert would not be sufficient to conduct the proposed socio-economic study in such a large area. Similarly, two months may not be enough time for two national experts to collect information of LKS and on non-wood forest products, in addition to developing recommendations for their utilization.
- c) The Panel felt that the design of the forest inventories (in particular the management and the pre-investment inventories) should be reconsidered in order to develop a more innovative approach, taking into consideration the following two points:
- The need to collect information on non-timber forest products and species, LKS, socio-economic and environmental data, in addition to forest timber species.
 - The need to minimize repetitive field work to investigate the possibility of developing a multi-purpose inventory design. This inventory will generate information for forest management, establishing a data bank and guiding pre-investment decisions.

Recommendations of the Seventh Panel

The Panel made the following recommendations to strengthen the design of the project:

- a) The balance of the project should be reconsidered to give enough importance to the socio-economic component of the project.
- b) The allocation of the international expertise should be reviewed, taking into consideration the need to make the best use of the expertise and experience available in ONADEF.
- c) The contribution of the Government of Cameroon should be clarified and included in the proposal's budget.
- d) The design of the forest inventories should be reconsidered, taking into account the need of undertaking a multi-purpose inventory while minimizing repetitive field work.
- e) Provisions should be made for training inventory teams to carry out multi-purpose inventories.

- f) The proposal should specify the type of information available on environmental and socio-economic aspects.
- g) The project's development objectives should be reformulated in a more comprehensive manner.
- h) Project outputs should be further detailed and the time-table of activities should be outlined on a monthly basis.
- i) Project activities other than inventories should be detailed and include costs.
- j) Provision should be made in the proposal to avoid duplication of efforts with other forestry projects underway in Cameroon in general, and with the ODA project in Mbalmayo in particular.
- k) The project data base should be compatible with ONADEF's existing data bases.
- l) Lesproekt's experience with implementing forest inventories in tropical moist forests should be included in the proposal.

Conclusions of the Seventh Panel

The Panel concluded that, with the incorporation of the above essential modifications, which were necessary for the project to succeed, the project should be recommended to the Permanent Committee for final appraisal.

Addressing the Seventh Panel's recommendations

The proposal was revised in response to the Panel's comments and recommendations. An attempt was made to put the project into the newly approved ITTO format and this helped in strengthening the project design. However, the Secretariat observed that the reformulated proposal did not address all of the requirements of the proposal format particularly the logical framework matrix with indicators, means of verification and assumptions required to achieve expected outputs. Annex I contains an organization chart showing the general management of the project, which was also mentioned on page 22. Annex 2 includes the curricula of key project staff referred to on page 23. Some of the concerns of the Panel of Experts over the design of the project were resolved by following in part, the outline of ITTO's project proposal format.

With special reference to the Seventh Panel's comments and recommendations, the revised proposal could be assessed as follows:

Increased importance of the socio-economic component of the project

New ideas were introduced with regard to the socio-economic component of the project. The basic idea will be to ensure the participation of the local communities in the preparation and implementation of the forest management plan. The starting point is the socio-economic study of the project area in order to estimate the local populations' needs so that the local communities living within and around N'lobe forest area could be the main target beneficiaries. The study will be carried out by a national socio-economic expert for four months, instead of two months by one national and one international expert. However, the Panel mentioned that the use of an international expert could be justified to develop strategies for a better involvement of local communities in forest management activities.

The revised proposal also made provisions for the establishment of a committee for the project area, in which representatives of local communities would participate. The objective of this committee is to support and monitor project activities and local communities interests. The forest management plan would include recommendations regarding utilization of non-timber products. The project would also organize the collection and processing non-timber products at industrial scale to advance employment opportunities and the level of living of rural people. Furthermore, agriculture activities would be intensified as part of the project: a development plan for agriculture will be formulated, a more efficient framework

will be set up in order to increase the productivity of farms, and promising agro-forestry techniques will be developed and disseminated. The services of an agriculture engineer would be required for four months to develop related activities. This specialist would also be involved in the finalization and adoption of the forest management plan. Finally, the revised proposal states that a Protocol of Understanding between the project and local communities would set up a working capital fund after the completion of the forestry management project. Although these activities form part of the project, only the planning phases were included in the revised proposal. Consequently, provisions were not been made in the project budget to support the development of these activities.

In conclusion, the project is concerned with the planning stage of an integrated forest management resulting in the development of a master plan for the area. The revised proposal includes new ideas which would help strengthen socio-economic activities and ensure effective participation of local communities in the future when the plan is implemented. However, the budget and proposed activities still focussed on forest inventory, the forest management data bank and training.

International expertise vs expertise available in ONADEF

The allocation of the international expertise was reviewed. The total expert/months to be provided by Lesproekt was reduced by 20% and related activities would be performed by ONADEF. In particular, ONADEF will be fully responsible for the logging inventory and data processing. In the previous proposal, these activities involved an input of 18 months of international expertise. In the same line, the duration in the project of the Principal Technical Adviser was reduced from 26 to 20 months. However, this did not result in a subsequent reduction of the overall project cost. The budget increases related to the training of inventory teams in carrying out a multipurpose inventory (\$281,000), the training of specialists in activities related to forest management (\$160,000), the development and implementation of the multipurpose management inventory, the increase in the salary of the national project director (from \$60,000 to 150,000 for five years) and the increase of the amount allocated to the purchase of equipment. In fact, the total overall project budget has changed from \$1,459,350 to \$1,788,000.

Contribution of the Government of Cameroon

The contribution of the Government was not clarified in the revised proposal. The revised proposal mentioned that this contribution would be furnished in kind. Moreover, provisions were made for items such as communication and operating expenses (\$60,000) and customs and taxes (\$60,000) and project offices (\$58,000) which were not included in the previous proposal. The inclusion of these items resulted in the increase of the overall budget.

Review of the design of the forest inventories

The design of the forest inventories was revised. Instead of three types of forest inventories, only two types of inventories would be carried out: one multipurpose management inventory at a sampling ratio of 1% and a logging inventory at a 10% ratio. The pre-investment inventory was no longer envisioned. The data required for guiding investment decisions would be collected during the management inventory.

Training of inventory teams for carrying out multi-purpose inventories

Provisions were made for training inventory teams. The ONADEF staff would be trained for one month to carrying out an innovative multi-purpose management inventory in addition to a one week training for the logging inventory.

Available information on environmental and socio-economic aspects

Details on available information on environmental and socio-economic aspects were not provided. However, details concerning the socio-economic study, the study on LKS and non-wood products and the different inventories were presented in the revised proposal.

Project's development objectives to be reformulated in more comprehensive manner

The development objectives were clarified on Page 4.

Details of project outputs and time-table of activities

Additional details were provided on the project's outputs. A workplan detailing the timing of project activities in a monthly basis was also furnished.

Details and costs of project activities other than forest inventories

Project activities were detailed in the project document along with their respective costs. In addition, a table including a breakdown of project budget by activity was presented. Some new activities were added to the project without making provisions in the budget to cover these costs.

Duplication of efforts with other forestry projects in Cameroon

As currently designed, this project does not duplicate efforts of other forestry projects under implementation in Cameroon. The project was set up to use the experience derived from other projects and thereby making them operational as well as serving as a basis for training.

Compatibility of the data base to be developed with ONADEF's existing data bases.

The revised proposal explains that the data base would be compatible with the standard information systems of tropical forest assessment at the national and FAO/EEC levels. It will also be compatible with ONADEF's existing data bases, and with the centralized system for logging control set up for the moist forest zone of Cameroon in 1988.

Lesproekt's experience with implementing forest inventories in tropical moist forests.

No further information was provided with regard to this issue. However, inventory technologies and methods developed by Lesproekt were successfully applied in the forest conditions of Cuba and Laos. Lesproekt's experience in conducting forest management cycles (inventory-master plan-data bank-management system) will give a good opportunity to find the optimal forestry projecting model for the tropical forest conditions.

Conclusions of the Fourteenth Committee

The Committee noted that the project had been substantially revised in response to the comments and recommendations made by the Seventh Panel of Experts. Although the Committee concluded that the project's technical design had been improved, the Rev.2 proposal still required further adjustments. The Committee felt that the logical matrix framework, institutional arrangements, terms of reference for key project personnel, a map showing the location of the project, and an updated project budget were still lacking. The Delegation of Cameroon agreed to refine the proposal taking into consideration the Committee's recommendations and would submit the final version to Committee's Fifteenth Session in November 1994 in Yokohama, for its final consideration.

Addressing the Fourteenth Committee's Comments

The Committee recommended during its Fourteenth Session that the design of the project should be improved to include:

- The logical framework matrix,
- An organization chart showing the general management of the project, which should have been included in the project document, but was missing.,

- The terms of reference of key project personnel,
- A map showing the location of the project, and
- An updated project budget.

The revised proposal presented included a sketched map showing the location of the project area (p.42) and the terms of reference of key project personnel (Annex 2). The revised version did not include the project logical framework matrix and an organizational chart showing the general management of the project. With regard to the budget, an updated budget was provided, but still included many miscalculations. The figures of the budget need to be reviewed, as well as its presentation (some figures are included in the wrong columns).

Conclusions of the Fifteenth Committee

The Committee noted that the third revision of the project did not include the project framework matrix and an organization chart showing the general management of the project. The budget of this third revision included also some miscalculations. The Cameroonian Delegation informed the Committee that they were ready to further revise the proposal and to submit the revision before the end of the current Session. This was done and a fourth revision which included the missing elements and an updated budget was circulated for review.

The Committee discussed the relation between the project and project PD 22/93 Rev.3 (F) which was also submitted by Cameroon with a similar focus. In general, the Committee considered that there is considerable number of projects under implementation in Cameroon and an efficient mechanism should be developed to avoid duplication and ensure effective sharing of information among the projects. The Committee also considered that lessons learned from these projects should contribute to the implementation of project PD 20/93 Rev.1 (F) which focusses on the development of national forest guidelines. The Committee decided to recommend to the Council to approve the project and allocate \$1,524,475 for its implementation.

2. PD 22/93 Rev.1 (F) Tropical Moist Forest Protection, Rehabilitation, and Management with Local Community Participation in Si-Kop, Coastal Province, Cameroon

Summary of the original proposal

This proposal has been developed under PPD 1/92 (F), which was approved and funded with US\$ 138,000 during the XII Session of the ITTC in Yaounde in 1992. This proposal is the third output of the Pre-Project. The first two outputs being 1) a diagnosis report of the project area and 2) a report on the potential of community forestry to contribute to the protection and rehabilitation of the moist tropical forest in the Si-Kop Region.

The proposed project aims to sustainably manage a tropical dense forest in Cameroon for both timber and non-timber products. Placing the project zone under sustainable timber management will benefit the Cameroonian timber industry, and more generally, address Cameroon's global development goals. The addition of an extractive reserve will promote sustainable non-timber forest use by local people while helping to conserve a rich forest. A program in agricultural intensification will facilitate a move towards less destructive means of meeting local food requirements and indirectly promote forest conservation.

Two specific objectives have been identified:

- To place the forests of Si-Kop under productive sustainable management for both timber and non-timber activities, and
- To gain experience with community forestry in the setting of a tropical dense forest.

Project activities include:

- Implementing activities leading to the development of an integrated forest management plan for the project area,
- Developing an operational harvesting plan,
- Developing and implementing an applied research program;
- Developing and disseminating improved agriculture and agroforestry techniques,
- Establishing an extractive reserve,
- Developing tourism infrastructures,
- Conducting an environment education program, and
- Holding a seminar to discuss and disseminate projects results.

Project Compliance with ITTO Requirements

The Project meets Objectives (f) and (h) of Article I of the ITTA 1983. It is also consistent with basic strategies (b), (f), (g) and (k) in the field of Reforestation and Forest Management as outlined in the ITTO Plan of Action.

