



ITTO

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Yokohama, Japan

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

Yokohama, Japan

10-17 November 1993

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REPORT

Opening of the Session {Item 1}

1. The Fifteenth Session was opened by the Chairman of the Council, Mr. Samuel Kwasi Appiah (Ghana).

2. The Chairman recalled that his tenure had begun with the First Special Session of Council in Quito in January, and that Members had met more often this year than ever before. It was people who made policies and the evolution of their common interest through increased contacts could only be salutary for the Organization. Just as individuals sought for meaning in the common welfare of their nations, so nations found international organizations to cultivate their aspirations in world affairs.

Mr. Appiah welcomed delegates and in particular thanked the Honourable Minister of Forestry, Indonesia, Mr. Djamaludin, for gracing the meeting with his presence. He believed Council could pride itself on the strength of the Organization which had been built up during the last six years under the direction of the Executive Director. At this Session Council faced a full agenda and limited time. He therefore hoped Members would exercise their critical judgement, especially as the Organization was at a crucial juncture in its history.

The Chairman noted that he would be using every possible opportunity to advance the negotiations through consultation with Mr. Wisber Loeis, President of the U.N. Conference, whose patience, impartiality, and diplomatic skills he admired.

Mr. Appiah reminded Members that they had all taken a pledge, in signing the ITTA, 1983, to provide resources to sustain the Organization and to support its operations. This session was required to approve the Administrative Budget for 1994, and, as usual, economies would be necessary, both in resources and in planned activities. It was Council's duty to examine the budget critically, but he appealed to Members to trust the financial prudence of the Executive Director. At the same time, Members should make a determined effort to regularize their budgetary contributions by eliminating their accumulated arrears.

Finally, the Chairman referred to the Special Account and appealed to the donor community to sustain its support for the action programme. He acknowledged their past generosity which he believed would continue in the face of the worsening financial situation of many developing countries.

3. The Minister of Forestry for Indonesia, the Hon. Mr. Djamaludin Suryohadikusomo thanked his hosts and began immediately by emphasising the tropical world's urgent need for the implementation of policies to halt environmental degradation and encourage sustainable forest utilization.

Indonesia was the world's fourth most populated country, with 183 million people, nearly 70% of whom lived on the island of Java, itself only 7% of the land mass. Forests covered about 63.6% of the country, at 120.6 mill. ha. the third largest tract of moist tropical forest in the world. The forestry sector generated around US\$8 billion per annum in export revenue, 20% of the value of all non-oil

exports and 7% of GDP. Over 4 million Indonesians earned a significant part of their living from forestry. The sector was indeed vital to the Indonesian economy.

The Minister stated that although the sustainable production from Indonesian forests was assessed at 31 million m³ per annum, production from natural forests had recently been reduced to 22.5 mill. m³. Early in 1994 harvesting of planted forests would begin at 1.44 mill. m³, and this yield was projected to rise to 5.0 mill. m³ by the year 2000. In addition, substantial yields were obtainable from conversion forests, in this year 3.5 mill. m³, and another 8.5 mill. m³ would come from outside forest areas, for example from rubber plantations.

Mr. Djamaludin emphasized his country's commitment to sustainable management of its forest resources. The Bandung Initiatives (so-named after the Global Forest Conference in February 1993 in that city) were commitments framed to identify the most important measures - strengthened national capacity in forest management, increased forest area, education on forestry for all sectors of society, and the mobilization of scientific research - to resolve problems in the implementation of sustainable forest management.

Indonesia was a signatory to the UNCED of 1992 and an active Member of the ITTO. Her policies reflected the ITTO Guidelines at both the national and the local management levels, and represented steps towards the attainment of the Year 2000 Objective. The Minister reminded his audience that management of Java teak had been sustained for over a century through manual reforestation. From this experience, his country had developed the confidence to take the concept to the Outer Islands, and to apply it to species with shorter harvesting cycles. These principles were enacted in the Basic Forestry Law of 1967, the Act on Environmental Protection in 1982, the Act on Conservation of Living Resources and the Ecosystem in 1990, and recently the Act on Spatial Arrangements of 1992. Indonesia had been among the first countries to adopt the TFAP and Round Table III of the Indonesian Forestry Action Programme had been held in February 1992.

Mr. Djamaludin said that the incremental costs required to bring about sustainable forest management were substantial, since such projects could rarely recover the investment within a short time frame. It was natural that less advantaged countries should need additional resources to reach the Year 2000 Objective. The Minister believed on the basis of Indonesia's experience as an ITTO Member that a successor agreement would eventually be negotiated and that the ITTO would be able to counteract unilateral measures not in conformity with the UNCED Forest Principles. He hoped that in future more attention would be given to funding trade-related projects relative to those in forest management, and expressed some disapproval of the inequity inherent in certification systems that favoured conservation at the expense of trade.

However, the Minister continued by noting that Indonesia recognized eco-labelling as important for the international forest products trade but noted that it would take some time to train staff as independent certifiers. A seminar on eco-labelling had recently been held in Jakarta. Indonesia had developed a possible organizational structure which included an independent body to monitor planting and sustainable logging techniques. The valuable views of consultants and NGOs had been sought to enhance Indonesia's capability in this respect.

Mr. Djamaludin did not think mandatory eco-labelling before 2000 would be feasible. Future certification would be carried out under the supervision of the independent Foundation for Sustainable Forest Development to be based in Jakarta with its own accredited assessors. The Minister reiterated that any certification and labelling scheme to be implemented should be applicable to all types of timbers and should be based on internationally agreed guidelines.

Indonesia's Act on the Conservation of Living Resources and the Ecosystem of 1990 was a stringent piece of legislation, providing legal protection in national parks, forest parks, nature reserves, and wildlife sanctuaries covering 49 mill. ha or 43% of the total forest area. The most urgent precautions to be taken were those against human encroachment, fire, and disease.

In conclusion, the Minister referred to the importance of plantations in those regions of his country where natural forests were scarce owing to the need for agricultural land to support a large population. In the next five years, Indonesia would establish 1.5 million ha of planted forests, including 800,000 ha. of pulpwood and other short-cycle species, and the remainder with Dipterocarps for structural timber and social forestry programmes. Large tracts of degraded or non-forested areas were still available, however, and the Minister hoped for more establishment of quick-growing species to relieve pressure on the natural forest.

Indonesia had a complex problem to solve with its forest management, but the Minister was confident that a concerted effort by all parties including Government, the Timber Council, the concessionaires and the NGOs would lead to success in the country's objective of sustainable forest management.

4. The Director-General of the Forestry Agency of Japan, Mr. Takahisa Tsukamoto, thanked the Chairman and all Delegates for coming to his country to participate in the Council Session, and paid tribute to all those countries working for progress in the sustainable management of tropical forests, and to the staff of the Secretariat.

ITTO was the only international organization devoted entirely to tropical timber and tropical forests. Since its inception, it had continuously contributed to progress towards sustainable management through the formulation of guidelines, the Year 2000 Objective, and the implementation of over 200 projects. UNCED itself had commended this achievement, besides enhancing the role of international organizations in its Forest Principles.

Mr. Tsukamoto proceeded to describe the forests of Japan. These comprised two-thirds of the land area, and ranged through sub-tropical to sub-frigid climatic zones. As natural disasters caused by landslides were frequent in Japan, forest management had for centuries strongly emphasised soil conservation and watershed management functions of the forests. Nevertheless there had always been a timber harvest too, and lately the perceived roles of the forest in respect of recreation, conservation of biodiversity, and carbon dioxide absorption had risen to prominence.

Long-term forest plans had been established, and these were continuously amended to meet people's needs. Sustainable management was a national goal and always a goal of these plans.

Mr. Tsukamoto then referred to Japan's international cooperation policy in forestry, which included not only ITTO, but also FAO and CIFOR, and such bilateral institutions as Japan International

Cooperation Agency (JICA) and the Overseas Economic Cooperation Fund (OECF). His government would actively pursue this cooperation in the future as well.

ITTO occupied a special position, based as it was in the Japanese city of Yokohama. The negotiations for a successor agreement had not yet reached a conclusion, but Mr. Tsukamoto was confident that the vitally important goals of the ITTO would not be sacrificed for minor differences. He expressed the ardent hope that both groups could make a positive effort to reach agreement in the near future.

5. The Chairman thanked Mr. Tsukamoto, and furthermore reminded Members of the overwhelming debt of gratitude due to the Government of Japan not only for providing the headquarters facilities, but for strongly supporting the development of the Organization since its founding.

6. The Spokesperson for the Consumers, Mr. Milton Drucker (U.S.A.), noted that although this was the last Council Session under the old Agreement, nevertheless there was much Council work to accomplish, and in particular he looked forward to hearing the Year 2000 Objective Reports.

Mr. Drucker commended the eloquence of the President of the U.N. Conference and noted that his citizenship of the country, Indonesia, which hosted the Session where the original "Target 2000" concept first appeared, was entirely appropriate. His efforts were greatly appreciated and Mr. Drucker pledged the Consumer Group's cooperation. He planned to request his group to pay attention to the President's emphasis on the necessity of having international guidelines. Mr. Drucker also cited the speech by Mr. Tsukamoto of the Forestry Agency of Japan as evidence that all countries, including consumers, were seeking to manage their own forests sustainably.

Finally, Mr. Drucker thanked the Executive Director and his Secretariat for preparing the Sessions, and said that all Delegates understood the extra strain imposed by the additional meetings for the negotiations. He also thanked the Government of Japan and the City of Yokohama for providing, as usual, all the fine facilities for the Sessions to take place.

7. The Spokesperson for the Producers, Mr. Amha Buang (Malaysia), expressed his gratitude to the Chairman for giving him the floor at this early stage in the proceedings, and he thanked the Government of Japan for its continuing support of the Sessions. The presence of the Honourable Minister of Forestry for Indonesia, Mr. Djamaludin, symbolised the commitment of the Government of Indonesia to the work of the Organization. His presence also confirmed the commitment of all Producer delegations and their belief that the Organization would grow from strength to strength in the years ahead.

Mr. Amha thanked the President of the U.N. Conference, Mr. Wisber Loeis, for his tireless work and unflagging enthusiasm in the cause of a successor agreement. The negotiations were not easy, and both sides were still exploring new avenues for possible progress. Producers had advanced two proposals which they believed would help to lead to a successful conclusion.

Firstly, they had agreed in principle that the Year 2000 Objective should be inscribed in the Agreement provided that all Members should commit themselves, within the Agreement, to the attainment of this Objective in respect of their forest resources and that developed Members would

provide new resources and the required technology to developing Members to enhance their capacity to attain the Objective (through the Year 2000 Objective Fund).

Secondly, the issue of scope within the Agreement would be considered settled by the Producers if the Consumers could agree to the formulation within the Agreement of definitions, criteria, indicators, and guidelines of sustainability for non-tropical timber and forests and would also share information within the Agreement on their progress to the Year 2000 Objective. It was the Producers' hope that these concessions would lead to a breakthrough on the core issues of scope, trade discrimination, the sustainability commitment, and the disbursement of new resources.

Producers were fully prepared for consultations during the course of the Sessions. Nevertheless they also wished to deal in a businesslike manner with the usual Council agenda items, and vouchsafed their support to the Chairman in these matters.

8. The Representative of the European Community, Mr. Enzo Barattini, expressed his hope that Delegates would be able to follow the advice on the negotiations which had just been given, because a new agreement was the foundation for the future, and therefore of the utmost importance. The Community was willing to clarify its own position on the negotiations. The Community, Mr. Barattini assured the Council, acted jointly in the spirit of cooperation laid down by the Treaty of Rome, and, as of 1 November 1993, in the spirit of the European Union. It would strive for a successful conclusion to the negotiations.

Ascertainment of the Quorum {Item 2}

9. The Chairman informed Council that a quorum existed.

Adoption of Agenda and Organization of Work {Item 3}

10. Council adopted its Agenda.

Report on Membership of the Council {Item 4}

11. The Executive Director reported that there had been no change in the membership of the Organization since the last Session. Therefore the total Membership remained at 50, with 23 Producers and 27 Consumers.

Distribution of Votes {Item 5}

12. The Executive Director drew Council's attention to the proposed distribution of votes for 1994, as recorded in Document ITTC(XV)/1 Corr.2. It had been necessary to issue this Corrigendum because of the late receipt by the Secretariat of the FAO's 1990 Forest Resources Assessment, which furnished new data on tropical forest areas leading to a revision in the calculation of Producer Member votes. Council then adopted this distribution for 1994.

Admission of Observers {Item 6}

13. The Chairman drew Council's attention to Document ITTC(XV)/Info.4, and noted Council's normal practice of admitting Observers who had been granted admission to previous sessions, but examining those who were applying for the first time. Council admitted all the Observers listed in this document and in document ITTC(XV)/Info.4 Add.1.

Report of the Credentials Committee {Item 7}

14. The Chairperson of the Credentials Committee, Ms. Kathy Rice (U.S.A.) reported that the Committee, composed of Australia, Brazil, Cameroon, Colombia, Japan, The Netherlands, and the U.S.A., had met on 12 November 1993. Representatives of Cameroon and Colombia had been unable to attend.

The Committee examined the credentials and attendance of 38 countries and the European Community participating in the Fifteenth Session and recommended to Council that these credentials be approved. The Committee expressed its appreciation of the Secretariat's assistance with its work.

Council accepted the report of the Credentials Committee, reproduced in Document ITTC(XV)/6.

Statement by the Executive Director {Item 8}

15. The Executive Director, on behalf of the Chairman and the Council, recalled that Mr. Djamaludin had often attended previous sessions as the Representative of Indonesia. His elevation to the high office of Minister of Forestry was eloquent testimony to the firm support given to the Indonesian forestry sector by President Soeharto's Government. It was a tribute to the forestry profession.

Dr. Freezailah thanked the Minister warmly for his attendance and address to Council. Moreover, he expressed his gratitude for the large teak carving presented by the Minister to ITTO. This magnificent work of art, entirely hand-carved, depicted the great biodiversity of Indonesia's rainforests, and was now placed in the entrance foyer of the ITTO offices.

The Executive Director praised the work the Honourable Minister had accomplished at previous sessions in helping to frame policy. Mr. Djamaludin had joined the ranks of Ministers from other countries who had attended the ITTC Sessions. The presence of Ministers was invaluable for direct liaison with delegations and enhancement of Council's image in the world.

In the last year, the Organization had received many letters requesting more information on the services it could provide for nations, organizations, and individuals. ITTO had taken its seat at many international fora on environment, the timber trade, and sustainable development. The Organization had, however, curtailed its participation within the limits set by financial and human resources. In Japan, the network of benefactors had widened yet further within the private sector, with the addition of the Nagoya International Woodworking Mission Fair, who had donated some 2.3 million yen raised at the Fair, and presented by Mr. H. Naito, its President.

Dr. Freezailah stated that ITTO had of necessity focused its role within the context of sweeping global developments. The Organization was intensively engaged on the negotiation of a successor agreement to the ITTA, 1983, and at no time in the annals of the Organization had there been any respite from continuous assessment of the Organization's performance. ITTO has emerged robust, avoiding the pitfalls which had halted the essential development of some other organizations. He recalled his address to the Fourteenth Session of Council, which had emphasised the increasingly international dimension of the world's tropical forest conservation and sustainable use. No single State,

or group of States, had the capacity to accomplish this task alone, a realisation highlighted by the UNCED concentration on the role of international organizations.

The Executive Director observed that the negotiations had necessarily created new visions of the objectives for the second-generation Organization. He had been impressed by the depth of Members' commitments to its continuation, and by the sincerity of proposals to reinforce its mandate. ITTO's Year 2000 Objective had been grafted onto UNCED's Agenda 21, and the Forest Principles. The negotiations had brought to the surface critical global issues on the management of forest resources. Whatever the result, the new agreement would have to undertake development work on the resource base, even if it was a commodity agreement.

Dr. Freezailah explained that the current agreement vindicated his expectations insofar as none had chosen to criticise development cooperation work springing from the ITTA, 1983 on the legal contention that it was solely a commodity agreement. All Members had adopted the Year 2000 Objective, and an encouraging trend was developing towards the establishment of a fund to help nations attain the Objective. The New Organization would need a realistic mandate and increased resources to syndicate and channel aid. Dr. Freezailah praised the efforts of Ambassador Wisber Loeis, President of the Conference, and looked forward to a resolution of the issues of scope, trade discrimination, and financial resources. He then pledged himself and his Secretariat to continue their dedicated work in response to the Council's needs.

The Executive Director continued by appealing to Members to meet their financial obligations to the Organization. The Draft Budget he had prepared took full account of the necessity for cost-efficiency and general economy. But the Organization could not be administered without a critical minimum level of staff and financial resources. Arrears were a persistent burden on the Organization, and it was essential to continue dialogue with defaulting Members to alleviate this situation.

Dr. Freezailah paid tribute to the work of the Expert Panel for Technical Appraisal of Project Proposals. Their work placed them in an invidious position, testing their moral integrity and impartial dedication to recommending only the best proposals to the Permanent Committees. After their work, the Committees' consideration, and Council's final approval, it was unfortunate that the number of unfunded projects and pre-projects continued to increase. The effect was to dampen morale of submitting countries, and mistakenly signal Council's perceived indifference to the needs of developing Members. The reputation of the ITTC was at stake.

The Executive Director recalled the remarkable achievement of the Sarawak Mission in assisting that State to achieve sustainable management of its forests. One result of the Mission was the establishment of a 200,000 hectare biodiversity reserve adjacent to the Indonesian border. At this Session, Indonesia had submitted a proposal to cover another 600,000 hectares contiguous to the Sarawak reserve in order to form a single block of 0.8 million hectares, rich in species of flora and fauna, including the orangutan. Dr. Freezailah reported that he had just visited Sarawak and seen at first hand the progress of the ITTO projects there. International interest had been aroused in helicopter

logging to minimize damage on hilly terrain. The Chief Minister and his senior officials were directly supportive of all the ITTO project work.

Dr. Freezailah appealed again for Special Account voluntary contributions. Everyone understood the economic dilemmas at present facing donors, but the contention by a potential donor that it supported Member's efforts outside the aegis of the ITTO was hard to comprehend, since it prevented the ITTO was succeeding with its mandate and was at variance with Members obligations outlined in the ITTA, 1983. The behaviour of such a potential donor, when compared to other donors who continually created opportunities for new funding would raise misgivings about the very essence of international development aid cooperation.

In conclusion, the Executive Director thanked his listeners for allowing him to share with them his vision of the future. The lessons of the past would light up the road ahead, giving the ITTO a new lease of life and credibility.

Projects:

a) Reports of the Thirteenth Sessions of the Permanent Committees

b) Consideration of Project and Pre-Project Proposals
{Items 9a) & 9b)}

16. The Chairmen of the Permanent Committees of Reforestation and Forest Management (Mr. David Harcharik - U.S.A.) and of Forest Industry (Dr. Rueben Moncada - Honduras) reported to Council on the work of their respective Committees. Owing to the sudden and tragic loss of the Chairman of the Permanent Committee on Market Intelligence, Mr. Arthur Morrell, the previous year's Chairman, Dr. Toga Silitonga (Indonesia) delivered the PCM report. Their full reports {Documents PCM (XIII)/7 Rev.1, PCF(XIII)/16 Rev.1, and PCI(XIII)/5} are incorporated in this document as Annex V. Council adopted these reports, including the recommendations made for Council's approval of particular projects and pre-projects.

Sustainable Management of Tropical Forests

Reports by Members on their Proposed Progress towards the Year 2000 Target - Decision 3(X) {Item 10}

17. The Delegate of Japan, Mr. Y. Hironaka, outlined for the benefit of Delegates the status of conservation and sustainable management of forests in Japan.

Although the products of forests were indispensable for human survival, nevertheless excessive exploitation resulted in many deleterious consequences, and in Japan, the increase in population led to greater use of timber products, which sometimes resulted in landslides when steep terrain was deforested. These experiences caused the introduction in Japan, as early as the seventh century, of regulations governing the use of forests. Since the 1950s, a major plantation programme had been pursued, employing native species, and now, with two-thirds of the country in forest, the growing stock volumes continued to increase. The plantation area of 10 million hectares comprised 40% of the total forest area.

Mr. Hironaka listed among the currently operative measures to protect forests the regulation of grazing in forest areas, and of scrub-cutting, quarrying, and excavations causing contour changes to conserve catchments; the prevention of conversion of forest areas, where deemed

inappropriate, into other land uses such as residential land; and the maintenance of wilderness areas free of development. Other measures included soil conservation and reforestation functions, and the requirement for all forests to have systematic management plans.

Under the Basic Forestry Law, Mr. Hironaka noted, the "Basic Plan on Forest Resources" covered all Japanese forests. It was originally formulated in 1966, with the third revision dating from 1987. Forest functions were divided into timber production, water catchment protection, steep terrain disaster prevention, environmental conservation, and promotion of public health.