Comments of the Sixth Panel

The Panel noted that the project is well formulated in the sense that it considers many relevant aspects of integrated forest management. It also recognized that the overall objective of the project is laudable and falls under the core objectives and priorities of ITTO.

However, the Panel felt that the technical design of the project needs to be strengthened. It noted that additional details about the project area should be provided particularly in regard to the extent and composition of forest types. More clarification is required about some of the proposed activities such as the installation of agriculture demonstration plots and the implementation of an environmental education program.

The Panel sought further information concerning proposed timber harvesting and control in addition to yield estimates and silvicultural treatments which were missing in the project document. The Panel recommended that these details should be outlined in a forest management plan and developed with the participation of local communities. However, this process is not clearly described in the proposal.

The Panel also considered that the amount and types of benefits allocated to the local community as a result of project activities is not clear. It emphasized that the project area should be an economically integrated and sustainable unit in which the local community would be involved. The joint benefit of the local communities, timber concessionaire and the government should be the main output of the project. To that end, the Panel indicated that various opportunities should be examined during the planning of field activities.

The Panel was also concerned with the high project cost when compared to the extent of the project area and the number of local people involved. It considered that some savings are desirable and feasible, especially with regard to the project personnel. Instead of having one agronomist and one agroforestry specialist, the Panel considered that one agronomist with knowledge and experience in agroforestry might be sufficient. Along the same lines, the Panel advised that one nursery manager would probably be enough instead of three.

The planning stage will include an important participatory process to clarify many important issues. Due to the wide scope of the project activities and budgetary requirements, the Panel felt that the proposal should be split into two phases:

- Phase I - a two year planning phase, and
- Phase II - a three year period devoted to the implementation of activities outlined in the plan.

Recommendations of the Sixth Panel

The Panel recommended that:

- a. The proposal should be split into two phases: a planning phase of two years, and an implementational phase of three years.
- b. The above mentioned concerns should be properly addressed in the revised proposal or clarified during the development of the management plan. These include:
 1. Provide additional information about the project area,
 2. Give more details on some of the proposed activities,
 3. Describe how timber exploitation would be carried out and controlled and silvicultural treatments undertaken.
 4. Clarify the involvement of local communities in all project activities.
 5. State how the whole process will be sustained, and how the benefits will be shared between the local communities, forest concessionaire and the government.
- c. Project costs should be reduced.

Conclusions of the Sixth Panel

The Panel concluded that the incorporation of the above essential modifications are necessary for success. It also considered that it would need to review the revised proposal before it could be recommended to the Permanent Committee for appraisal.

Summary of Rev.1 (F)

A revised proposal was submitted by the Government of Cameroon in its effort to respond to the comments and recommendations of the Panel of Experts. The revised proposal (PD 33/92 Rev.1 (F)) includes a revised Project Document and an Addendum. ITTO usually requests the submitting countries to submit revised proposals as a one single document in which revisions (texts and figures) are highlighted (underline or bold or italic characters) for easy reference. This standard format was not followed for PD 33/92 Rev.1 (F), and the revisions are found either in the revised Project Document or in the Addendum. In addition, some important information included in the original version of the project proposal is absent in the revised Project Document. For example the basis for the estimation of project costs and the terms of reference of the consultants were not included in the revised proposal.

The reformulated proposal did not change project's objectives, activities (with the exception of silvicultural activities which were not included in the original proposal and have now been included) and outputs. The changes focused on:

- dividing the project into two phases,
- reducing the duration of assignment for some personnel and related budget adjustments, and
- clarifying the implementation of some project activities.

In comparison to the comments and recommendations made by the Sixth Panel of Experts, the revised proposal was assessed as follows:

Point a: As requested by the Panel, the revised proposal split the project into two phases: a planning phase and an implementational phase. However, instead of the two phases being of a two and three years respectively, they were eighteen months and forty-two months in duration respectively. The revised proposal (Addendum) noted that twelve

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months would have been enough for the planning phase. However, the duration of this phase was extended to eighteen months to allow enough time for the recruitment of international experts and to cover any delay in the initiation of project activities. The revised document stated that a longer period in the planning phase would have an adverse impact on local populations who are usually eager to see the start of field project activities.

Point b:

Additional information about the project area: The first activity to be carried out during the planning phase would be a detailed mapping of the project area, including photo-interpretation, resulting in the precise definition of the forest types, structures and composition within the project area. This detailed study was not carried out during the implementation of the pre-project because of time and financial constraints. However, the project area (53,000 ha) is included in a natural tropical forest of 80,000 ha.

Details of some of the proposed activities: An outline of activities to be carried out during the planning and implementational phases was provided in sections 2.1.1 and 2.1.3 of the Addendum. Additional information on some project activities were provided in section 2.2.2 regarding:

- the establishment of agriculture and agro-forestry demonstration plots,
- the development of an education program in environment protection,
- forest harvesting and silviculture
- involvement of local populations in project activities,
- viability of the development process, and
- distribution of benefits between local populations, the forest concessionaire and the State.

Additional details on project activities will be determined as a result studies conducted by project consultants during the planning phase. These activities will be included in the forest management plan which will be developed in cooperation with local populations.

Control of timber harvesting silvicultural treatments: Section 2.2.2 (c) of the Addendum, describes silviculture and harvesting prescriptions to be included in the forest management plan. These prescriptions will depend upon the information derived from the forest inventories, which will be carried out in the early stage of the planning phase. The inventories will present information on available forest resources and their distribution and structure in the project area. A set of criteria will also be developed for the selection of the forest concessionaire, which might possibly be a forest company or the local community. The revised proposal also explains that the involvement of local populations would be an efficient measure to control the forest harvesting. Provisions have been made in the project's budget to support silvicultural activities.

Involvement of local communities in project activities: Strategies to involve local communities in project activities are clarified in section 2.2.2 (d). Local communities will participate in:

- the development and adoption of the forest management plan,
- employment opportunities and involvement in most project activities,
- the establishment of agriculture and agro-forestry demonstration plots,
- the creation of a cooperative, and
- opportunities resulting from the establishment of tourist infrastructure.

Furthermore, local populations will participate in the project's Consultative and Steering Committees.

Sustainability of the development process and distribution of benefits: This issue is clarified in section 2.2.2 (e) of the Addendum. The implementation of the management plan will result in the sustained production of timber and non-timber products. Other activities initiated by the project will also be pursued on a sustainable basis, including eco-tourism, utilization of improved agricultural and agroforestry techniques and cooperative activities. Education and training will help ensure sustainability. This process will benefit the State (industrial development, taxes, employment, environment, etc.), the timber industry (availability of forest resources) and the local populations (education and training, exploitation of extractive reserves, opportunities from tourism, employment, agricultural development, cooperative activities, etc.).

Point c: Reduction of project costs: The total project cost has been lowered from US\$ 2,508,000 to US\$ 2,228,000, with a reduction of ITTO's contribution from US\$ 1,439,000 to US\$ 1,263,500. The decrease in project costs may be attributed to the shorter duration of some personnel such as the consultants in agronomy (from 5 to 3 months), in cooperatives (from 5 to 3 months), in data processing (from 3 to 2 months), in agroforestry (from 4 to 2 months). Only the duration of the consultant in ecology has been increased from 1 to 2 months. Additional reductions have been made on number and/or duration of the agricultural specialist, forestry technicians, nursery managers, extension agents, the soil conservation specialist and seasonal laborers. Some reduction have also been made on the costs of some project activities such as activities 1.2.1, 1.2.3, 1.2.4, 1.3.1 and 1.3.3.

Comments of the Seventh Panel

The Panel felt that the revised project proposal could not be properly appraised as presented. Although an attempt was made to respond to the comments of the Sixth Panel, the revised document did not follow the usual format for the revised proposals because the modifications and additional information were not integrated into one single revised Project Document. The Panel recalled that Project Document is a legal document approved by the Council. It should include all aspects related to the project in a consistent and logical manner. However, In this case the revisions were scattered in the revised project document and in the addendum attached. These changes need to be compiled into one full document. In addition, the revised proposal needs to take into consideration the following comments for further improvement:

- The linkages between various project components should be highlighted and their contribution to sustainable forest management and forest conservation should be emphasized.
- The project budget is still high and some budget items need to be scaled down such as the cost of typewriters, the preparation of the forest management plan, and so on. The budget allocated to activities such as the establishment of a cooperative (US\$ 108,000), the study for tourism development (US\$ 106,000) and the seminar on community participation and publication of manuals (US\$ 100,000) should be justified.
- An NGO should be included as a third party in the project to help in the development of a cooperative, since ONADEF has no expertise in this field.
- Clarify the current marketing systems in the Si-kop area.
- While the proposed creation of an extractive reserve is appreciated, the potential of non-forest products from the timber production area should not been overlooked. The impact of silvicultural practices on non-forest products should also be carefully monitored.
- Provisions should be included in the project to carry out a continuous inventory to monitor the forest growth in order to determine felling limits, annual allowable cuts, and so on.

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- Although provisions have been made in the budget to carry out silvicultural activities, not much information has been given to the kind of silvicultural treatments to be used. The Panel advised that proven silvicultural systems should be utilized, since the time-frame of the project does not allow for the development of new systems. It is important to avoid duplicating efforts in this area.
- More information should be provided on the kind of tourism expected and potential for the project's area to attract tourists.

Recommendations of the Seventh Panel

- a. The project proposal should be revised taking into consideration the comments made by the Sixth Panel of Experts in addition to those of the Seventh Panel. The revised proposal should be compiled into one single document.
- b. The revised proposal should take into consideration the comments made by the Seventh Panel on project PD 33/92 Rev. 1 (F) *"The Establishment of Demonstration Area for Sustainable Use in the Wood Resource Base of the Forest Enterprise"* as far as socio-economic aspects are concerned.

Conclusions of the Seventh Panel

The Panel concluded that a complete reformulation of the proposal was essential. After reformulation, the Panel needs to assess the revised proposal.

Summary of Rev.2

Project's justification, objectives, activities and strategies have been maintained as in the original proposal. However, the project was reformulated to address many comments and recommendations made by the Panel of Experts. The changes previously presented in an addendum were integrated into a single, unified project document.

The revised document addressed the comments and recommendations of the Seventh Panel in the following manner:

- a) Reference to comments and recommendations by the Sixth Panel:

The Seventh Panel felt that it could not properly appraise the Rev.1 proposal, however it requested the Submitting Country to reformulate the proposal into the appropriate format and provided additional recommendations to improve the technical design of the project. Point 11 above made an assessment of how the sixth Panel's comments were addressed. The primary difference between the Rev.1 and Rev.2 versions was that the modifications in the Rev.1 addendum had been incorporated into a single document. In addition, the total project budget in Rev.2 was reduced further from US\$ 2,228,500 to US\$ 1,963,500. However, the ITTO contribution was increased from US\$ 1,263,500 to US\$ 1,326,700.

- b) Reference to comments and recommendations of the Seventh Panel

- **The linkages between various project components and their contribution to sustainable forest management and forest conservation.**

In Section 3.6 on project strategy, the proposal states that local populations are instrumental for success in sustainable forest management. Their involvement should be secured by taking into consideration their needs and allowing them to benefit from the sustainable utilization of forest resources. The three basic components of the project have been designed for that purpose. The first component is focussed on the protection and sustainable utilization of forest resources, with the establishment of an extractive reserve and the development of tourist activities. The goal is to ensure a supply of traditional forest products to local people while the extractive reserve center could also serve for species conservation and dispersion. As a result, one portion of the forest will be used sustainably while the local populations will be supplied with traditional forest products and their income will increase as a result of

tourist activities. This will decrease their dependance on non-sustainable uses of the and in return will contribute to the conservation of forest resources.

The second component is forest harvesting where the forest is placed under active management. This component will also open a road that will provide market access for agricultural products from the area. This should help increase the income of the local populations, and in turn decrease their direct dependance on forest resources. Poor access to market and low income are the two most critical problems in the region.