Today's needs were not only for timber and traditional non-timber products such as soil conservation but also for social needs such as recreation, and general use of forests for health, cultural, and educational purposes. For existing plantation forests, tending and thinning was essential, but uneven aged forests were the norm for water catchment protection. The natural broadleaved evergreen forests native to many parts of Japan still accounted for more than half the forest area, and silviculture in these would continue to emphasise natural regeneration and mixed species management.

Within the "Basic Plan", Mr. Hironaka continued, there were separate policies. Firstly, the "Protection Forest System" controlled cutting and contour change in Protection Forests, and had been in place since 1897, and now included 8.36 mill. ha or one-third of the total forest estate. There were 17 categories with functions ranging from soil conservation to public health promotion. Designation was through the Ministry of Agriculture, Forestry, and Fisheries or the Prefectural Governor.

Secondly, the "Forest Land Development Permission System", dating from 1974, and under the prefectural Government, controlled developments exceeding one hectare.

Thirdly, the National Forest classification, introduced in 1915, and amended in 1989, preserved representative examples of old-growth forests and the habitats of rare plant and animal species. Additional protection was furnished by the Wildlife Protection and Hunting Law.

Mr. Hironaka then listed some of the measures to target appropriate forest developments. These included the eight 5-year erosion control plans adopted since 1960 under specific legislation, and the Forest Development Plan approved by the Japanese Cabinet in 1992 to plan improvements in forests nation-wide.

Mr. Hironaka said that the forest planning system targeted systematic forest management. A 15-year National Forest Plan oversaw 10-year regional plans which controlled the 5-year plans submitted by each forest owner at the district level, which benefitted in their turn from certain financial incentives. Thus, all levels were co-ordinated.

In conclusion, Mr. Hironaka noted that every country must implement its own system of sustainable management. Japan would continue to pursue hers vigorously and he sincerely hoped that, for the benefit of the world's forests, the negotiations for a successor agreement to the ITTA, 1983 would be successful.

18. The Delegate of the U.S.A., Ms. Stephanie Caswell, summarised the wide variety of activities undertaken by her country in support of sustainable management of tropical forests and the ITTO Year 2000 Objective.

Firstly, direct bilateral assistance totalled about \$150 mill. per annum, which included 137 projects in 88 tropical countries, including virtually every ITTO Producer Member. Secondly, more than \$200 mill. a year was transferred as indirect assistance through its capital contributions to international organizations including the multilateral development banks, and its loans via concessional lending windows, together with other forms of guarantee, all with the objectives of sustainable forest management and forest sector development. Thirdly, the U.S.A. had signed agreements with several Latin American Governments to cancel \$875 mill. of official external debt owed to the United States. During the life of these agreements, over \$154 mill. of interest payments would be used in-country to support a variety of programmes, many of which would be forestry-related.

Finally, Ms. Caswell said that further support for tropical forest management was provided by U.S.-based NGOs and by U.S.-registered private companies. This support was estimated at \$30 mill. per annum. Additionally the U.S. Government had provided \$16 mill. in grants to NGOs for 17 debt-for-nature swaps in 8 tropical countries including Bolivia, Cameroon, Côte d'Ivoire, Ghana, and the Philippines. These arrangements had retired nearly \$100 mill. in external debt and had generated significant employment opportunities in the field of conservation of tropical forests.

19. The Representative of Switzerland, Ms. Laurence Wiedmer, stated her country's view that, although ITTO's Year 2000 Objective referred exclusively to tropical forests, it was desirable for **all** countries to embrace such a commitment.

Ms. Wiedmer reported that the forested area of Switzerland covered more than one million hectares, or 29% of the total area of her country. Half of these forests were at altitudes above 1000 m.a.s.l. on slopes exceeding 40%. Hence their vital role in the prevention of avalanches and erosion. This cover was now considered to be adequate, but had been created through strict conservation policies. However, during the last century rapid economic development and energy demand had led to serious deforestation and subsequent landslides in the valleys and flooding of the plains, with loss of life.

The laws of 1876 and 1902 sought to redress the situation with bans on land clearing and mandatory reforestation. Clear-cutting was proscribed, and harvesting and silviculture adapted to uneven-aged selection systems with sustained yield precepts.

However, for several decades there were still problems of decreasing biodiversity and wild animal pressure on natural regeneration. Forest enterprises suffered financially whilst demand for amenity uses of forests increased. Consequently, the 1993 forestry law preserved the quantitative conservation principles of the 1902 law but supplemented them with qualitative prescriptions, which were, *inter alia*:

- Programmes to monitor the forest ecosystem,
- Demarcation of biodiversity reserves and their improvement,
- Protection against wild animal grazing pressures,
- Promotion of marketing of Swiss timber,
- Differentiation of subsidies according to forestry objectives,
- Enhancing training of the forestry workforce,

- Consolidation of the forestry institutions and services,
- Introduction of eco-labelling of timber produced with respect for the principles outlined above.

Ms. Wiedmer added that there was still work to be done to meet the objectives of sustainable forest management set out by the Ministerial Conference on Forest Protection (Helsinki, 1993) insofar as Switzerland had to improve the implementation of the various forest management tools laid down in the 1993 Federal law. Special efforts were needed to minimise forest risk, especially that posed by excess wild animal populations, to market the labelled timber, to compensate owners for supplying public goods, and to improve training of the workforce in the context of multiple use forests.

Ms Wiedmer concluded her brief review by informing the Council that Switzerland was willing to continue supplying information on its forest policy and management and to facilitate the dialogue between Producers and Consumers in the cause of sustainable development and utilization of all forests.

20. The Delegate of Austria, Mr. Günther Siegel, noted that in the past Austrian forests had largely served the main purpose of supplying timber but today they served a strong multiple-use function. Nevertheless, as Austria was a mountainous country, they had always been important as protection against avalanches and similar risks. Although medieval ordinances had safeguarded the forest's role as an energy provider for the mining industry, the State Forest Law of 1852 legalized the sustained yield dictum and the supra-economic functions of the forest were safeguarded in the new Forest Law of 1975 with its 1987 amendment.

Mr. Siegel summarized the basic tenets of the recent legislation and noted that the proportion of naturally-regenerated forests had risen to 85% of the total in the last two decades. This important development, supported by subsidies, was contributing to the conservation of biological diversity. In the wake of UNCED, too, the Austrian Government had approved a national initiative for the protection of tropical forests, working through IUFRO, the TFAP programme, and CIFOR, in addition to ITTO.

Finally, Mr. Siegel noted that Austrian legislation provided for **voluntary** labelling of all kinds of timber and timber products and that the Consultative Committee set up under this legislation was closely following the work of the ITTO in this respect.

21. The Representative of New Zealand, Mr. Don Wije-Wardana, noted that recent decades had seen a sharp increase in concern over the exploitation of forest resources. UNCED had enunciated its Forest Principles, and new Zealand believed that the basic principle of sustainability should guide its forest management practices. The purpose of this statement was to share with the Council New Zealand's experience in this respect.

New Zealand was a young country, whose foundation Treaty of Waitangi was signed only in 1840. As with many other countries, the colonial epoch witnessed severe forest destruction. Within 150 years, natural forest cover had been reduced from 50% to 23% of the national land area.

Mr. Wije-Wardana reported that there was early recognition of the dangers of excessive forest exploitation, and planting of exotic species began with a major ten-year effort in the 'twenties and 'thirties, to be repeated in the last thirty years. In 1991 a Resource Management Act was passed bringing environmental and developmental objectives together for soil conservation, water-quality preservation, and general environmental protection in the interests of present and future generations.

New Zealand now had more than 1.3 million ha of planted forests yielding 15.4 mill. m³ at present, enough to satisfy domestic needs three times over, and five times over by the end of the century. In 1993 only 1% of the harvest was sourced from natural forests. Current exports of 10 mill. m³ per year were valued at \$1.3 billion and predicted to become the prime export earner by 2000.

Since 1990, Mr. Wije-Wardana reported, the Government had privatized much former State forest, attracting substantial foreign investment. All subsidies had been removed, so the current renewed boom in planting levels (1993 season estimates an unprecedented 61,000 ha) had been motivated for reasons of genuinely high expected returns against other industries competing for funds.

The Forests Amendment Act of 1993 now requires timber harvested from indigenous forests to be approved by the Ministry of Forestry as extracted from sustainably managed forests. "Sustainability" is defined as the making of wood and non-wood benefits available in perpetuity. The Act also covers most privately-owned forests. NGOs and Government have been taking parallel actions and this responsible approach on the part of both parties has led to a Forest Accord in which forest owners have pledged not to clear native forest on their properties or to manage such forest unsustainably and in return NGOs have recognized the validity of planted forests as a means of providing wood products. This is identical to the UNCED Principles.

Mr. Wije-Wardana also reported that a group jointly composed of NGOs and importers, with no participation from Government, was developing its own guidelines on measures to ensure that imported timber, small in quantity though it was, nevertheless emerged from sustainable resources.

New Zealand did not maintain her experience was universally applicable but still she wished to share these experiences with interested ITTO Members and fully supported the need for sustainable management of all forests. ITTO, though new too, already played an important role in world forestry, and New Zealand strongly supported the efforts to conclude a successor agreement.

22. The Representative of Norway, Mr. Eric Byørnbye, noted that the printed report of Norway was available. Tropical timber imports were very slight, but not subject to any special tariffs. The report covered protected areas, production, trade, international cooperation (mostly bilateral), socio-economic effects in the national forestry sector, and some details on institutional changes.

23. The Representative of Denmark, Mr. Hans Schou, reported that his Government had published an Action Plan on Tropical Forests in 1992, setting out the guidelines for Danish Government policy in this field of international cooperation and due for review in 1995.

This Plan was available to Delegates, and meanwhile Denmark was pursuing its Year 2000 Objective work since the previous year's report to Council. Mr. Schou wished to summarize three main initiatives from the latter; one was the DANIDA Forest Sector Strategy which would be translated into English by the end of 1993, and of course the promotion of sustainable forest management was

one of the main objectives in the Strategy, although this did not comprise environmental sustainability alone, but the whole socio-economic complex including the participation of local people in specific forest situations, and the need to secure lasting results from project activities.

Secondly, Denmark was currently providing approximately 1% of her GDP for international aid and forestry's component within this total was being worked out; Denmark would pledge further funds to ITTO within this allocation. Following a review of UNCED, the Danish Parliament had decided to raise the international aid goal to 1.5% of GDP by 2002, and this extra 0.5% was to be devoted to environmental projects and to assistance in emergency situations. The first allocation under the new plan had been made in 1993, and guidelines for the use of allocations under the new scheme were being prepared. It was expected ITTO's work would be included.

Finally, Mr. Schou informed Council that following UNCED and the Helsinki Conference an Inter-Ministerial Committee had been established to consider action to be taken on the resolutions. It would mainly comprise Denmark's national forest policy, but would also include a study of Danish policy at the international level, including the follow-up work to the Rio and Helsinki meetings, the Montreal CSCE meeting (on sustainability of temperate and boreal forests), and generally on ways and means of making sustainability actually work. Therefore Danish contributions to tropical forest sustainable management would also be examined.

24. The Delegate of the Republic of Korea, Mr. Park Chong-ho, desired to share his country's experiences of forest management with Council. He reported that although Korea had been rich in forests during the nineteenth century, during the first half of the twentieth (the colonial era) they had been almost totally destroyed by over-exploitation and illegal logging. After the Korean War, the average stock volume was only 10.6 m³/ha.

Mr. Chong-ho said that the Forest Law adopted in 1961 provided for 10-year Forest Plans. The first Plan, initiated in 1973, set out to restore denuded lands, and a planting target of 1 million hectares was set for the first decade. The Arbor Day on April 5th was officially extended to cover a whole month, and additional days in November had been designated as Tree-tending Days to ensure the population, especially in the villages, was aware of the crucial need for maintenance (weeding, pruning, protection against pathogens etc.) as well as planting. Actually the million hectare target, originally scheduled for 1982, was accomplished by 1978.

The Second Plan, covering 1978-1987, was designed to build large-scale commercial timber zones to develop long-term resources. The Government strengthened the Reforestation Plan, expanded activities to protect forests, replenished the Forest Development Funds for support of private forest owners, grouped and enlarged National Forests into more economic units, and conducted more conservation projects for improving the public benefits furnished by forests. The major accomplishments were the formation of 80 large-scale commercial zones which contained 325,000 ha of planted forests, and major steps forward in the formation of young plantations and arresting soil erosion.

Mr. Chong-ho described the Third National Plan, the Forest Resources Enhancement Plan, as having the objective of harmonizing economic development of forests and their associated

industries, and improving public benefits. The priorities were to establish a Forest Development Zone of 1.52 mill. ha in private ownership where Government investment too might be concentrated, to promote multiple-use in both principle and practice, to enlarge both urban forests and rural recreational forests, to promote forest roading work, to amend certain laws, and reform forest taxation, to utilise the Forest Development Fund progressively, and to foster forestry research in selected fields.

Mr. Chong-ho said that his Government hoped to benefit from the rapid reforestation experience of the past to achieve sustainable forest management as a lasting benefit for the future.

25. The Representative of The Netherlands, Dr. Hans Obdeyn, informed Council that a report on his country's progress had been made available in accordance with The Netherlands' full policy on tropical rainforests, their conservation and management, which had originally been presented to Council at the Tenth Session of the ITTC in May 1991.

Dr. Obdeyn said that The Netherlands had reported on its progress at Council Sessions thereafter, always in a way consistent with the original policy document. At this Council Session, The Netherlands wished to share information on this issue. The objectives, background, and implementation schedule had already been explained in the progress report and Dr. Obdeyn told Delegates that his Delegation wished to hear their views on his Government's Policy Document and progress report.

26. The Spokesperson for the Producers, Mr. Amha Buang, commented that his group considered the NFATT (The Netherlands Framework Agreement on Tropical Timber) would restrict the freedom of import and utilization of tropical timber. The Producers wished to register their strongest concern over and rejection of this framework agreement. They found it amazing that The Netherlands, a country with very little residual natural forest, had seen fit to formulate a policy governing the trade in products from a type of forest which did not exist in her own country. Only when The Netherlands had succeeded in increasing her own forest area to a substantial degree would it have earned the right to assert a viewpoint on the whole complex issue of the world's forests.

Mr. Amha said that Producers noted with concern that the original policy document of 1991 which had formed the basis for the NFATT was inconsistent with the Forestry Principles adopted at UNCED in 1992 which applied to all types of forest. The Producers believed the policy should be immediately replaced with one that was pragmatic, fair, and treated all types of forest impartially. In their view the NFATT was an unfair, premature, and counter-productive measure which would injure the Producers' legitimate interest in the marketability of the products of their forests.

Mr. Amha enunciated the basis of the Producers' unequivocal objection to the NFATT as follows:

- a) It was a restrictive trade measure against tropical timber, setting a deadline of 31.12.'95 beyond which tropical timber from countries not considered to manage their forests sustainably would be refused access to The Netherlands. Producers believed that, to the extent that they would be aggrieved by this unilateral action, they would be entitled to take countervailing actions under the provisions of GATT.

- b) It deliberately discriminated against tropical timber vis-à-vis temperate timber and would inevitably cause the prices of the former to fall relative to the latter. This was a problem of double standards of precisely the kind the Producers were trying to overcome in the course of the negotiations for a successor agreement. At the very least this initiative could have been made applicable to **all** types of timber and timber products.
- c) The NFATT was a unilateral agreement, involving solely domestic concerns such as Dutch trade associations, trade unions, companies, Netherlands-based NGOs, and indeed The Netherlands Government itself. The fact that Government of The Netherlands had notified some Producers of the NFATT, and was advancing it as a step in its progress towards the ITTO's multilateral Year 2000 Objective did not make the measure any less unilateral. It was still a distinctly Dutch initiative for which all signatories in The Netherlands must be held responsible. Any problems faced by The Netherlands in meeting ITTO's Year 2000 Objective should have been discussed in the open multilateral forum of the ITTC.

Mr. Amha emphasized the conflict between the ITTO's Year 2000 Objective (to which The Netherlands was a party) and the NFATT's target of 1995. The two targets were irreconcilable, in the Producers' view, and moreover Article 30 of the ITTA, 1983, was not being observed by The Netherlands. This Article specifically prohibited unilateral trade-restricting measures. Furthermore the policy set out in the NFATT was inconsistent with that held by the European Community with respect to the Year 2000 Objective, and the Community was considered to be responsible for the unity of its Member States on matters of international trade.

Producers were puzzled, Mr. Amha continued, as to how the UNCED Forest Principles could possibly be quoted in the NFATT document since the proposals were in conflict with the universal and non-discriminatory nature of these Principles. Indeed, the timing was premature. Sustainable management was a complex issue, and Mr. Amha admitted that ITTO's work on the definition of criteria for sustainability and the securing of new financial resources should have preceded its adoption of the Year 2000 Objective.

Nevertheless, a deal had been made, and Producers had committed themselves to the Year 2000 Objective, not to the distraction of the NFATT's 1995 target. There were many imponderables and much information still had to be gathered. Issues such as certification required rational consideration, and should not be based on political expediency. Producers insisted that any such scheme, if deemed desirable, must be applicable to **all** types of timber and timber products, and should be based on internationally-agreed criteria and standards.

Mr. Amha stated that the Producers' critique of the NFATT was directed not only at the Government of The Netherlands, but also at other signatories, in particular the WWF and IUCN. To date, the Producers had been encouraged by NGOs' support for elimination of the double standards. Since the NFATT discriminated against tropical timber and timber products, the Producers called on the signatory NGOs to become consistent with their declared approach on this issue.

Finally, Mr. Amha reported Producers' alarm over some of the details in the NFATT, such as the use of the term "preservation" in preference to "conservation". Producers found this word unacceptable, because the meaning implied "locking up" their forests from any kind of management at all, let alone sustainable management. Furthermore, there were provisions for more legislation, an issue already addressed by Producers at the Thirteenth Session of the Council, and undefined "arrangements" for disposal of timber from unsustainably managed sources.

27. The Representative of Brazil, Mr. Everton Vargas, reiterated Brazil's view that the best way to ensure sustainable management of tropical forests was to ensure that remunerative prices were paid for exports of tropical timber. This could be accomplished through higher prices for specific products, and by a willingness to import products already processed in a producing country.

Brazil noted with regret that Consumer countries were still far from compliance with this request; on the contrary, they persisted in the illusory belief that non-tariff barriers would force producers to adopt sustainable management practices. Mr. Vargas quoted the ITTO LEEC report which asserted the importance of trade-related incentives to help sustainable management. The Netherlands NFATT, he noted, applied not only to tropical timber, but to all timber produced at latitudes between the Tropics of Cancer and Capricorn. Its effects would therefore be wider than previously envisaged.

Mr. Vargas emphasized Brazil's support for the points made by the Spokesperson for the Producers and additionally noted his country's concern for the NFATT's preference for exports from "small-scale community forests" above those of industrial plantations. This could sound the death-knell for many export-oriented companies established in developing countries. Since many of these companies were engaged in sustainable forest management, an essential prerequisite for their own raw material supply, the NFATT could well act as a disincentive to sustainable management.

Furthermore, the Dutch initiative in the NFATT took no action to make the market compatible with the resource insofar as it made no attempt to increase the number of species accepted. Such an increase would have brought sustainable management closer within reach by decreasing production costs per unit area. Market diversification was not addressed in the NFATT. Moreover, the issue of non-tariff barriers and subsidies to competing timber from temperate forests was not considered.

The NFATT also provided for further amendments to the criteria defining sustainable management but since this was to be done domestically i.e. unilaterally it would constitute another barrier to free trade. Mere consultation of producers, as envisaged by the NFATT, was not enough. An equal multilateral forum was needed. Worse, specific provision was made for legislation to restrict the import and use of tropical timber, a proposal alien to the principle of partnership and shared responsibility embodied by the ITTO. Producers regretted, Mr. Vargas reported, that the Year 2000 Objective was being misused to promote unilateral measures.

28. The Representative of Congo, Mr. Richard Kassa, reported that his Delegation had taken note of the report of the Netherlands and at this point had no individual response to make other than to support the position outlined by the Spokesperson for the Producers. The Congo was, however,

very concerned with the achievement of the year 2000 Target, with the better use of resources for the benefit of society through increased local processing, sustained penetration of the international timber market, and the promotion of lesser-known Congolese species.

Congo was also deeply concerned with cartographic and remote sensing procedures to improve her knowledge of the forest, and to relate these inventories to estimates of consumption. In the Congolese context, it was vitally important to integrate the social fabric of rural society, especially agroforestry, into the sustainable management of the forest where they lived. All such activities would lead to the Year 2000 Objective.