The third component involves the support to improve agricultural production, and increase local income, provided that an easy access to markets is improved as mentioned above. Similarly, a raise in income levels will decrease the dependance of local populations and increase their awareness on potential benefits that could be derived from a sustainable forest utilization

- **Budget:**

As previously mentioned, the overall budget has been reduced from US\$ 2,228,500 to 1,963,500. However, the ITTO contribution has been increased from US\$ 1,263,500 to US\$ 1,326,700, while the Government's contribution has decreased from US\$ 964,500 to US\$ 636,500. The decrease of the Government's contribution might be related to the devaluation of the local currency by 50%. The justification of the allocations of budget items are included at the end of the project document, from page 58 to 62 (French version).

- **The Inclusion of an NGO to help in the development of a cooperative**

In the section related to activity 1.2.4 (p.36 of the French version), the proposal states that experienced NGO's are not working in this field. Therefore the establishment of a cooperative will be coordinated by a specialist with the appropriate expertise, with a backing from agriculture services with good experience and who are in charge of developing cooperatives.

- **Current marketing systems in the Si-Kop area:**

Section 3.2 explains that marketing activities are handicapped by the lack of infrastructure. Currently agricultural products must be transported 15-20 Km to be sold during periodic markets. This results in considerable loss of produce and is a disincentive to increase agricultural production.

- **Importance of non-timber forest products from production area and monitoring of the impact of silvicultural practices on non-timber products**

Provisions for the potential production of non-timber products from production area have been included in the section related to activity 1.1.6 (p.34 of the French version). Similarly, in the section related to activity 1.1.2, provisions for monitoring changes in forest stands will be included in the forest management plan.

- **Continuous inventory to monitor forest growth in order to determine felling limits, annual allowable costs, and so on.**

No specific reference was made in the revised proposal concerning this issue. However, as previously stated, provisions for monitoring changes in forest stands will be included in the forest management plan developed by the project. Furthermore, contracts will be negotiated with forestry research institutions. However, the revised proposal does not clarify what aspects will be investigated.

- **The utilization of proven silvicultural systems**

As described in the section related to activity 1.1.6, a forestry research station located near the project site has conducted research on moist dense forests since 1950. A contract will be negotiated with this institution to provide advice on silvicultural activities.

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- **The type of tourism expected and the potential for the project area to attract tourists:**

In the section related to activity 1.3.4 explains that the area is endowed with many tourist features such as the Nkôhôm mountain where a regional contest for mountain climbing is usually held. The beauty of the scenery and the peacefulness of the surroundings could also attract tourists seeking calm and tranquility. Eco-tourism and other research activities in ecology, anthropology, and others also have the potential to attract tourists.

Comments

The Panel noted that the proposal has been substantially revised to address comments and recommendations made by the Panel during its Sixth and Seventh Sessions. It also recognized that the reformulated proposal follows the ITTO project format. However, the Panel believed that the a number of project elements should be more clearly presented:

- **Workplan:** Should be more elaborate and consistent with the ITTO format. It should clearly outline activities, how responsibilities are allocated and time-frame for undertaking the activities in months.
- **Budget:** The reference to the original budget is no longer necessary and the budget should be presented following the format outlined in the ITTO Project Formulation Manual.
- **Logframe matrix:** Should be elaborated in more detail and closely adhere to the format suggested in the ITTO Project Formulation Manual.

The Panel discussed the prospects for the project to achieve some of the outputs, particularly intensifying agriculture and agroforestry activities, and tourism development. With regard to agriculture, the Panel considered that the problem of road infrastructure a serious constraint. Agricultural activities cannot be expected to develop if access to markets is not substantially improved. However, the Panel recognized that this issue was addressed because local populations would allow logging activities in the area on condition that an access road is built by the forest company. A clause to this affect would be included in the forest management plan and developed in cooperation with local communities. The Panel was also unsure how agriculture could be intensified and agroforestry activities developed, when considering the poor economic situation of local communities and the relatively high cost of inputs. The proposal lacked a clear mechanism to tackle this problem.

The Panel emphasized that the lack of a good access road may inhibit tourism development. The Panel also felt that more information concerning the potential of biodiversity in the extractive reserve should be furnished in order to evaluate the potential of tourism. The Panel noted that the planned inventory will probably give much more information on this issue. Members of the Panel also considered that carrying out logging activities next to the extraction reserve may jeopardize its integrity and the development of eco-tourism.

Given the scope of rural activities involving local communities in this project (agriculture and agroforestry activities, the establishment of an extractive reserve, the development of tourist activities, handicraft, organization of a cooperative, etc...) the Panel believes that an NGO should be associated in the implementation of the project. Members of the Panel pointed out that previous experiences involving NGOs in these types of activities in Cameroon have been successful.

With regard to the split of the project into two phases and the fact that the forest management plan would be implemented only after and if it is approved by local communities, the Panel felt that it would be advisable that only a minimum investment be made before the approval of the forest management plan by the local communities. The first phase of the project should concentrate on the development and approval of the forest management plan, which would include strategies to involve local communities in project activities. The second phase should be devoted to the implementation of the management plan with much more investment, specially in infrastructure .

The Panel felt that the budget is sufficiently detailed, but thought that the scope is still too large and needs to be tightened, and some budget items still need justification such as:

- Writing up of the management plan for \$57,000
- Silviculture for \$60,000
- Subregional seminar for \$100,000
- Extension of successful techniques for \$80,000 and extension staff for \$8,000
- Awareness raising for \$25,000

The Panel also made some specific comments on some elements of the proposal:

1. The type of inventory to be carried and its methodology were not outlined in the proposal.
2. Land tenure and land-use planning aspects have not been discussed in the proposal, as well as the rights of local people in the production forest area.
3. Many inconsistencies and miscalculations have been observed concerning the valuation of budget items throughout the document and between the French and English versions.

Overall, the Panel considered that proposed forest activities could be pursued as proposed with some minor adjustments. However, strategies and activities concerning rural development aspects are not clear and need to be reviewed. Therefore, the Panel suggested that a revised proposal be reduced to cover a first phase of the project. This first phase would be devoted to the development of a master development plan for the project area. It would clearly identify the production forest, the agricultural land and the extractive reserve. Phase I would also concentrate on the development of a forest management plan, the identification of local people needs and the design of rural development strategies and activities for local communities to be carried out in a second phase of the project. After the completion of the first phase, a follow-up project, would concentrate on the implementation of the planned activities.

Recommendations:

1. The proposal should be revised and devoted to the development of a master development plan for the project area identifying clearly the production forest, the agricultural land and the extractive reserve, the development of a forest management plan, the identification of local people needs and the design of rural development strategies and activities for local communities. In this regard, the revised proposal could include the following activities:
 - **Activities 1.1.1 to 1.1.6**, as outlined in PD 22/92 Rev.2 (F), which should help achieve output 1.1 related to the long term management plan for the Si-Kop area, with the following amendments and comments:
 - **Activity 1.1.5 - research activities:** The project should be concentrated at this stage on the identification of research needs related to the implementation of the project and the development of a draft agreement to be concluded between the project and research station in the follow-up project. The budget related to this activity should be adjusted to reflect this approach and justified.
 - **Activity 1.1.6:** Even if precise silvicultural systems that would be utilized could not be described at this stage, the Panel felt that it was essential to indicate, in general terms, which approach and what type of silvicultural systems would be used. No budget should be allocated at this stage.
 - **Activity 1.2.4 related to the development of a cooperative:** The training of villagers included in this activity should be performed by an NGO or an expert/specialized institution. It should also take into consideration other training activities undertaken under activities 1.3.2 and

1.3.4. The budget should be reduced taking into account the consolidation of training activities.

- **Activity 1.3.1 related to the design of the extractive reserve:** This should come as activity 1.1.7 of output 1.1. Before the demarcation could start, the Panel found it essential to clarify the legal status of such a reserve in the framework of the new National Forestry Law. In spite of discrepancies observed concerning the budget allocated for this activity (\$50,000 on p.28, \$78,000 on p.38, etc...), the Panel considered that it is too high and needs to be scaled down and justified. The Panel also recommended that reserve boundaries should as far as possible follow natural features.
 - **Activity 1.3.2 related to the development of environmental methods and guidelines:** The Panel considered that the budget is too high and would need to be scaled down and justified, in particular the allocations made for "support to the consultant" (\$10,000) and the one related to the environmental training/education program (\$25,000).
 - **Activity 1.3.4 related to tourism infrastructure:** The project's activity in this field should be concentrated on the development of a tourism master plan for the area and a feasibility study for tourist activities and the construction of a test guest house. The budget allocated should be adjusted accordingly.
 - **Other activities** related to the development of rural activities (1.2.1, 1.2.2, 1.2.3, 1.2.5, etc.) should take place during the follow-up project. Only their planning activities should be considered in the revised proposal.
 - **Workshop:** The Panel suggested to hold a workshop towards the end of the project to review project activities and discuss and finalize the management plan, and the proposal for a follow-up project. An appropriate allocation (perhaps \$10,000) could be assigned for that activity.
2. The project's specific objectives, activities, inputs, outputs and budget as well as the workplan should be reviewed and adjusted to the new set-up. Consequently, the Panel felt that the project title should be changed to reflect the new strategy, and that the project could be concluded within a period of two years.
 3. An NGO and/or specialized experts/institutions should be closely associated in the design of strategies and activities in which local communities would be involved during the follow-up project.
 4. This project should maintain a close working cooperation with the ODA funded Community Forestry Development Project (CFDP) based in the Direction des Forêts in Yaoundé.

Conclusions of the Eighth Panel

The Panel concluded that **only** with the incorporation of the above essential modifications, which were necessary for the project to succeed, the project should be recommended to the Permanent Committee for final appraisal. The Panel emphasized that the Permanent Committee should review the revised proposal in detail in light of the Panel's comments.

Addressing the Eighth Panel's Comments

The Secretariat informed the Committee that the recommendations made by the Eighth Panel of Experts have been addressed in the last revised proposal (Rev.4) submitted by the Cameroonian Delegation. [The third revision (Rev.3) was not discussed by the Committee.] In particular the revisions centered on the following aspects:

- **Project Focus:** As requested by the Eighth Expert Panel, the revised proposal concentrated on the development of a master development plan for the project area, the identification of the needs of local people and the design of strategies for local communities. In this regard the title of the project has been changed to "Forest Management, Community Participation and sustainable Utilization in Si-Kop Forest Area Coastal Province, Cameroon".
- **The Development of a Cooperative:** Provisions have been made to involve an NGO or specialized expert/institution to form a cooperative. The budget for training activities has been reduced from \$25,000 to \$22,000.
- **The Extractive Reserve:** The reserve will be legally classified as a community forest, under the provisions of the new national forest law. The reserve boundaries will follow natural features and the cost for demarcation has been reduced from \$50,000 to \$33,800.
- **Environmental Methods and Guidelines:** The overall cost of this activity has been reduced from \$54,000 to \$25,000. The cost reduction is attributable to the lowering of consultant support from \$10,000 to \$5,000. Training related to environmental education will be consolidated with other training activities performed by the project.
- **The Development of Tourist Infrastructure:** Provisions were made for the development of a tourism master plan by a specialized expert. The expert will also carry out a feasibility study for tourist activities.
- **Other Rural Activities:** The reformulated project will only collect base line data as part of the planning phase for rural activities.
- **Workshop:** A workshop to review project activities, discuss and finalize the management plan and develop a proposal for a follow-up project. A provision of \$10,000 was made to support workshop costs.
- **Project's objectives, activities, inputs, outputs and workplan** have been developed to reflect changes in the one-phase project design.
- The information resulting from the Community Forest Development Project supported by the ODA will be examined to see how it might contribute to meet project objectives.

Conclusion of the Fifteenth Committee

The Committee emphasized the need to properly assess the needs of local communities with regard to the proposed project activities, particularly those related to forest protection and conservation. The Committee also discussed the relation between the project and PD 33/92 Rev.4 (F) also submitted by Cameroon, noting that both projects have a similar focus. The Delegation of the United Kingdom informed the Implementing Agency that a new project, supported by the ODA and with the same focus, has just been launched in Cameroon. The Delegate of the U.K. stressed that mechanisms of cooperation be established with that project as well. Noting that the Panel's concerns have been addressed, the Committee recommends the Council to approve the project and to allocate \$725,102 for its implementation.

3. PD 2/94 Rev.1 (F) Dissemination of Silvicultural Experiences with Promising Forest Species in the Peruvian Amazon Region

Summary of the Original Proposal

The proposed project will be implemented in villages clustered in an area along the Ucayali River in the northeast Amazon Basin of Peru. In order to conserve and properly manage the forest resources found along the river plain, the project proposes to research and modify traditional agroforestry practices.

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Other sustainable agricultural practices will complement agroforestry and help organized Indian villages meet their basic needs.

The project will capitalize on the research already carried out by the implementing agency, The Peruvian Amazonian Research Institute (IIAP) and the Jenaro Herrera Research Center (previously supported by the Swiss). The project will focus its activities from three sites which will be selected as "development units". The project will select and intensively train five promoters. In turn, these promoters along with their families will develop production models at the three centers. The types of production models envisioned include family orchards, agroforestry models, fish ponds and worm cultures. The project intends to document these experiences and disseminate practices to near-by areas of the Peruvian Amazon.

Project Compliance with ITTO Requirements

According to the proposal, the project is consistent with objectives (c), (f) and (h) of the 1983 ITTA. It also complies with the criteria found in Article 23, points (b), (d) and (e) of Paragraph 6. The project is also consistent with the ITTO Action Plan for Reforestation and Forest Management and will apply ITTO guidelines toward natural tropical forest management.

Comments of the Seventh Panel

The Panel felt that the activities proposed by the project were "off-mark". The Swiss Development Corporation had supported activities in the project area from 1967 to 1989. During this period, activities evolved from first and integrated rural development approach to one involving research. A number of silvicultural activities were undertaken beginning in 1971, where 103 native species were planted in species trials. Based on this background information, the Panel noted that:

- The target area is far removed from potential markets, with a 14-17 hour boat trip to Iquitos, the nearest urban center of potential significance.
- The integrated development approach is not particularly relevant to ITTO's core priorities, however, sustainable agricultural development is mentioned in ITTO's action plan as a means to alleviate pressure on existing forests. Reasons for ITTO support, mentioned on Page 14 (English version) are not appropriate, that is, ITTO should not be regarded as only a funding agency.
- The experiences from the Swiss project are not presented in the proposal, including some of the research that was carried out which could provide a solid basis for activities.
- Additional information on the condition of the natural forest in surrounding areas, particularly the ones prone to flooding, should be provided in the proposal. The proposal should mention any forest inventories that have been carried out.
- The budget required more detailed justification.
- The Executing Agency, IIAP, is basically a research organization and may lack the experience and expertise to implement the integrated development project as proposed.
- Project objectives are not clearly linked to proposed activities.
- The site has potential for silvicultural activities, particularly if they are to follow-on the experiences of the Swiss project.

Recommendations of the Seventh Panel

The Panel felt that the project should be completely reformulated by building upon the experiences in forestry initiated by the Swiss project. The reformulated project could utilize the results of research on

native species and present ideas for strengthening forestry activities in the proposed communities. The revised proposal should closely follow the format in ITTO's Project Formulation Manual.

Conclusions of the Seventh Panel

The Panel felt that complete reformulation of the proposal was essential. After reformulation, the Panel needs to assess the revised proposal.

Summary of Rev.1

This proposal was reviewed by the Seventh Panel under a different title: *"Integrated Rural Development in Jenaro Herrera"*. The time period has been reduced from four to three years and subsequently, the budget has also been lowered from US\$ 803,500 (ITTO funding) to US\$ 457,600.

The Seventh Panel had concluded that a complete reformulation of the project was essential, and that it would need to assess the revised proposal. The Seventh Panel felt that the project should be completely reformulated by building upon the experiences in forestry initiated by the Swiss project.

Although the project will still work in the same area, Jenaro Herrera, it has been completely redesigned. The description of the project area is basically the same as in the original proposal but more attention is given to past experiences with the silviculture of native species. The development objective is now oriented towards the development of a sustainable use and management of ecosystems in the low forest region by disseminating the results derived from 25 years research on the silviculture of native forest species. The three specific objectives have been changed to increase professional skills in forest management and maintain the training and demonstration infrastructure in Jenaro Herrera. In line with the reformulated objectives, activities and outputs are now completely different.

This project intends to strengthen the institutional capacity of the implementing agency, IIAP (Peruvian Amazon Research Institute) to carry out research on native species. It will provide training to professionals and support the continuation of research activities initiated with assistance from other donors. The project will also improve and upgrade infrastructure, particularly the nursery, seed storage facilities and experimental plantations. The project will also conduct workshops at the beginning and end of the project in order to provide an opportunity for the participation of a range of national level institutions. Research results will be published and disseminated to interested parties as well. Local workshops are also planned for neighboring communities.

The proposal follows the ITTO format, and contains a logframe matrix with a schedule of activities over the project period. A detailed budget is provided but is not broken down by output/ activity. The program support budget is not correctly calculated and the funds for ITTO monitoring and evaluation costs over the three-year period are not sufficient.

The Panel recalled that during its last meeting it had requested a complete reformulation of this proposal. The Panel noted that the proposal was substantially revised, and as such, the project title was changed to reflect its new focus. The Panel also observed that the project duration had been reduced from four to three years, and the budget had been reduced considerably.

Relevance to ITTO and Formal Presentation

- a. The revised project is very relevant to ITTO's objectives and priorities.
- b. The proposal generally follows ITTO's format.
- c. The project duration is three years and the objectives are realistic for this time frame.
- d. A significant amount of background information is no longer relevant to the project such as livestock and agriculture. This information is no longer needed and should be eliminated.

- e. The document should provide additional details concerning the pre-project situation, particularly with Silvicultural aspects. The document should also provide more information on the 150 ha of experimental plantations in addition to an overview of data collection, the data bank, and available infrastructure.
- f. The proposal makes contradictory statements about the local economy. Is it based on subsistence agriculture or is it based on logging? What is the opportunity for extension work in the local area?
- g. On page 12, there are some typographical errors in the logical framework matrix.
- h. The proposal should present maps which would also show existing infrastructure.

Technical Appraisal

- a. There is substantial Silvicultural information in the field and in the data bank that have not been disseminated. This project will provide a good opportunity.
- b. The modified objectives are now more specific. The development objective is well stated.
- c. Specific objectives should provide greater emphasis on the silvicultural aspects. Silvicultural features should be stressed instead of forest management aspects.
- d. There is already a data base and publication on promising species in Jenaro Herrera. There is also a publication on silviculture, and these should be used in the project.

Material Feasibility

- a. This project should disseminate silvicultural knowledge and experience not only to managers but to farmers and representatives of reforestation committees as well. The Panel noted that only 50 people are to be trained, but if communities are included it could be many more.

Training for communities should be emphasized, even if it is done through the training of trainers.

- b. Implementation experiences of IIAP are not well described.
- c. The footnote on page 25 of the budget section states that no new personnel will be hired by the project. However, the Panel was concerned about the sustainability of project activities. The proposal should present details on how many people are now working at the Center, and describe their qualifications.
- d. The Panel noted that US\$403,000 is budgeted for existing personnel and raised questions about institutional strengthening because salary levels would fall back to their previous levels after the project is concluded. The Panel noted that the current level of resources should be specified to clarify this point.
- e. The Panel questioned how the Center will promote sustainable forest management. The project strategy should, in the long run, attempt to disseminate results widely throughout the country and even to other nations in the Amazon River Basin including Brazil, Venezuela and Ecuador. The species mentioned are widespread throughout the Amazon.
- f. The Panel saw that a preliminary workshop will be held with local and national institutions. The Panel questioned where the workshop will be held and its relationship with project activities.

Budget

- a. The budget is still not broken down by activities.
- b. The Panel requested clarification on exactly what is meant with the line item "disseminations" and whether this is money for extension workers, teachers or others.

Recommendations of the Eighth Panel

- a. Eliminate the background information which is no longer relevant to the proposal.
- b. Provide more information on the 150 ha of experimental plantations in addition to an overview of data collection, the data bank, and available infrastructure.
- c. Provide more details on the pre-project situation and clarify the economic situation of the local economy.
- d. Include maps of the region/project area, and correct the typographical errors in the logical framework matrix.
- e. Rephrase objective #1 to stress the silvicultural aspects of the project and strengthen the linkage between the development objective and the specific objectives.
- f. Mention how the data base and previous publications will be used in the project.
- g. Describe how the results from silvicultural research will be disseminated to users at local, national and international levels. Include more detail on the workshop. Specify the role of PUBLIFOR.
- h. Explain how the project will deal with issues regarding IIAP's ability to implement the project (including existing human resources) and institutional sustainability.

- i. Improve the budget by clarifying what is meant by "dissemination" and group line items by outputs/activities.

Conclusions of the Eighth Panel

The Panel concluded that, with the incorporation of the above essential modifications, which were necessary for the project to succeed, the project should be recommended to the Permanent Committee for final appraisal.

Addressing the Eighth Panel's Comments

The Panel recommended the project proposal to the Permanent Committee for final appraisal contingent upon the incorporation of its recommendations into a revised proposal. The proposal was amended and submitted to the Secretariat but due to an oversight, the annexes were not received. Upon notification of this problem, the Government of Peru provided the annexes which arrived after the proposal had been reproduced, so they are circulated as PCF(XV)27.

The XIII Panel's recommendation have been incorporated into the revised proposal in the following manner.

- a. The Panel recommended that the background information which is no longer relevant to the proposal be eliminated.

The revised proposal has omitted sections referring to agriculture and cattle raising from Section 3.2 Characteristics of the Area.

- b. The Panel requested more information on the 150 ha of experimental plantations which should include the process for data collection, a description of the data bank, and available infrastructure.

An overview of the research program is presented on Pages 2-3 of the English version of the Project Document. A description of the data collection methodology, the data bank and analysis is detailed in Section 2 "Origin".

Annex 4 presents an in-depth description of the methodology under a variety of silvicultural conditions.

- c. The Panel requested the proposal to provide more details on the pre-project situation and clarify the economic situation of the local economy.

On page 2, Section B, point 2, the revised proposal explains that the IIAP program is aimed at carrying out socio-economic research in line with the development needs in the region.

- d. The Panel also requested the proposal to include maps of the region/project area, and correct the typographical errors in the logical framework matrix.

Annex 2 contains a map of the project area and a layout of the trial plot area. The logical framework matrix has been adjusted to coincide with the redefinition of Specific Objective #1 and additional activities supporting project objectives.

- e. The Panel felt that objective #1 should be rephrased to stress the silvicultural aspects of the project and strengthen the linkage between the development objective and the specific objectives.

Specific Objective #1 has been rephrased in line with the Panel's recommendations: "To increase the knowledge of the rural communities, professionals and technicians in the Peruvian Amazon regarding the silvicultural management of promising forest species plantations in Jenaro Herrera".

- f. The Panel thought that the proposal should mention how the data base and previous publications will be used in the project.

In Section 3.6.2 of the revised project proposal, an explanation is provided on documents produced by research previously undertaken at the project site. The project will utilize these documents as reference and training materials as well as to help reformulate the research plan. The project will continue to utilize the PSP system for collecting and analyzing silvicultural data.

- g. The Panel recommended that the revised project document describe how the results from silvicultural research will be disseminated to users at local, national and international levels. It also requested more detail on the workshop and for the role of PUBLIFOR be specified.

The revised Project Document furnishes statements on how the results will be disseminated under Output 1.2 on page 11, and Section 8.1 on Page 24. Activities under Output 1.1 describes the workshop in more detail. The revised proposal also mentions that documents will be published and disseminated through agreements established with REDINFOR and by contracting the services of specialized agencies such as PUBLIFOR and CETA.