But, Mr. Kassa said, the introduction of sustainable management techniques through technology transfer pre-supposed the existence of financial means which his Government did not possess. Furthermore income was needed, especially if simultaneously it produced jobs through adding value to exports. Only thus could local populations be prevented from encroaching on the forest. Congo congratulated the ITTO on its continued efforts for the benefit of tropical forest management.

29. The Delegate of Indonesia, Dr. Toga Silitonga, registered his Government's strong objection to unilateral moves taken by the Government of The Netherlands in its NFATT, which Indonesia considered to be in conflict with the Forest Principles of the UNCED.

30. The Delegate for the African Timber Organization, Mr. Mohammed Lawal Garba, expressed his gratitude for the invitation to participate in this Council Session.

Mr. Garba agreed with the call for sustainable management of tropical forests so frequently heard from consumer countries, but he considered it most unfortunate that unilateral actions were proposed to regulate international trade. Such moves would reduce prices for tropical timber and exacerbate the problem. The Netherlands' initiative was premature in the context of the Year 2000 Objective and contained no provision for compensating financial losses sustained by Producer Members. With lower values for tropical forests more would be converted to more profitable alternative land-uses including agriculture.

Forest management was a global issue and no one region should be polarised in its approach to the issues involved. The ATO believed that a continual dialogue embracing importers, exporters, aid agencies, and NGOs really committed to sustainable management was essential. Financial resources were also needed for developing countries who otherwise would have to compromise their assets. The ATO, Mr. Garba added, did hope that a new agreement would be concluded with these points embedded in the structure.

31. The Chairman thanked all Members who had made reports on their progress towards the Year 2000 Objective, and acknowledged that several Consumers were making the effort to share information. He called upon those Members who had not yet submitted reports to do so at the next available opportunity.

Report on the Second and Third Parts of the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1983 {Item 11}

32. The President of the U.N. Conference, H.E. Mr. Wisber Loeis, reported that the Conference had been convened twice since the last Council Session. There had also been three intervening rounds of consultations, one under the chairmanship of the Council Chairman Mr. Appiah in Kuala Lumpur, and two presided over by Mr. Loeis himself in Yokohama. A brief account of these meetings had been prepared by the Secretariat in Document ITTC(XV)/4, to which were appended the several UNCTAD documents covering events in Geneva. Mr. Loeis intended to limit his comments to outlining certain emerging and persistent trends and to inform Council of his own efforts to encourage fruitful developments.

Mr. Loeis asked Delegates to agree with his view that progress had been made since May 1993, but insufficient to permit complacency. Nevertheless he was optimistic that once the direction was clear, the Conference would swiftly move to a successful conclusion. His role was to revitalize discussions when he sensed low morale, and the greater difficulties faced by other negotiators working on other agreements merited attention. Mr. Loeis had noted a heightened sense of responsibility and the adoption of an increasingly pragmatic approach to finding a compromise out of the present impasse.

Mr. Loeis recalled that at the outset of negotiations, pessimism was intense, to the point where some nations were threatening not to adhere to a new Agreement if it did not embrace their cherished principles. Others spoke of liquidation of the whole Organization. He had actively sought to discourage such lines of thought. ITTO was the one organization whose mandate was truly imbued with conservation-oriented imperatives. As such, it did not deserve to have its future potential damaged by a gloomy lack of interest in one of the world's most treasured resources. The moral and material resources of the international community had been invested in the ITTO with the full expectation of making real progress against some of the ecological problems now besetting mankind.

For the reason, the President explained, he had prepared and circulated his discussion paper. He was grateful that no Delegate had impugned his impartiality on this account. With the "President's Informal Working Group" he had endeavoured to galvanize a small consultative group to exert leverage on the larger body of Delegations. This was his effort to stem the tide of divergent views on the issues of scope, trade discrimination, and financial resources before these reached the point of no return.

During the third part of the U.N. Conference the informal working group was enlarged, and negotiated on the basis of the President's Revised Discussion Paper, the composite text of the Producer and Consumer proposals, and certain papers prepared specifically on financial resources. Some drafts of Articles were produced, some agreed, and some with brackets. However, the most significant features of the Third Part of the U.N. Conference were the CRP papers on core issues such as the Year 2000 Objective, some aspects of trade discrimination, and the functioning of the Organization for information sharing. Mr. Loeis was pleased to report significant progress on the

establishment of the "Year 2000 Objective Fund", although modalities remain to be determined. The Fund would provide increased resources for the transition to sustainable forest management. Well conceived and generously endowed, the Fund would open up prospects which would put ITTO in the forefront of UNCED efforts to mobilize international cooperation.

Mr. Loeis admitted that the negotiations were still battling with the cardinal issue of the **scope** of the new agreement. His revised discussion paper presented several compromise proposals as follows:

- 1) Limitation of the scope of a new agreement to tropical timber and tropical forests.
- 2) Focus on the Year 2000 Objective and sustainable development thereafter.
- 3) Progress through rational use and trade of the resource to ensure its conservation.
- 4) Recognition that, in consonance with the UNCED Principles, increased funds should be forthcoming from the Organization to assist achievement of the sustainable management objective.
- 5) UNCED Principles also required a **global** perspective to the foregoing objectives, involving tropical and non-tropical forest owners alike.
- 6) ITTO should provide a universal forum for discussion of trading issues relating to all forests and for sharing of information.

Mr. Loeis felt that his proposals on the issue of scope provided for an enhanced scope in the successor agreement. The ITTO Annual Review of the world timber trade would be permitted to cover the global situation of all forest products. Such information sharing was necessary. ITTO would be the forum for generating policy development and to implement field programmes. It was true, as some maintained, that past experience showed that such information sharing could be achieved otherwise than through the enhanced forum he proposed, but he did not believe this would hold true in the future, under changed conditions of global perspectives on forest issues.

Mr. Loeis observed that mere recognition of a need was inadequate. Practical measures were essential. For this reason, the President had proposed a minimal expansion, or what was more justifiably termed an enhancement of the agreement. Such a forum would prove sincerity and realism in the new agreement by addressing the major issues but at present compromise was not possible if some persisted in rejecting even such a minimal enhancement and others desired a radical expansion. He believed his proposals could bridge the present gap on the issue of scope. Compromise should not emerge from mere bargaining and "trade-offs" undertaken by narrow interests.

Mr. Loeis concluded by informing Council that he would be fully available for further discussions for the first three days of the Council Session, and pledged himself to the collective cause of a successor agreement to the ITTA, 1983.

Review of Contributions to the Administrative Budgets {Item 12}

33. The Executive Director had already presented to the Finance Committee Document ITTC(XV)/CRP/2 where he had highlighted the important features of this review of contributions to the Administrative Account. To date the Organization had received \$998,791 from Producers of the assessed amount of \$1.7 million. For Consumers the receipts totalled \$1,558,900, giving a total of

\$2,557,691. Expenditures were estimated to reach \$3,405,857 by the end of the year, compared to the approved budget of \$3,609,077.

Part of the projected deficit could be covered by interest earned and by Council's agreement at the last Session to the transfer of \$150,000 from the Working Capital Account. Unfortunately, actual receipts had not been as high as estimated in May and unless more were forthcoming, the 1993 estimated deficit would reach over \$639,000. Assets of the Organization included the Special Reserve Account of \$600,000 (only utilizable on Council's instructions) and in the Working Capital Account \$1.165 million. Total Arrears and interest thereon summed to \$2,920,486, so any payments to defray this figure would also boost the reserve in the Working Capital Account.

34. After intensive discussions in the Finance Committee and smaller working groups, Council authorised the Executive Director to utilise \$630,000 from the Working Capital Account to meet the anticipated shortfall on the 1993 Administrative Budget (see Decision 3(XV) in this report).

Administrative Budget Proposals for 1994 {Item 13}

35. The Chairman reported that the final proposal before Council was the result of long and arduous discussions within the Finance Committee. It was the most austere budget he had seen during his long association with the ITTO.

The proposed 1994 Budget had been reduced from \$4.2 million to \$3.9 million, and Members' assessments to a total of \$3.4 million, the same level as the current year. In fact virtually the whole increase had been due to the rise of the Japanese yen against the US\$, so maintenance of the budget at the 1993 level was a reduction of nearly 10% in real terms. Mr. Appiah explained the reduced budget had been achieved in the following ways:

Firstly the Secretariat would save \$358,000 by delaying the appointment of the Assistant Director for Reforestation and Forest Management until 1 April 1994, and by accepting a moratorium on the appointment of the Information Officer for the whole financial year. Other smaller items within the draft budget such as the library would be cut.

Secondly, the Government of Japan had agreed to use \$145,000 from Trust Fund to be set up to hold accumulated interest on unliquidated Japanese voluntary contributions and up to 50% of future interest earned from the same source. This sum would be used to pay for certain project-related items within the Administrative Budget on the understanding that this was not to be an annual commitment, but for 1994 only.

Thirdly, it would be necessary to recommend the transfer of \$282,000 from the Working Capital Account to keep the Members' assessment at the 1993 level. The Chairman added that he had received hopeful messages from four Members willing to pay their arrears by the end of 1993, which would improve the position of the Working Capital Account. A partial payment of \$30,000 was received from Brazil during the Session.

36. The Spokesperson for the Consumers, Mr. Milton Drucker, wished to record that a considerable strain would be imposed on the Secretariat by the cuts in the budget. The process had been transparent, and it was clear that the Secretariat was being required to work with fewer resources, and he believed Council should take note of the fact that activities could well be affected.

Mr. Drucker also expressed Consumer concern over the serious depletion of the Organization's reserves.

37. The Delegate of Japan, Mr. Hiroyuki Orikasa, called on Members to make a fair response to the budget which had been produced with so much effort, and to improve the balance in the Working Capital Account through the payment of arrears.

38. The Representative of the European Community, Mr. Enzo Barattini, confirmed the Community's commitment to support the Executive Director's efforts to restrain the budget. However, because of certain internal legal requirements applying in some Member States, the Community, in supporting the 1994 budget, understood that expenditure for the first three months of 1994 would not exceed 25% of the total budget for the whole year.