- h. The Panel asked for an explanation on how the project will deal with issues regarding IIAP's ability to implement the project (including existing human resources) and institutional sustainability.

The section on Institutional Arrangements provides an explanation on the management structure of the project. The revised proposal explains that IIAP has sufficient technical expertise to implement this project. Annex 2 lists the key personnel based at its research center in Jenaro Herrera and describes their qualifications and experience.

- i. The Panel requested that the budget be clarified to define what is meant by the line item "dissemination" and group line items by outputs/activities.

Although the budget has been slightly revised, the total amount remain the same. Budget line items have not been grouped by output/activities, nor has an explanation been provided on what is meant by "dissemination". The amount allocated to ITTO Monitoring and Evaluation is not sufficient for a three year period and should be increased from \$15,000 to \$30,000. Moreover, the line item for ITTO Program Support costs has not been calculated at 5.5% and should be adjusted downwards from \$25,000 to \$24,618. With these budget changes the total ITTO contribution should stand at \$472,218 and the project total including the Peruvian Government's contribution should be \$690,268.

Conclusions of the Fifteenth Committee

The Committee recognized that the project provides a good opportunity to disseminate experiences, and requested an explanation on how the project would interact with other research stations carrying out similar types of activities in Peru. The Delegation of Peru explained that experiences would be shared with other research efforts through the IIAP network, and by both formal and informal two-way exchanges of information. The Committee saw that this project would also provide an opportunity to share experiences with other projects in similar countries such as PD 172/91 Rev.2 (F) in Caquetá, within the Colombian Amazon. After clarification of some minor budgetary details, the Committee recommended that the Council approve this project and allocate \$472,218 for its implementation.

4. PD 4/94 Rev.1 (F)

East New Britain Smallholder Balsa Afforestation Project

Summary of the original proposal

Cocoa and copra are the main cash crops of the smallholder farmers of the East New Britain Province of PNG. However, these crops are fetching low market value in recent years, resulting in the reduction of the smallholder's income. Diversifying crops by incorporating balsa wood production on small farms

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could improve the economic situation of the existing smallholder farmers since comparatively good returns are available for balsa.

The objective of the project is to develop balsa farming as an additional cash crop by providing capital and technical support to smallholder farmers to overcome the main obstacles of balsa farming. Project activities include:

- The developing of approximately 100 smallholder blocks of at least one hectare each, planted with balsa.
- Establishing nursery facilities to provide planting materials.
- Providing technical support for project activities and promoting balsa farming through extension.
- Establishing a system to monitor growth, pests and diseases.

Project Compliance with ITTO Requirements

The project proposal is related to objective (f) as outlined in Article 1 of the ITTA. Furthermore, the project conforms to basic strategy (i) outlined in the ITTO Plan of Action in the field of Reforestation and Forest Management.

Comments of the Seventh Panel

The Panel regarded the concept of developing Balsa as an alternative "cash crop" to be of value. The proposal's feasibility assessment could have been strengthened if a comparative cost/benefit analysis with cocoa and copra farming had been included. The Panel noted that the project has not been developed in accordance with the ITTO Manual for Project Formulation. The Panel further noted that the budget is too high in comparison with the scope of the project which will focus on the establishment of about 100 ha of Balsa wood.

Furthermore, the Panel was concerned about a number of technical issues. Yield predictions, Balsa prices and expected internal return rate appear to be unrealistically high and should be reviewed. The Panel thought that the proposal should provide information on current supply and demand of milling companies operating near the project site and their potential involvement in project activities.

The Panel felt that the project should place greater emphasis on extension activities noting that a description of the nursery site is not provided. The Panel questioned the need to establish a nursery, considering difficulties related to Balsa seeds treatment and the nursery operations. The Panel thought that direct seedling when combined with adequate site preparation could be a good alternative to nursery production. Furthermore, Ecuador has considerable experience establishing and managing Balsa plantations. This experience could help strengthen the project's technical merit. The Panel concluded that two cost/benefit analyses would be of benefit: one from the project as a whole, and the other from the participants' standpoint. The Panel remarked that extension costs are not broken down and questioned whether a dump truck is really needed. Finally, the potential environmental impact of proposed activities were not discussed in the project document and should be included.

Recommendations of the Seventh Panel

The Panel recommended that improvements be made in project design taking into consideration the above comments in addition to the following specific recommendations:

- a. The proposal should be developed according to the ITTO Manual for Project Formulation.
- b. The project should change its strategy from nursery seedling production to direct seeding of the plantation site after appropriate site preparation has been done.

- c. The budget should be reduced to coincide with the project's scope because the cost of plantation establishment appears high on a per hectare basis.
- d. Assumptions for Balsa yield estimates and internal rate of return calculations should be reviewed to ensure realistic outcomes.
- e. Additional information should be provided on the project site and how milling companies might be involved in the project.

Conclusions of the Seventh Panel

The Panel concluded that with the incorporation of above essential modifications, which are necessary for success, the project could be recommended to the Permanent Committee for appraisal.

Addressing the Seventh Panel's Comments:

The project was substantially revised to respond to the Panel's comments and recommendations. A subsequent visit to the project site concluded that the original objective of the project, which focussed on the establishment of 100 smallholder blocks of one hectare each, was inappropriate. New developments had already taken place in the project area, particularly the establishment of Balsa nurseries and plantations. However, the visit revealed that there is a considerable need for coordinating industrial development, as well as smallholder extension, and for forestry/agriculture staff training and, genetic improvement of Balsa planting stock. The proposal was reformulated to address these new issues. Project outputs will include farmer extension and training, industry staff training, an organizational structure for coordinating industrial activities, and the establishment of a balsa seed orchard.

In this context, it is evident that most of the Panel's comments and recommendations were no longer relevant to the revised proposal. However an assessment of the revised proposal in relation to the Panel's comments and recommendations as follows:

a. Project format:

The proposal has been reformulated according to the ITTO Manual for Project Formulation. Development and specific objectives, activities, inputs and outputs are presented in a logical and comprehensive order. However, the project budget was not broken down by output/activities. The proposal was explained that this would not be practical because the bulk of the project will be comprised of the coordinating and training activities which are integrated and vary priority over different stages of the project.

b. Change of project strategy from nursery production to direct seeding:

Although the project is no longer concerned with direct establishment of Balsa nurseries and plantations, the revised proposal gave the impression that there are no particular technical difficulties in carrying out these activities. Smallholder planting was already occurring at a satisfactory rate and existing nursery facilities appear to be adequate. One of the balsa mills had established its own nursery and is selling seedlings. Furthermore the PNGFA, the Forest Research Institute and the Department of Agriculture and Land Livestock all have a good expertise and are experienced with balsa nurseries and plantations. The problems identified are related to nursery management and adequate supply of quality seed, and poor silviculture practices.

c. Reduction of the budget to coincide with the project's scope:

The overall budget of the project has been increased from \$261,000 to \$300,000. However, the ITTO contribution has been reduced from \$261,000 to 232,000. These changes were made in response of Panel's recommendations. They reflect the new objectives and activities of the reformulated proposal.

- d. Review of the assumptions for balsa yield estimates and internal rate of return calculations.

Balsa yield estimates still stand at 300 cubic meters per hectare over five years, as in the original proposal. The internal rate of return has not been calculated in the reformulated proposal, either for the overall project or for the participants' standpoint.

- e. Additional information on project site and on the involvement of milling companies in project implementation:

The specific objectives of the project have been substantially changed and the project is now focussed on institutional organization and strengthening with the view "to act as a catalyst for the future orderly and structured development of the balsa industry". The main input of the project is a consultant who will provide technical expertise and coordination. The project site is the Gazelle peninsular area where all potential partners are located. However, the precise site was not specified for the establishment of a seed orchard in the reformulated proposal.

The milling companies will cooperate in the revised project. They will also be involved in training activities related to nursery management, plantation establishment and maintenance, and balsa wood processing. Through the coordination process, they will also be involved in planning marketing strategies and monitoring market development.

Conclusions of the Fourteenth Committee

The Committee noted that the project strategy had been reoriented and that the revised proposal focussed on different objectives rather than those included in the original proposal. It also acknowledged the declaration made by the Papua New Guinea Delegation that the revised proposal was not a complete departure from the original's development objectives. The revisions were made to strengthen the project's ability to promote the development of the balsa industry by enhancing coordination between growers and industry. The Committee also noted that the revised proposal would provide greater focus on training in nursery management, silviculture techniques and balsa wood processing.

Since specific project objectives had been changed along with project activities, the Committee felt that it would be better to refer the proposal to the VIII Panel of Experts for appraisal, prior to further consideration by the Committee during its Fifteenth Session.

Summary of Rev. 1

The project is to be conducted in the Gazelle Peninsular area of the East New Britain Province. The project area is currently depressed owing to low agricultural commodity prices, which are forecast to continue at least for the medium term. Balsa is rapidly becoming an important means for farmers to diversify production. However, industry support and infrastructure is under-resource and uncoordinated and, balsa management is generally of very poor standard.

The objectives of the project are to improve the institutional and organizational effectiveness of the developing industry and, to improve smallholder incomes through balsa development, extension and training and through genetic improvement of planting stocks.

Project outputs will include farmer extension and training, industry staff training, the development of an organizational structure for coordinating industry activities, and the development of a seeds orchard.

Under the overall responsibility and guidance of the PNG Forest Authority, most of project activities will be coordinated and controlled by an independent person on a contract basis in order to avoid potential conflicts among various Ministries involved in balsa wood production, processing and marketing.

Project Compliance with ITTO Requirements

The project is one of facilitation and meets objective (f) of article I of the ITTA of 1983. It is also consistent with basic strategies (i) and (l) of the ITTO Action Plan in the field of Reforestation and Forest Management.

Comments of the Eighth Panel

The Panel recognized that the Project is relevant to ITTO objectives and priorities because it relates to the production, processing and marketing of an industrial tropical timber species traded in the international timber market. The Panel also noted that the proposal has been substantially reformulated. The new version had addressed most previous concerns of the Panel with regard to the development of Balsa wood industry in the Province of New Britain. The Panel noted that the project has been reoriented to focus on the improvement of the institutional and organizational effectiveness of Balsa industry through farmer extension and training, industry staff training, coordination of industry activities, and the establishment of a seed orchard. The Panel felt that this is a much more sound approach than the development of small holders plantations as proposed in the previous project strategy. The revised project reflects the actual situation of the country as far as Balsa wood industry is concerned.

Taking into consideration the new strategy of the project, the Panel also discussed whether the project should still fall under the responsibility of the PC of RFM or it should be transferred to the PC of Forest Industry. The Panel observed that the main activities are in the field of forestry, and includes farmer extension and training in Balsa wood production and the establishment of a seeds orchard. The Panel concluded that the project has activities related to both Committees, it should still be kept in the portfolio of projects under the supervision of the PC of RFM.

The Panel also noted that the project title no longer reflects the project's objectives and activities and recommended changing the project title. The Panel also underscored that the consultant hired is instrumental to the success of the project. Therefore, a TOR for this position should be carefully developed and included in project document.

The Panel made also some specific recommendations to improve the technical design of the project.

Recommendations of the Eighth Panel

- a. The project title should be changed to coincide with project's objectives and activities.
- b. The TOR of the consultant should be drawn up and included in the project document.
- c. The framework for farmer extension and training should be clarified.
- d. Mechanisms to sustain the activities of the seed orchard should be presented in the proposal.
- e. The Panel acknowledged that it is difficult to break down the budget by activity for this type of project. However, some project activities or budget items might have been underestimated, such as duty travel (\$5000), when considering the travelling requirements for extension purposes. Therefore, the Panel believed that a tentative allocation of budget by activity should be provided.
- f. Specifically mention which aspects of the Balsa industry will considered in the project and clarify the involvement of industry in project activities.

- g. The Panel observed that the proposal is confusing regarding its socio-economic implications. The proposal should clarify exactly the potential socio-economic impact, particularly in reference to the statement made on crime reduction.

Conclusions of the Eighth Panel

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.

Addressing then Eighth Panel's Comments

The Eight Panel of Experts concluded that some minor amendments were necessary to improve the technical design of the project. All the recommendations made by the Panel were addressed, with the exception of clarifying the involvement of the industry in the development of the project.

1. The title of the project has been changed to reflect the objective of the project which is now the strengthening of the institutional framework (organization and coordination) for the development of the Balsa industry in the province of New Britain. The former title was "East New Britain Smallholder Balsa Afforestation Project", when the project was concerned with the establishment of Balsa plantations.
2. The TOR of the consultant have been drawn up and is included in the project document as Annex I.
3. The framework for farmer extension and training have been clarified and the explanation is included in Annex II of the document.
4. Mechanisms to sustain the activities of the seeds orchard are included in Annex III of the project document.
5. The project budget is presented by activities (p. 17), as requested by the Panel.
6. The socio-economic impacts of the project have been clarified and the discrepancies observed in Revision 2 have been resolved. In particular it was re-emphasized that the project will have a positive impact in reducing crime in the project area.

No additional information was included in the revised proposal with regard to the aspects that the industry will consider in the project, and clarification of the involvement of the industry. It could be recalled that Rev. 2 mentioned that the milling companies will cooperate. They will also be involved in training activities related to nursery management, plantations establishment and maintenance, and balsa wood processing. Through the coordination process they will also be involved in planing marketing strategies and monitoring their developments. The provisions have not changed in Rev.2 and they have not been further clarified.

The overall project budget has been increased from \$300,000 in Rev.1 to \$365,000 in Rev.2, with the ITTO contribution increasing from \$232,000 to \$283,000. However, the total ITTO contribution and the allocation made for ITTO monitoring and evaluation, as presented on Page 17, needs to be clarified. In addition, an appropriate allocation should be made for ITTO project administrative costs (5.5%).

Conclusions of the Fifteenth Committee

The Committee noted that all recommendations made by the Eighth Panel of Experts have been satisfactorily addressed in the revised proposal, with the exception of the involvement of the balsa industry in the project. In connection with that concern, the Committee expressed satisfaction over the additional information provided by the PNG Delegation. The Committee also discussed the mechanisms that would be used for the effective consultation of local communities and the prospects of the international balsa trade. The PNG Delegation informed the Committee that the City of Rabaul was recently affected by the

eruption of a volcano. As a result, the project might not receive adequate logistical support if it were to start immediately. The PNG Delegation proposed that a period of six months would be necessary to have a clear picture of the situation and make all necessary arrangements for the project to commence. The Committee decided to recommend to the Council to approve the project and allocate \$289,070 for its implementation. The Committee also agreed on the proposal made by the PNG Delegation to delay the start-up of the project for about six months.

TABLE A

TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT
CONSIDERED DURING THE FIFTEENTH COMMITTEE SESSION

PROJECT/ PRE-PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	BUDGET ITTO CONTRIBUTION (US\$)	DURATION (Years)	GEOGRAPHICAL COVERAGE	RECOMMENDATION (*)
		Art.23 Para.2	Art.23 Para.5					
PD 33/92 Rev.4	c, f, h	R & D	a,b,d,e	all	\$ 1,524,475	5	Cameroon	4
PD 22/93 Rev.4	f ,h	Facilitation	a, b, c, d, e	a,b,c,d,e	\$ 725,102	2	Cameroon	4
PD 2/94 Rev.2	c,f,h	Facilitation & Demonstration	b,d,e	b,d,e	\$ 472,218	3	Peru	4
PD 4/94 Rev.2	f	Facilitation	all	all	\$ 289,070	2	Papua New Guinea	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).
- 8: Decision deferred until next Session
- 9: Referred back to the Expert Panel

TABLE B

TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT
EVALUATED BY THE EXPERT PANEL BUT NOT CONSIDERED BY THE FIFTEENTH SESSION

PROJECT/ PRE-PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	BUDGET ITTO CONTRIBUTION (US\$)	DURATION (Years)	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		Art.23 Para.2	Art.23 Para.5					
PD 197/91 Rev.4	c, f, h	R & D	all	all	986,000	5	Philippines	9
PD 3/94 Rev.1	c,f,h	Demonstration	all	a, d, e	1,403,400	3	Peru	9
PD 40/94	F	Demonstration			1,874,000	5	PNG	9
PD 42/94	c, f	Facilitation			662,500	3	Peru	9
PD 44/94	c,f,h	Demonstration			197,100	5	Panama	9
PD 49/94	c	Demonstration			174,897	2	Venezuela	9

- 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).
- 8: Decision deferred until next Session
- 9: Referred back to the Expert Panel

APPENDIX II

Report of the ad hoc group on Demonstration Areas for Sustainable Management

In response to the request of the Secretariat to suggest further steps for setting up a network of Demonstration Areas, the PCF established an ad hoc group. A fair number of delegates from Producer countries representing the three main regions and from Consumer countries took part in the discussions.

The ad hoc group took note of the Terms of Reference for the implementation of PCF Pre-project entitled "Demonstration Areas for Sustainable Management of Production Forests", found in PCF(XII)/17 Rev.3 and also took into consideration the PCF(XV)/21 document, "Nominated Demonstration Areas for Sustainable Management of Tropical Forests PPD 8/93".

The ad hoc group favored the identification of national demonstration areas as being areas under actual forest management/exploitation which in the view of the represented country, represents a high level of performance according to ITTO's guidelines, criteria and indicators. The ad hoc group considered that the general objectives and the specific objectives of Demonstration Areas were adequately described in document PCF(XII)/17 Rev.3 and emphasized the following merits of operational demonstration areas:

- Demonstration areas could serve as an example of presently achieved performance levels in forest management, and stimulate improved management practices in respective countries.
- A regional network of demonstration areas could stimulate an exchange of information, and the adaptation of methods at regional and international levels.

The Canadian initiative on the establishment of a network of demonstration areas was mentioned as a possible reference for ways and means to operationalize the actual function of a demonstration area, and a regional network. It was stressed that the demonstration function should be very much initiated and supported by the management team of the production forest area. In consequence, regional contacts between demonstration areas and regional seminars should rely heavily on the forest management staff of the respective demonstration areas.

The ad hoc group underlined the necessity of highlighting those additional activities which would be required for a demonstration area, (e.g. providing specific information, receiving visitors, organizing seminars, etc.). The ad hoc group noted that up to now, nine countries had submitted forms nominating eleven potential demonstration areas in response to the letter sent by the Executive Director on 9 September 1993. The forms allow for only a limited amount of information of which the consistency has not yet verified. Some of the information on the form is inconsistent, and should be clarified by the Secretariat.

The ad hoc group made the following recommendations for future activities within PPD 8/93 (F):

1. The Secretariat should, in collaboration with the relevant country, collect additional information, where necessary, to provide consistent descriptions of demonstration areas (size, production function) and report to the PCF at its next session.
2. To ask the Secretariat to request the relevant countries to submit a summary of information on the ecological and social aspects of the demonstration areas including the management/exploitation history.
3. To request the Executive Director continue to invite countries to nominate potential demonstration areas.

/...

4. To ask the Secretariat, in collaboration with countries hosting a demonstration area, to identify activities to share information on the demonstration area.
5. To ask the Secretariat to urge host countries to stimulate the implementation of the activities mentioned under Point 4 above, and if relevant to submit projects to ITTO to obtain the necessary funds for this purpose.
6. To request the Secretariat to include their visits concerning demonstration areas in their operational travel plans.

ADDENDUM

Item 9. No.5 PPD 12/93 (F) "Biotechnology and Sustainable Production of Tropical Timber"

The Spokesperson from the Producers' Caucus informed the Committee that the members from Producer Countries support the revised Outline for the study presented in Document PCF(XV)/18 Ammend. 2 (dated 15 November 1994). The Producer Countries reaffirmed the importance of this study for defining the role of biotechnology to help achieve sustainable forest management. This revised outline provides a balanced approach for considering biotechnology issues from both the supply and demand sides. The Committee agreed with the text and requested the Secretariat to pass it on to the Consultants as a Terms of Reference for the Consultants' work.

Item 13. Election of Chairman and Vice-Chairman for 1995

The Producers' Spokesperson nominated Mr. Derk de Groot (Netherlands), the current Vice-Chairman of the Committee as Chairman for 1995, and nominated Ing. Angel Murillo Reina (Honduras) as Vice-Chairman. The Delegate of China seconded these nominations and the Committee accepted these candidates as Chairman and Vice-Chairman during the next year.

Item 15. Any Other Business

The Committee reviewed the revised text under heading A, *Work of the Committee and Secretariat* and found the working to be acceptable.

Item 17. Report of the Session

The Committee adopted the Report of the Committee as detailed in Document PCF(XV)/29 Rev.1 (F) with the amendments contained herein in the present document.

Distr.
GENERAL

PCI(XV)/6
16 November 1994

Original: ENGLISH

FIFTEENTH SESSION
8 - 16 November 1994
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
FIFTEENTH SESSION OF THE PERMANENT
COMMITTEE ON FOREST INDUSTRY

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Report

Appendix I Fellowships and Grants Approved

REPORT

1. Introduction

The Fifteenth Session was opened on 8 November 1994 by Franklin C. Moore (United States), the Chairman of the Committee. The list of Participants is reproduced in Document ITTC(XVII)/Info.3 Rev.1.

2. Adoption of Agenda and Organization of Work

At its first meeting on 8 November 1994 the Committee adopted the agenda of its Fifteenth Session as contained in Document PCI(XV)/1 Rev.1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document ITTC(XVII)/Info.4.

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

Part I - Market Discussion: "Changes in the Panel Trade"

Part II - Annual Review and Assessment of the World Tropical Timber Situation

The main theme of the 1994 Market Discussion was "Changes in the Panel Trade". The Rapporteur was Mr. Geoffrey Pleydell, Trade Advisor of the UK Delegation.

The following were the discussion leaders and the topics of their presentations:

Mr. Gabriel Gasparetto
Executive Director, AIMEX
Belem, Brazil

"Overview of issues arising from the recent
International Congress of Tropical Plywood
Belem, Brazil"

Mr. Antonio Bernas
Chairman of the Board, Philippine Wood
Producers' Association
Manila, Philippines

"Sources of tropical plywood and prospects for
development"

Dr. Shuichi Kawai
Associate Professor
Wood Research Institute
Kyoto University
Kyoto, Japan

"Changes in the Japanese structural panel
market"

Ms. Julie Jack
Coordinator (International Trade) American
Forest and Paper Association
Washington, D.C., U.S.A.

"Competition between tropical and temperate
plywood in North America"

A fuller account of the Market Discussion is reproduced as Appendix B to the report of the Permanent Committee on Economic Information and Market Intelligence.

5. Report on Completed Projects

The Committee took note of the work accomplished on the projects completed since its last Session:

- | | |
|---------------------|--|
| PD 63/89 Rev.1 (I) | LOW-COST HOUSES FROM SMALL DIAMETER TREES, PLANTATION THINNINGS AND TREE TOPS AND BRANCHES |
| PD 154/91 Rev.2 (I) | INTEGRATED DEVELOPMENT OF TIMBER AND TIMBER PRODUCT MARKETING STRUCTURE IN ECUADOR |
| PD 155/91 Rev.2 (I) | SUSTAINED FOREST INDUSTRY DEVELOPMENT IN THE ANDEAN GROUP COUNTRIES |

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(XV)/3.