39. Council adopted the Administrative Budget for 1994 as presented in Document ITTC(XV)/2/Amend.1.

Financial Resources of the Special Account:

a) Review of the Pre-Project Sub-Account

b) Review of the Project Sub-Account
{Items 14a) & 14b)}

40. The Secretariat drew Council's attention to Document ITTC(XV)/CRP/1. This document was prepared for every Council Session in the same format to inform Members on the status of voluntary contributions and expenditure relating to projects and pre-projects. It contained a list of all pre-projects and projects under implementation up to the end of the Fourteenth Session and also a list of activities. Unfunded projects and pre-projects were also noted. Voluntary contributions received to both the Pre-Project and the Project Sub-Account were also recorded. Finally, there was a note on the accumulated interest. Council took note of this document.

c) New Contributions to the Special Account {Item 14c)}

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

42. The Representative of Switzerland, Ms. Laurence Wiedmer, reminded Council that Switzerland's pledge of \$1 million, made in 1992, had still not been fully earmarked, and therefore her Government was still interested in supporting good projects within the ITTO framework. However, she warned that the ability to secure Parliamentary approval for Swiss pledges made at this Session was dependent on their expectations of the negotiation process.

43. The Representative of the European Community, Mr. Enzo Barattini, confirmed the Community's interest in co-financing pre-project PPD 13/93 (M) "Consultancy and Working Party on Certification of all Timber and Timber Products".

Appointment of Auditors for 1993 {Item 15}

44. The Chairman reported that the Finance Committee had recommended that the firm of Arthur Andersen & Co. - Eiwa Audit Corp. be re-appointed to audit the Organization's accounts for the Financial Year 1993. Council then adopted the Finance Committee's recommendation.

Appointment of the Executive Director {Item 16}

45. The Chairman introduced this agenda item by recalling the achievement of the incumbent Executive Director, Dr. B.C.Y. Freezailah, in guiding ITTO from its inception to its present status as an organization of wide renown. Dr. Freezailah had prudently and patiently cultivated a worldwide network of communications with Member Governments and major international organizations which had proved invaluable to ITTO's work at all levels from Council Sessions to small working groups. He had moreover recruited a dedicated group of Secretariat officials to assist him in the task of imbuing the Organization with real substance and in building up its image.

This record of performance needed no further elaboration, and his home country, Malaysia, together with the Asia/Pacific region, deserved credit for proposing his candidature in the first place. The Chairman expressed his own admiration for Dr. Freezailah's personal qualities including his calm composure whilst undertaking ITTO work, and he reported that his consultations had revealed unanimous support for the draft decision he would now table, extending Dr. Freezailah's term of office by two years.

46. Council then approved by acclamation the extended appointment of Dr. B.C.Y. Freezailah as Executive Director of the ITTO until 31 March 1996, subject to the continued existence of the Organization.

47. The Executive Director responded by thanking Council for its collective trust in his direction of the Organization, and pledged to dedicate himself to the ideals enshrined in the mandate of the Organization. Only in this way could he adequately repay the great measure of faith which Council had vested in him. Dr. Freezailah said that he would continue to rely on the cooperation of Members, and to work with his colleagues in the Secretariat who supported his efforts to continuously improve the administration of the Organization.

Dr. Freezailah stated his intention to persevere in the task of enabling the Organization to perform important tasks which would maintain and enhance its stature in the world. He promised to serve Council with as much determination as ever. Ambition was service, a lesson learned from his motherland, Malaysia. Dr. Freezailah expressed his deep gratitude for the honour bestowed on him by Council and accepted the extension of his term of office.

48. The Spokesperson for the Consumers, Mr. Milton Drucker, told Council that the Consumer Group was pleased with the re-appointment of Dr. Freezailah as Executive Director.

Election of Chairman and Vice-Chairman for 1994 {Item 17}

49. The Spokesperson for the Producers, Mr. Amha Buang, thanked the Chairman for his firm and businesslike approach to Council business, which had undoubtedly increased the Organization's reputation. Mr. Amha said that Mr. Appiah had been a worthy holder of the highest office in the Organization, and his performance had been admirable.

Mr. Amha then took pleasure in nominating Mr. Yoichi Suzuki (Japan), the incumbent Vice-Chairman, as Chairman of the International Tropical Timber Council for 1994. Mr. Amha said that Mr. Suzuki had already contributed strongly to the work of the Organization. He was Director of the

Developing Economies Division of the Economic Bureau in the Ministry of Foreign Affairs, Japan, and had a wealth of experience as a diplomat including assignments in France and Malaysia.

50. Council then unanimously agreed to the appointment of Mr. Y. Suzuki as Chairman of the ITTC for 1994. The Chairman spoke of the fine personal qualities and valuable diplomatic experience which Mr. Suzuki would bring to the job, and expressed his personal appreciation of the work done by Mr. Suzuki as Vice-Chairman during the current year.

51. The Delegate of Japan, Mr. Hidehiro Hosaka, in apologizing for Mr. Suzuki's absence on urgent business of the Government of Japan, delivered a message from Mr. Suzuki accepting the position of Chairman for 1994 and pledging himself to spare no effort in strengthening the activities of ITTO. Mr. Suzuki requested the support and cooperation of all Members and the Secretariat in order to help him fulfil the promise of a full year's term of work in the cause of the Organization.

52. The Spokesperson for the Consumers, Mr. Milton Drucker, had the honour to propose the current Chairman of the Permanent Committee of Forest Industry, Dr. Rueben Guevara Moncada, as the Vice-Chairman of the International Tropical Timber Council for 1994. Dr. Moncada had broad experience in both tropical and temperate forestry and had served as Chairman of the regional Tropical Forestry Action Programme in Central America since 1991, and had served on numerous other boards and committees related to timber and forestry.

Mr. Drucker said that Dr. Moncada had been educated at the graduate level at the School of Business Administration, Harvard University and was presently Director-General and Chief Executive Officer of the Tropical Agricultural Research and Higher Education Center (CATIE), a regional non-profit institution whose mandate covered the Central American tropical countries.

53. The Representative of Honduras, Dr. Rueben Guevara Moncada, congratulated Dr. Freezailah on his re-appointment and Mr. Suzuki on his appointment as Chairman. He wished to thank in particular his Latin American colleagues for having nominated him for the important position of Vice-Chairman. Dr. Moncada was sensible of this honour, and well aware of the responsibilities of the position. He promised nevertheless to make his best endeavours in the task. The ITTO was now in a process of transition and doubtless the next Session in January would be a crucial one. Dr. Moncada then gratefully accepted the position of Vice-Chairman of the International Tropical Timber Council for 1994.

Dates of the Seventeenth Session of the Council and the Fifteenth Sessions of the Permanent Committees {Item 18}

54. The Chairman reported that the Sixteenth Session had been scheduled for 18-25 May 1994 in Cartagena de las Indias, Colombia, but owing to administrative difficulties described in document ITTC(XV)/3 it would be necessary to move these dates back to 16-23 May 1994.

55. Council decided that the dates of its Seventeenth Session, and by association the dates of the Fifteenth Sessions of the Permanent Committees would be from 9 to 16 November 1994 in Yokohama.

Other Business {Item 19}

56. The Delegate of Myanmar, Mr. Myunt Maung Shein, announced that his Government had decided to accede to the International Tropical Timber Agreement, 1983, and was already taking steps to deposit the Instrument of Accession with the Secretary-General of the United Nations.

Myanmar was an important producer of tropical timber at both the regional and the global levels and she looked forward to taking her seat at the next Session of the Council and to cooperating with other Members to achieve the objectives of the ITTO.

57. The Representative of FAO, Mr. Jim Bourke, greeted the Council on behalf of the Director-General and the Assistant Director-General heading the Forestry Department. He outlined some of the developments at FAO since the UNCED.

ITTO had been invited to participate in several of FAO's meetings scheduled for the year including the Asia-Pacific and European Forestry Commission (the latter together with the ECE/FAO Timber Committee) and the Latin American and Caribbean Forestry Commissions, besides the main Committee, that of COFO.

Major issues considered included the 1990 Forest Resources Assessment and follow-up actions for UNCED. The former had recently been completed for industrialised and tropical countries; developing non-tropical countries would be completed by 1994. Although temperate forests were at greater risk from pollution and certain diseases, nevertheless the Resources Assessment showed a significant increase in their area. Unfortunately, the tropical forests were still decreasing; 154 million hectares had been converted since the last Assessment in 1981. Worse, there was an observed reduction in biomass in the remainder which the Assessment could not quantify.

On UNCED, Mr. Bourke reported that it had recognized the important role of international organizations and as a result the U.N. had established the Commission for Sustainable Development (CSD). FAO had been requested to act as the CSD's "task manager" for those chapters of Agenda 21 related to land management and forestry, including *inter alia* the monitoring and reporting on actions to implement the UNCED programmes. CSD would also review progress in forestry in 1995, and ITTO had been active on FAO's informal working group for international organizations.

Mr. Bourke noted that the Consultative Group on the TFAP was another forum for increased cooperation between ITTO and FAO. The revamped TFAP was functioning as an effective instrument for Agenda 21 in tropical countries. FAO was of the view that there were good opportunities for cooperation between FAO and ITTO, and that it was essential for each to pursue its area of comparative advantage and to avoid duplication of effort. The importance of the relationship should, FAO believed, receive actual recognition by retention of the name of FAO in Article 14 and other relevant places in the successor agreement.

58. The Representative of the consortium of Japanese NGOs (the Consumers' Union of Japan, the Japan Tropical Forest Action Network, the Japan Rainforest Protection Lawyers' League, and the Sarawak Campaign Committee), Ms. Kazuko Matsue, welcomed the pledge by the Japanese Forestry Agency made at this session on the subject of sustainable forest management. However, she

added that in the Japanese NGOs' view their country's forests were not managed sustainably now, nor had they ever been so managed in recent decades.

Ms. Matsue said that forestry in Japan was in trouble, with a national debt of \$24 million growing at \$1.5 mill. every year. The Government's response had been to cut staff so that only 20,000 of the 73,000 employees on the Agency's books in 1973 remained today. As a result, silviculture was neglected and poor timber resulted. For years, too, natural biodiversity had been reduced by conversion to monospecific coniferous plantations. Strict harvesting regulations only applied to 6.5% of Japan's forests, and only 3.8% were protected against all activities. The Japan Resort Law, now opposed by citizens' groups, had led to 5 million hectares of golf courses and resorts carved out of the forests. Species such as the black rabbit were now endangered.

Ms. Matsue contended that this parlous situation had arisen from post-World War II conversion of evergreen deciduous forests, leading to some policy improvements after 1970. Large imports of cheap timber from unsustainably managed forests in Canada, Indonesia, Malaysia, and the U.S.A. had supplanted wood from Japan's labour-intensive domestic forest estate. The lessons to be learned were that forest management dominated by economics could never be sustainable and that all timber was part of the same trading pattern and pricing policies in one country affected all forests everywhere.