6. Report on Completed Pre-Projects

The Committee took note of the information by the Secretariat that two pre-projects had been completed since its last Session:

- (i) INSTITUTIONAL STRENGTHENING OF IBAMA'S FOREST PRODUCTS LABORATORY
- (ii) TECHNICAL AND ECONOMIC FEASIBILITY OF LARGE-SCALE CONSTRUCTION OF WOODEN HOUSE IN BRAZIL

The Committee decided to postpone consideration of these pre-projects for its next Session because the pre-project reports were not available in time for appropriate advance distribution to members.

7. Report on Project Work in Progress

The Committee reviewed the work underway in twenty-two ITTO approved and financed projects in the field of Forest Industry. The full report on project work in progress is reproduced in document PCI(XV)/4.

Further information on implementation progress was given by the ITTO Secretariat, member countries and implementing agencies on the following projects:

- | | |
|----------------------|--|
| PD 3.a/87 Rev.2 (I): | <u>Enhancing Locally the Value of Lesser Known Species (Manufacture of Blockboards from Lesser Known Species in Cameroon)</u> |
| PD 4/87 Rev.1 (I): | <u>Training in Planning and Management of Forest Industries in Developing Countries</u> |
| PD 12/87 (I): | <u>Research on Utilization of Tropical Timber in Construction</u> |
| PD 47/88 Rev. 2 (I): | <u>Utilization of Lesser Used Species as Alternative Raw Materials for Forest-Based Industries</u> |
| PD 60/89 (M,F,I): | <u>Fellowship and Related Assistance Program to Promote Tropical Forest Sector Development</u> |
| PD 73/89 (M,F,I): | <u>Assistance for Project Identification and Formulation</u> |
| PD 94/90 Rev.3 (I): | <u>The Integration of Forest-Based Development in the Western Amazon - Phase II - Technology for Sustainable Utilization of Raw Forest Materials</u> |
| PD 102/90 (I): | <u>Development of Waferboard Products from Potential Tropical Wood Species for Building Pre-Fabricated Houses</u> |

- PD 108/90 Rev.1 (I): Forest Industry Development Studies
- PD 109/90 Rev.4 (I): Assistance to Modernization, Restructuring and Development of Wood-Based Industries in Cote d'Ivoire
- PD 143/91 Rev.2 (I): Non-Wood Tropical Forest Products: Processing, Trade and Collection
- PD 179/91 Rev.1 (I): Industrial Utilization and Improved Marketing of Some Ghanaian Lesser-Used Species from Sustainably Managed Forests
- PD 17/92 Rev.4 (I): Technology Transfer/Commercialization of Selected Cocowood Utilization Technologies
- PD 20/92 Rev.1 (I): The Identification, Properties and Uses of the Tropical Timber Imported to China from Africa
- PD 46/92 (I): World Conference on Tropical Plywood in the Latin America/ Caribbean Region
- PD 1/93 Rev.1 (M,F,I): ITTO Fellowship Program - Phase II
- PD 17/93 Rev.3 (M,F,I): ITTO Network for Information Sharing and Project Support

The Committee reviewed in more detail progress in the implementation of project PD 1/93 Rev.1 (M,F,I). The Committee was informed by the ITTO Secretariat that the number of fellowship applications submitted to the organization has grown substantially (there are 106 applications this Session). While this strong demand testifies to the importance of the program, it also put enormous pressure on the program administration. The Committee was informed on the Secretariat's intention to introduce modifications on the application deadlines and on the format used to present applications to the Committees' Selection Panel responsible for the evaluation of fellowship applications. These measures will be introduced to facilitate the administration of the program.

The Committee also considered in further detail the implementation of project PD 94/90 Rev.3 (I). Endorsing comments made by the delegate from Switzerland, the Committee urged the implementing agency (FUNTAC) and other relevant agencies in Brazil to take the necessary action to complete the legal process to establish the Antimari State Forest. Switzerland expressed the view that a solution to the land tenure problem must be found before the next Committee Session. Switzerland reiterated the statement it made at the Fourteenth Session, noting that if the problem is not solved before the next Committee Session, Switzerland will request the ITTO to reconsider its support to the project. Following a recommendation by the Chairman, a small working group (Brazil, Japan and Switzerland) met and agreed on measures to assist in overcoming the project implementation difficulties. The Brazilian Federal Government will renew efforts towards solving the problem through the new State Government that will take office in Acre on 1 January 1995. The working group also recommended that a meeting of the Steering Committee be scheduled in March 1995.

The Committee also discussed the lesser known species being studied under project PD 20/92 Rev.1 (I): The Identification, Properties and Uses of the Tropical Timber Imported to China from Africa. The representative of Indonesia requested information on the species under study, which according to the project title appeared to be limited to the ones already being imported by China. The representative of China informed the Committee that this project is important for the Chinese Government and that in fact information was being collected on a large number of African species, including a few dozen not yet imported by China. The data collected will provide the basis for the preparation of a handbook entitled Tropical Wood of the African Region. This handbook will be published in Chinese and will be an important tool in the promotion of trade and use of African species in China.

8. Report on Pre-Project Work in Progress

The Committee took note of the progress on the implementation of the following pre-project studies:

- (i) THE INDUSTRIAL UTILIZATION AND MARKETING OF EUCALYPTUS PLANTATIONS OF THE PROVINCE OF LOJA, ECUADOR [PPD 40/91 (I)]
- (ii) PROVISION OF ASSISTANCE FOR 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 [PPD 50/91 (I)]
- (iii) PRE-FEASIBILITY STUDY ON HARMONIZATION OF TROPICAL PLYWOOD STANDARDS [PPD 5/91 (I)]
- (iv) SUSTAINABLE DEVELOPMENT OF THE PLYWOOD INDUSTRY IN LATIN AMERICA [PPD 2/92 Rev.1 (I)]
- (v) CREATION OF A CENTER FOR THE PROMOTION OF LESSER-KNOWN SPECIES IN EUROPE [PPD 8/92 Rev.2 (I)]
- (vi) REVIEWING AND PREPARING SUPPORTING DOCUMENTS FOR WORK ON GUIDELINES FOR SUSTAINABLE DEVELOPMENT OF FOREST INDUSTRIES [PPD 11/92 (I)]
- (vii) EXPANSION OF THE PRODUCTION CAPABILITY OF SMALL-MEDIUM SCALE FURNITURE MANUFACTURERS FOR THE PURPOSE OF INCREASING MALAYSIA'S EXPORTS OF VALUE-ADDED TIMBER PRODUCTS [PPD 9/93 Rev.2 (I)]
- (viii) DEVELOPMENT AND EXTENSION OF RUBBERWOOD PROCESSING TECHNOLOGY [PPD 6/94 (I)]

The Committee reviewed in more detail the implementation of the pre-project study entitled "CREATION OF A CENTER FOR THE PROMOTION OF LESSER-KNOWN SPECIES IN EUROPE" [PPD 8/92 Rev.2 (I)]. The Committee took note of the information that the pre-project team is having consultations with tropical timber importers and users in selected European countries on the usefulness and feasibility of the proposed center for promotion of African timbers. The implementing agency (ONADEF, Cameroon) also informed the Committee that to successfully complete the study, an allocation of additional funds is needed to allow the international consultant to visit Cameroon to assist in the drafting of the final report. Based on the proposal by Cameroon, detailing the additional funds needed, the Committee agreed with a supplementary allocation of US\$ 10,000 to the pre-project budget.

The Committee also expressed satisfaction with the progress in the implementation of the pre-project which is REVIEWING AND PREPARING SUPPORTING DOCUMENTS FOR WORK ON GUIDELINES FOR SUSTAINABLE DEVELOPMENT OF FOREST INDUSTRIES [PPD 11/92 (I)]. The Committee recalled the importance of this pre-project for the development of the organization's policy work, and is looking forward to consider at its next Session the draft guidelines finalized by an Expert Panel which will be convened under the Chairmanship of Mr. Franklin C. Moore (U.S.A.), in Kuala Lumpur, Malaysia 16-20 January 1995.

9. Consideration of Project Proposals

The Committee noted that four project proposals that had been evaluated by the Panel of Experts for Technical Appraisal of Project Proposals were in its agenda for consideration:

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 39/94 (I)	TECHNICAL TRAINING SCHOOL FOR GUYANA	GOVERNMENT OF GUYANA
PD 41/94 (I)	SURVEY, BIO-ECOLOGY, PREVENTION AND CONTROL OF INSECT PESTS AND DISEASE ORGANISMS OF LOGS, RATTANS AND BAMBOOS IMPORTED FROM OTHER COUNTRIES	GOVERNMENT OF PHILIPPINES
PD 47/94 (I)	INDUSTRIAL UTILIZATION OF LESSER-KNOWN FOREST SPECIES IN SUSTAINABLY MANAGED FORESTS	GOVERNMENT OF HONDURAS
PD 48/94 (I)	UTILIZATION, DEMONSTRATION AND PROMOTION OF INDUSTRIAL USE OF CERTAIN LESSER-KNOWN SPECIES (LKS) IN THE NORTHWEST REGION OF ECUADOR	GOVERNMENT OF ECUADOR

The Committee considered in detail the results of the evaluation of these projects effected by the Panel of Experts for technical appraisal of project proposals, as contained in document PCM,PCF,PCI(XV)/1. The Committee decided to endorse the Panel's recommendations for the complete reformulation and resubmission to the Panel of the following project proposals:

- PD 41/94 (I): SURVEY, BIO-ECOLOGY, PREVENTION AND CONTROL OF INSECT PESTS AND DISEASE ORGANISMS OF LOGS, RATTANS AND BAMBOOS IMPORTED FROM OTHER COUNTRIES
GOVERNMENT OF PHILIPPINES
- PD 47/94 (I): INDUSTRIAL UTILIZATION OF LESSER-KNOWN FOREST SPECIES IN SUSTAINABLY MANAGED FORESTS
GOVERNMENT OF HONDURAS
- PD 48/94 (I): UTILIZATION, DEMONSTRATION AND PROMOTION OF INDUSTRIAL USE OF CERTAIN LESSER-KNOWN SPECIES (LKS) IN THE NORTHWEST REGION OF ECUADOR
GOVERNMENT OF ECUADOR

The Committee also agreed with the Panel's assessment of project proposal PD 39/94 (I): TECHNICAL TRAINING SCHOOL FOR GUYANA, submitted by the Government of Guyana. The Committee recommended to the submitting Government the inclusion of the essential modifications deemed necessary and detailed in the Panel's report. The revised version could be submitted for the consideration of the Expert Panel or submitted directly to the Committee.

10. Decision on Pre-Project Work

The Committee considered two pre-project proposals: PPD 7/94 Rev.1 (I): PRE-PROJECT FOR THE ESTABLISHMENT OF THE AIMA FOREST CORPORATION - CORFOAIMA (Submitted by the Government of Ecuador) and PPD 9/94 Rev.1 (I): VALUE-ADDED WOOD PROCESSING OF FAST GROWING TROPICAL SPECIES (Submitted by the Government of Japan).

The Committee noted that both these proposals were revisions prepared following the recommendations made by the Expert Panel that appraised the original documents.

The Committee recognized that the proposed work related to the establishment of CORFOAIMA is consistent with the ITTA objective of promoting reforestation, and also related to the forest industry action plan activity "5f", which calls for assistance with the creation and strengthening of industry and trade organizations. The Committee found appropriate that ITTO support the feasibility study related to the objective of establishing CORFOAIMA, and was satisfied with the modifications included by Ecuador in PPD 7/94 Rev.1 (I), ensuring that the pre-project work will focus on this feasibility study. The Committee also agreed with the introduction of new activities to allow the study and promotion of appropriate sawing technologies by the local communities operating in the pre-project area. The Committee decided to approve the pre-project proposal as contained in document PPD 7/94 Rev.2 (I), which includes also some minor amendments in the budget.

In considering the pre-project proposal PPD 9/94 (I) VALUE-ADDED WOOD PROCESSING OF FAST GROWING TROPICAL SPECIES, the Committee expressed its appreciation for the revisions made by Government of Japan, which met a series of recommendations made by the Expert Panel. The modifications were made mostly to focus the work on a literature review and market studies, and to introduce some elements required by the ITTO project formulation manual. The Committee assisted the Government of Japan to further revise the proposal to improve the mechanism for species selection and to better define the case studies proposed (one in each producing region). The Committee decided to approve for implementation the revised proposal [PPD 9/94 Rev. 2 (I)] incorporating these minor amendments designed to improve the species selection criteria and the definition of case studies.

11. Decision on Fellowship Applications Under Project PD 1/93 Rev.1 (M,F,I)

The Committee authorized the establishment of a Selection Panel to evaluate fellowship applications submitted in time for the Fifteenth Session and select the successful candidates. The selection panel was composed of:

Dr. Rubén Guevara Moncada	(Honduras)	ITTC Vice-Chairman
Mr. Michael Martin	(U.S.A.)	PCM Vice-Chairman
Y.B. Dato' Ismail Awang	(Malaysia)	PCF Chairman
Mr. Derk de Groot	(The Netherlands)	PCF Vice-Chairman
Mr. Franklin C. Moore	(U.S.A.)	PCI Chairman
Mr. Jean Williams Sollo	(Cameroon)	PCI Vice-Chairman

The selection panel considered a total of 106 applications and recommended to the Permanent Committee that 30 be approved, subject to the availability of funds at a total cost of approximately \$ 175,000. The panel also noted the need for a number of minor modifications in Secretariat administrative procedures, including an earlier deadline for receipt of applications.

12. Election of Chairman and Vice-Chairman for 1995

The Committee elected Mr. Jean Williams Sollo (Cameroon) the Chairman and the Vice-Chairman for 1995.

13. Dates and Venue of the Eighteenth Session

The Committee decided that the dates and venue of the Eighteenth Committee Session will be agreed upon by ITTC in the Seventeenth Council Session.

14. Other Business

The Committee held an in-depth discussion on the need to promote exchange of views and information on downstream timber processing. The delegate of Malaysia expressed the view that ITTO reports and statistical information should, as far as possible, go beyond primary products such as logs, sawntimber, veneer and plywood. Malaysia expressed the view that several producing countries, including Malaysia, Brazil and Indonesia, were very much interested in value-added products. Malaysia

concluded by proposing that an invitation to one or two specialists in secondary processing should be issued to address each Committee Session on selected products, manufacturing processes and markets.

The Chairman welcomed the proposal made by Malaysia and suggested the idea be further explored. He also recalled that several projects approved by the Committee aim specifically at promoting further processing in producing countries and greater access of their value-added products to international markets are underway, for example the project approved for Ghana PD 179/91 Rev.1 (I): Industrial Utilization and Improved Marketing of Some Ghanaian Lesser-Used Species from Sustainably Managed Forests.

The representative of ITC recalled that the issue of downstream processing has been frequently addressed at ITTO Sessions, being of interest to all producing countries. He expressed the view that the ideal forum for exchanging information and knowledge to promote further processing is the joint session convened annually by ITTO Permanent Committees to hold Market Discussions.

The ITTO Secretariat recalled that the Market Discussions were established as a permanent information sharing mechanism and discussion forum following a proposal made by the Secretariat to establish a regular practice or presentation of reports on themes of interest for forest industry development. The Committee recognized the value of this proposal, but decided that the scope of the discussions should be expanded to cover also the areas of the Permanent Committee on Reforestation and Forest Management and on Permanent Committee on Economic Information and Market Intelligence, leading to the Committees' decision to have annual market discussions under an agenda item entitled "Market Review and Outlook".

15. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. That the following project proposals be revised and, when appropriate, submitted to the Expert Panel before further consideration:

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 39/94 (I)	TECHNICAL TRAINING SCHOOL FOR GUYANA	GOVERNMENT OF GUYANA
PD 41/94 (I)	SURVEY, BIO-ECOLOGY, PREVENTION AND CONTROL OF INSECT PESTS AND DISEASE ORGANISMS OF LOGS, RATTANS AND BAMBOOS IMPORTED FROM OTHER COUNTRIES	GOVERNMENT OF PHILIPPINES
PD 47/94 (I)	INDUSTRIAL UTILIZATION OF LESSER-KNOWN FOREST SPECIES IN SUSTAINABLY MANAGED FORESTS	GOVERNMENT OF HONDURAS
PD 48/94 (I)	UTILIZATION, DEMONSTRATION AND PROMOTION OF INDUSTRIAL USE OF CERTAIN LESSER-KNOWN SPECIES (LKS) IN THE NORTHWEST REGION OF ECUADOR	GOVERNMENT OF ECUADOR

2. To provide funds for the approved pre-projects:

PPD 7/94 Rev.2 (I): PRE-PROJECT FOR THE ESTABLISHMENT OF THE AIMA FOREST CORPORATION - CORFOAIMA (Submitted by the Government of Ecuador)
(US\$ 101,491); and

PPD 9/94 Rev.2 (I): VALUE-ADDED WOOD PROCESSING OF FAST GROWING TROPICAL SPECIES
(Submitted by the Government of Japan)
(US\$ 177,517).

3. To allocate supplementary funds amounting to US\$ 10,000 to allow completion of pre-project PPD 8/92 Rev.2 (I) CREATION OF A CENTER FOR THE PROMOTION OF LESSER-KNOWN SPECIES IN EUROPE.

4. 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:

Projects

PD 1/93 (M,F,I): ITTO Fellowship Programme - Phase II (\$195,937)

PD 17/93 Rev.3
(M,F,I) Phase II: Network for Information Sharing and
Project Support - Phase II (\$1,045,600)

PD 4/87 Rev.1 (I) suppl: Training in Planning and Management of Forest Industries in
Developing Countries (US\$ 205,065)

PD 79/90 Rev.3 (I): Seminar and Roundtable on the Development of Furniture and
Joinery Industries (US\$ 240,275)

PD 4/93 Rev.4 (I): Furniture Industry Development Program
(US\$ 595,231)

PD 29/93 Rev.2 (M,F,I): International Workshop: Development of Sustainable System for
Utilization of Tropical Forest Resources (US\$ 201,716)

PD 39/93 Rev. 2(I): Research and Development in Energy alternative from Biomass
(Wood and Agricultural Residues) Through Briquetting, Gasification
and Direct Combustion (US\$ 320,017)

16. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX I

LIST OF FELLOWSHIPS APPROVED (Report of the Selection Panel)

PERMANENT COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE

App. No.	Name	Nationality	Subject
14/C17/94A	AMANKWAH, Godfried Kwame	Ghana	Attachment to the Malaysian Timber Industry Board, Kuala Lumpur, Malaysia
23/C17/94A	COLEMAN, Henry Godwyll	Ghana	Attachment to Forecasting Department of the National Forestry Board of Sweden, Jönköping, Sweden
89/C17/94A	PAROUBADI, Aklesso	Togo	Short Training Course on "Improvement of Statistical and Economic Knowledge on Reforestation in Togo" at Station for Rural Economy and Sociology, Institut National de la Recherche Agronomique (INRA), Nancy, France

PERMANENT COMMITTEE ON FOREST INDUSTRY

85/C17/94A	BARBOSA, Ana Paula Ribeiro	Brazil	A training program at Mississippi Forest Products Laboratory, Mississippi State University, U.S.A.
76/C17/94A	DIONGLAY, Mariluz San Pedro	Philippines	Research on "The Spectroscopic determination of the major chemical components of resinous exudates from Agathis alba found in different regions of the Philippines" at Tottori University, Japan
54/C17/94A	GNANAHARAN, Rajamoney	India	Research at New Zealand Forest Research Institute in Rotorua, New Zealand
24/C17/94A	MALLARI, Vincente Jr. Cortez	Philippines	Deliver Conference Paper at the 40th Annual Meeting of the Japan Wood Research Society at the University of Tokyo, Tokyo, Japan
22/C17/94A	PEPRAH, Joseph Pius	Ghana	Short Training Course on "Wood Processing Technology with special emphasis on Kiln Drying Techniques, Production and marketing of Down-strema Products" at TRADA Technology Ltd. High Wycombe, U.K.

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App. No.	Name	Nationality	Subject
77/C17/94A	SICAD, Emmanuel Noli Barretto	Philippines	Deliver Conference Paper at the 2nd World Conference on Tropical Plywood in Quito, Ecuador
30/C17/94A	SUBANSENEE, Wanida	Thailand	Deliver Conference Paper at the Working Party on "Edible Products from Forests" at IUFRO XX World Congress, Tampere, Finland
10/C17/94A	SYAFII, Wasrin	Indonesia	Deliver Conference Paper at the 40th Annual Meeting of the Japan Wood Research Society at the University of Tokyo, Tokyo, Japan
65/C17/94A	ZHANG, S.Y.	China	Deliver Conference Paper at the 40th Annual Meeting of Japan Wood Research Society in Tokyo, Japan

PERMANENT COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT

04/C17/94A	ACHARYA, Binod Prasad Binod	Nepal	Short Training Course on "Rural Projects - Design, Monitoring and Evaluation" at ANUTECH, Canberra, Australia
09/C17/94A	BECKER, Peter Francis	U.S.A.	Deliver Conference Paper at the Conference on "Interactive Environmental Effects on Forest Stands" at Christchurch, New Zealand
21/C17/94A	CASTILLO, Jesus Miranda	Philippines	Deliver Conference Paper at the Workshop on "Interactive Environmental Effects on Forest Stands" at Manaaki whenua Landcare Research, Christchurch, New Zealand
58/C17/94A	CHAVERRA, Alipio	Colombia	"Tropical Dendrology Course" at Tropical Science Center, San José, Costa Rica
80/C17/94A	GIRI, Chandra Prasad	Nepal	Deliver Conference Paper at the 9th Annual Symposium on Geographic Information System, Vancouver, Canada
18/C17/94A	GUEVARRA, Cesar	Philippines	Short Training Course on "Agro Forestry Management" at the University of New England, Armidale, Australia

App. No.	Name	Nationality	Subject
17/C17/94A	GUEVARRA, Leolyn	Philippines	Short Training Course on "Agro Forestry Management" at the University of New England, Armidale, Australia
66/C17/94A	GUPTA, Jagdish Prasad	Nepal	Short Training Course on "GIS for Resource Decisions" at ANUTECH, Canberra, Australia
41/C17/94A	ISUIZA CABRERA, Manuel	Peru	"Life Zone Ecology Course" at Tropical Science Center, San José, Costa Rica
03/C17/94A	PARRA RESTREPO, Norman F.	Colombia	Study Tour to learn Forestry projects and general management of forest resources coordinated with Chile Foundation
57/C17/94A	RODRIGUEZ ROMERO, Javier	Colombia	"Life Zone Ecology Course" at Tropical Science Center, San José, Costa Rica
72/C17/94A	SALVADOR, Luzon Tanap	Philippines	Short Training Course on "GIS for Resource Decisions" at ANUTECH, Canberra, Australia
63/C17/94A	SAN JOSE, Maria Milagros Leyva	Philippines	Short Training Course on "GIS for Resource Decisions" at ANUTECH, Canberra, Australia
15/C17/94A	SIAROT, Pablito Lito	Philippines	Conference participation at CRC-IUFRO Conference on "Eucalypt Plantations: Improving Fibre Yield and Quality" at Hobart, Australia
107/C17/94A	TARN, George J.	Liberia	Short Training Course on "Economics of Resource and Environmental Management" at the University of New England, Armidale, Australia
16/C17/94A	TOPOR, Wollor Emmanuel	Liberia	International Course on Rural Development Management (ICRDM) at International Institute of Rural Reconstruction, Manila, Philippines
69/C17/94A	WACHID, Khursatul Munibah	Indonesia	Short Training Course on "GIS for Resource Decisions" at ANUTECH, Canberra, Australia
28/C17/94A	WELALI, Nisa Jackson	P.N.G.	Short Training Course on "Environmental Assessment for Development Projects" at ANUTECH, Canberra, Australia