Ms. Matsue said that, in the NGOs view, Japanese silvicultural technology was only useful for monospecific plantations and that its transfer to tropical countries through Overseas Development Assistance would only reduce the biodiversity of their forests. To prove its commitment to ITTO's Year 2000 Objective on its own territory, the Japanese Government should quickly adopt Environmental Impact Assessment legislation and ensure all ODA is subject to the same scrutiny (besides being acceptable to local communities), rescind the Resort Law, prepare a comprehensive action plan for all ministries to cut Japan's solid timber demand through reform of the construction industry and her paper demand through greater recycling, and commit the nation not to import timber from unsustainably managed forests.

Finally, Ms. Matsue urged the ITTC to include temperate and boreal forests in the successor agreement, to adopt environmental and social pricing, to urge Producer countries to achieve the Year 2000 Objective by 1995, and to demand that Consumer countries permit only timber certified as from sustainably managed forests to be imported by 1995 and thereafter.

59. The Delegate from the Global Forestry Policy Project (a joint venture of the National Wildlife Federation, the Sierra Club, and Friends of the Earth - U.S.), Mr. Bill Mankin, said that the future of ITTO was clouded, with the last opportunity to give it a new lease of life about to vanish.

Mr. Mankin said that a decade of genesis and growth had still left ITTO in search of an identity, despite constructive criticism from various quarters. Projects, he believed, were still approved which, whatever their individual merits, were not in accord with the Organization's mandate. Only one Member country seemed willing to support the Organization fully, and because others held back there were always approved but unfunded projects. Commitments to sustainability had produced few

measurable results and ITTO and its Members appeared to have been mere spectators to world debate and action on important trade-related issues.

Mr. Mankin portrayed an atmosphere of declining interest in ITTO's mission and little progress on the disputed core issue of the negotiations for a successor agreement, where many Members were resisting change. NGOs had worked hard to convince Members that the negotiations offered an opportunity to chart a new course. Yet it was hard to tell whether NGOs' textual proposals had been seriously considered or not, an uncertainty which was very discouraging for the NGOs. However, the recent discussion on unilateral trade initiatives showed that NGOs' concerns were at the heart of the Organization's mission.

The ITTA, 1983, Mr. Mankin reminded his listeners, was the only multilateral agreement on tropical timber. This was its sole preoccupation. The scope should be broadened to include all types of timber because, if this was not the case, actions focusing on tropical timber alone could be fully justified. Indeed, such discriminatory actions would proliferate, and Members would never have grounds to appeal to GATT. If concerned citizens did not see progress towards sustainable management of tropical forests at a speed they desired, naturally they would promote actions to hasten the process.

Mr. Mankin warned that Consumer nations with temperate timber resources could not escape such trade-related moves by seeking to keep the scope of the successor agreement narrow. Already legislative programmes and certification schemes included all types of timber. The ITTO was at a crossroads; adaption to change and innovation would ensure its survival, but failure to do so would see the world moving on without it.

60. The Delegates of two Canadian NGOs, the Friends of Clayoquot Sound and the Valhalla Wilderness Society (Canada), Mr. Garth Lenz and Ms. Colleen McCray, spoke of the crisis of sustainability in the forests of western Canada. In British Colombia, they asserted, logging was at levels of twice the natural increment, covered a thousand square miles each year, and would deplete resources entirely by 2008. Clear-cutting had moved into upper watersheds and in Alberta, where Japanese joint ventures were cutting areas half the size of Japan, C\$10-13 million dollars' worth of new mills had been approved.

For these reasons both speakers believed it was desirable to have temperate and boreal timber included in the successor agreement.

Canada had the lowest stumpage in the world, and indigenous peoples there were faring no better than their counterparts in developing countries. To date 70% of the forests on Vancouver Island had been logged and the remainder were part of a concession to a large company in which the Government of British Colombia held a 75% shareholding. Over 800 people from all walks of life had been arrested in a demonstration endeavouring to halt this destruction. The products of the logging were largely pulp for newsprint.

Both speakers asserted that Canada should set an example through the sustainable management of her natural temperate and boreal forests as proof of her sincerity during the present negotiations on a successor agreement to the ITTA, 1983.

Decisions and Report of the Session {Item 20}

61. The Chairman read out each draft Decision as required by Council's Rules of Procedure and after making some minor amendments Council then adopted the Decision(XV) 1-5 & 7-8 as recorded in Annex IV of this report of the Session, and required this Report to be prepared as soon as possible.

62. In the case of Decision 6(XV) more extensive discussion took place in a dialogue between Producers and Consumers. A complete revision was undertaken and finally Council approved Decision 6(XV) in the form reproduced in Annex IV of this document. The Chairman appealed to donors to fully fund the consultancy and working party on certification of all timber and timber products, which was the substance of Decision 6(XV).

Closing Session

63. The Representative of the European Community, Mr. Enzo Barattini, noted in passing that he might soon be speaking in the name of the European Union. The Community hoped that the informal discussions which had been undertaken during this Session would help to bring the successor agreement closer to reality.

The Community was grateful that the thorny issue of the budget for 1994 had been resolved and thanked the Executive Director for his cooperation in this respect. It also acknowledged the high standard of work undertaken by the three Permanent Committees, which was apparent in their recommendations for approval of projects and pre-projects whose value was plain. In particular the emphasis on sustainability to conserve the producer nations' resources was most welcome.

Mr. Barattini added that Decision 6(XV) on the consultancy and working party on certification of all timber and timber products was in no small measure due to the efforts of the late Mr. Arthur Morrell as Chairman of the Joint Session. The Community was also glad to see the large measure of transparency in the Year 2000 Objective progress reports made by consumer countries. In response to Producer concerns about the trade policies of one of its Member States, the Community wished to emphasize that, **as a whole**, it encouraged responsible non-discriminatory trade.

In conclusion, Mr. Barattini expressed optimism about the Organization's future, and gratitude for the work of the Executive Director. He thanked the Chairman for his skill, intelligence, and spirit of compromise, the City of Yokohama and the Japanese authorities, and last, but not least, the interpreters and translators without whom the discussions could not have taken place.

64. The Spokesperson for the Consumers, Mr. Milton Drucker, thanked the Secretariat for their hard work and the interpreters who tolerated late notice of discussion items. Mr. Drucker appreciated the work done by the President's Informal Working Group which had prepared a new Conference Room Paper for the next Geneva meeting of the U.N. Conference. Consumers looked forward to working with the Producers to achieve a successful result.

Mr. Drucker also expressed Consumers' satisfaction at the Decision on Biotechnology which fulfilled a Consumer promise made at the last Session. Similarly the Decision 6(XV) on Certification Consultancy and Working Party merited attention as it would enable everyone to obtain a clearer picture of the issues involved, and how ITTO might become operative in this arena. In the

Consumers' view, of course, the ITTO would remain a tropical timber organization, but in the spirit of Art. 27 of the ITTA, 1983, they wished to consider gathering information on all types of timber.

The next regular Session of Council would, Consumers hoped, continue the ITTO tradition of free and frank discussions. However, the ITTO could not solve all of the problems that nations faced, but it could, as always, continue to take steps towards solutions.

Mr. Drucker recalled the difficult discussions over the budget in the Finance Committee. He hoped that as the Organization grew in stature more resources would become available and reduce the likelihood of such problems ever occurring again.

In conclusion, Mr. Drucker thanked the Chairman for his matter-of-fact style and ability to bring Delegates firmly to the decisions they must make. Mr. Appiah's commanding presence had been of great value in hastening progress. The Consumer Delegations also deserved credit, especially the E.C. Delegations, for their willingness to be flexible.

65. The Spokesperson for the Producers, Mr. Amha Buang, recalled that despite the ongoing negotiations the Council had been able to accomplish all the regular tasks and the new initiatives on its agenda. Eighteen new projects had been approved, and five existing projects had received additional funds; several important enterprises (biotechnology, certification etc.) had been set in motion, the 1994 Administrative Budget had been approved, the Executive Director's appointment had been renewed and even on the issue of the negotiations the untiring efforts of the President of the U.N. Conference had yielded results in the shape of a non-binding Conference Room Paper for UNCTAD. The assistance of UNCTAD's representative at the Sessions was much appreciated.

Mr. Amha thanked Colombia for her offer of Cartagena de Indias as the venue for the Sixteenth Session, and the Government of Japan for displaying the role of an exemplary host, especially in view of financial problems relating to the appreciation of the yen. Japan had also exhibited willingness to assist in solving the budgetary problems with real resources, and Mr. Amha hoped to see such willingness apparent in other Members as well, although the Japanese effort would be hard to match.

Mr. Amha expressed the Producers' appreciation of Myanmar's intention to accede to the ITTA, 1983, even at this late hour. He thanked the Chairman for his leadership, patient advice, and good sense of timing, and congratulated the incoming Chairman, Mr. Suzuki, and the Vice-Chairman, Dr. Moncada. Mr. Amha congratulated the Executive Director on the extension of his term of office; he was particularly needed now. The Secretariat as a whole was to be commended for its willingness to work with the reduced budget.

Mr. Amha concluded by thanking his Consumer counterpart and the interpreters and translators without whom the discussions could not have taken place. He then wished all delegates a safe journey home.

66. The Executive Director, in his closing speech, described the present Session as a good one, with a mixture of intensive consultations, partial deadlocks, conditional decisions and finally a consensus. These developments had created sometimes good cheer, sometimes low morale, but reality was also made up of such opposites.

Dr. Freezailah asked to be forgiven for any inconvenience which might have been caused inadvertently through any of his actions or those of the Secretariat and asked for the opportunity to make amends if such were the case. The Secretariat existed to serve.

In administration, Dr. Freezailah continued, crisis management should be avoided. Never should a lost opportunity be viewed with regret from a current crisis. Even as the Session drew to close, Members could rely on the continued support of the Organization through its ongoing institutions and the quiet support of the Government of Japan who provided facilities for the Organization's headquarters and its Sessions.

The Executive Director praised the Chairman for his exemplary conduct which was a credit to his country, Ghana. The Vice-Chairman, too, had been a pillar of support and Dr. Freezailah congratulated Mr. Suzuki on his election to the highest office in 1994, to work with the new Vice-Chairman Dr. Moncada, who also was held in the highest regard.

The two Spokespersons had been a tireless team, continually consulting to seek out the best route to agreement. They had carried an immense burden. Dr. Freezailah thanked the interpretation and translation team under the direction of their coordinator Mr. Leo Scherman, and the volunteer conference assistants whom the City of Yokohama had kindly freed from their normal duties.

In conclusion, the Executive Director wished all the Delegates a safe journey home, and hoped they had gained the resolve to continue their fine work for the Organization.

67. The Chairman, in his closing remarks, called 1993 a remarkable year in which, despite the ongoing negotiations, the Council had made tremendous progress. During the year Council was able to secure Members' agreement to actions which resolved items that had been on its agenda for some time. For example, they had settled the format of the Year 2000 Objective reports, had agreed on the methodology for estimating resources needed to achieve the Objective, and had taken steps to collect information for members on eco-labelling and identify ITTO options.

The Chairman believed that considerable progress had also been made with the negotiations. The unofficial Conference Room Paper had been informally circulated to Members. The official UNCTAD version would be forthcoming in due course. Mr. Appiah had been encouraged to hear Members talking about the Sixteenth and Seventeenth Sessions when only a few days ago the Finance Committee had been discussing not just the regular annual, but also the possibility of partial and liquidation budgets. Moreover, over \$6.5 million in voluntary contributions had been pledged for projects. Furthermore this year had seen co-financing of ITTO projects by the Common Fund for Commodities, with a continuation of interest at this Session. Cooperation with the Fund was projected to increase, and the Chairman urged Council to seek out other new channels of funding.

The Chairman said these achievements were inspiring. He wished to thank his Coordinating Bureau for the help he had received throughout the year and especially the two Spokespersons. The Executive Director and his Secretariat had also been a continual support for the Chairman, as had the UNCTAD Secretariat during the Geneva Sessions. Lastly Mr. Appiah recorded his gratitude to the Government of Japan for its unflagging assistance to the Organization. However,

credit for achievement should, of course, be rendered to all Members and their Delegations. He wished all a safe passage home.

The Chairman then closed the Fifteenth Session of the International Tropical Timber Council.

POSTSCRIPT

Arthur Vincent Morrell

The Chairman had the sad duty to announce, on the penultimate day of the Session (Tuesday, 16 November 1993), that Mr. Arthur V. Morrell, Senior Trade Advisor to the U.K. Delegation, Chairman of the Permanent Committee on Market Intelligence and Chairman of the Joint Session of the Permanent Committees, had died suddenly in his hotel room that morning. The morning session of the Council was cancelled, and, after Delegates had observed a minute's silence as a mark of respect for Mr. Morrell, the following tributes were paid to his memory during the afternoon session:

The Chairman recalled that Mr. Morrell had been fully occupied with intensive discussions and consultations with the Joint Session on the subject of certification of all timber and timber products during the last day of his life. He led these discussions with purpose and determination, secured a consensus on the text, and left the hall amidst warm congratulations. His life had reached a pinnacle of achievement in this multilateral forum, where his sense of public duty was displayed with complete self-sacrifice.

ITTO had good reason to be thankful for the life and work of Arthur Morrell. The Organization, the U.K. Delegation, the Timber Trade Federation, his former employer and many trading partners had lost a wise counsellor and a good friend. On behalf of the Council, the Chairman extended his profound sympathy to Mr. Morrell's family in this hour of bereavement.

The Executive Director, who had long known and respected Mr. Morrell, described him as a dedicated public servant with a history of unstinting service to successive U.K. Delegations at Council Sessions. Indeed he had worked to mobilize support among European Governments for their accession to the ITTA, 1983, and thereafter, at great personal cost, he constantly engaged in public relations to promote the objectives of the Organization.

Mr. Morrell had enjoyed negotiations, and was a man of deep convictions arising from his long experience of the timber trade, although in argument he never showed anger but maintained always a firm and courteous tone, expressing his views with infectious tenacity.

The Organization had lost a man of positive influence for its future, an enlightener of sceptics, at a critical juncture. Mr. Morrell understood well the strain placed upon an international civil service under the stress of so many diverse new developments, and had only just expressed to the Executive Director his sympathy over this increasing burden. Now a wise guide and a man of fine character had been lost. He would be greatly missed. The Executive Director extended his deepest sympathy, and that of his Secretariat, to the family of Arthur Morrell.

The Spokesperson for the Producers, Mr. Amha Buang, expressed his own sorrow, that of the Delegation of Malaysia, and that of all the Producer Delegations at the sudden loss of a dear colleague. It had been a great shock for all, especially after the Joint Session of the Permanent Committees which he had chaired so ably on the last full day of his life.

The sense of personal sadness had been accentuated for Mr. Amha by the memory of a pleasant conversation with Mr. Morrell after the previous day's Bureau meeting. Mr. Morrell would be fondly remembered for his untiring efforts on behalf of the International Tropical Timber Organization and the Producer Delegations conveyed their sincere condolences to Mr. Morrell's family and to the U.K. Delegation.

The Spokesperson of the Consumers, Mr. Milton Drucker, said that the service rendered to the ITTO by Mr. Arthur Morrell was a symbol of the devotion of his life to others. He had provided Delegates with moments of mirth as he goaded them to a conclusion, never letting them forget that their business was serious. He always helped Delegates to see their work against the wider panorama, and was memorable for his humour, his persuasiveness, and the *joie de vivre* which he displayed throughout his work with others.

As Consumer Spokesperson, Mr. Drucker had relied on his judgement, cooperation, and ability. Every evening Arthur Morrell hosted groups of his fellow delegates in his hotel room, and for many these events were among their fondest memories of the Sessions. Mr. Morrell worked to reduce divisions and to seek unity. Mr. Drucker spoke for the U.S. Delegation, and for all the Consumer Delegations in recognising the work done by Mr. Morrell, but as an individual he had felt the loss most keenly because of the warmth of friendship shown to him by Mr. Morrell since the time he had first begun to attend ITTC Sessions.

Mr. Drucker requested Council to find an appropriate form of expression of condolences to which the small ITTC community could contribute in conveying its shared sense of loss to the family of the late Mr. Morrell.

During the afternoon, Delegates of numerous national delegations and Observer organizations joined their voices to the general tributes paid to the memory of Mr. Morrell.

The Delegate of the United Kingdom, Mr. Bill Howard, thanked everyone for their warm tributes to the personal qualities of Mr. Morrell. In fact, Arthur Morrell had belonged as much to the whole ITTO family as to the U.K. Delegation since he had dedicated himself to serve the whole Organization. Mr. Howard promised to convey all the expressions of sympathy to the late Mr. Morrell's family upon his return to the United Kingdom.

Council decided to open a Book of Condolences and requested the Executive Director to convey this to the family of Mr. Arthur Morrell. It passed a resolution to this effect, reproduced here in Annex IV.

Annex I

LIST OF PARTICIPANTS

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FIFTEENTH SESSION
10-17 November 1993
Yokohama, Japan

LIST OF PARTICIPANTS

FIFTEENTH SESSION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL

AND THIRTEENTH SESSIONS OF THE PERMANENT COMMITTEES

Yokohama, Japan, 10-17 November 1993

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Mr. Hitoshi Kometani	Assistant Director, Global Environment Department, Environment Agency, Tokyo
Mr. Makoto Daimon	Official, Wood Distribution Division, Forest Policy Planning Department, Forestry Agency, Tokyo
Mr. Hiroyuki Oriksa	Official, Developing Economies Division, Economic Affairs Bureau, Ministry of Foreign Affairs, Tokyo
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Mr. Sadao Saito	Special Assistant, Yokohama City (Vice-President, Liaison & Coordination Office for International Organizations, Yokohama)
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MALAYSIA

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Dato' Ismail Awang

Mr. Zainal Abidin Haji Ahmad

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Mr. Kennedy Jawan
Ms. Ong Joo Lin

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Mr. Pilis Malim

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Director General, Peninsular Malaysia Forestry Department Headquarters, Kuala Lumpur
Director General, Malaysian Timber Industry Board, Kuala Lumpur
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Annex II

AGENDA

{ Document: ITTC(XV)/1 }

Distr.
GENERAL

ITTC(XV)/1
5 August 1993

Original: ENGLISH

FIFTEENTH SESSION
10-17 November 1993
Yokohama, Japan

AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Distribution of Votes
6. Admission of Observers
7. Report of the Credentials Committee
8. Statement by the Executive Director
9. Projects:
 - a) Report of the Thirteenth Sessions of the Permanent Committees;
 - b) Consideration of Project and Pre-Project Proposals.
10. Sustainable Management of Tropical Forests
Reports by Members on their proposed progress towards the Year 2000 Target -
Decision 3(X)
11. Report on the Second and Third Parts of the United Nations Conference for the
Negotiation of a Successor Agreement to the International Tropical Timber Agreement,
1983
12. Review of Contributions to the Administrative Budgets
13. Administrative Budget Proposals for 1994
14. 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.

15. Appointment of Auditors for 1993
16. Appointment of the Executive Director
17. Election of Chairman and Vice-Chairman for 1994
18. Dates of the Seventeenth Session of the Council and the Fifteenth 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 1993**

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

DISTRIBUTION OF VOTES

		<u>Number of Votes</u>	
		<u>1993</u>	<u>1994</u>
<u>PRODUCERS</u>			
Africa			
Cameroon	.....	28	27
Congo	.....	27	28
Côte d'Ivoire	.....	28	28
Gabon	.....	28	28
Ghana	.....	27	27
Liberia	.....	27	27
Togo	.....	27	27
Zaire	.....	28	28
Asia & Pacific			
India	.....	38	32
Indonesia	.....	178	178
Malaysia	.....	147	147
Papua New Guinea	.....	32	33
Philippines	.....	32	29
Thailand	.....	24	25
Latin America			
Bolivia	.....	28	29
Brazil	.....	151	151
Colombia	.....	31	31
Ecuador	.....	20	20
Guyana	.....	20	21
Honduras	.....	15	16
Panama	.....	16	16
Peru	.....	33	37
Trinidad & Tobago	.....	15	15
Total		1,000	1,000
<u>CONSUMERS</u>			
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:		1,000	1,000

Annex IV

**TEXT OF THE MAIN DECISIONS AND A RESOLUTION
ADOPTED BY THE COUNCIL AT ITS FIFTEENTH SESSION**

{ Documents:	DECISION 1(XV)	ITTC(XV)/8
	DECISION 2(XV)	ITTC(XV)/9
	DECISION 3(XV)	ITTC(XV)/10
	DECISION 4(XV)	ITTC(XV)/11
	DECISION 5(XV)	ITTC(XV)/12
	DECISION 6(XV)	ITTC(XV)/13
	DECISION 7(XV)	ITTC(XV)/14
	DECISION 8(XV)	ITTC(XV)/15
	RESOLUTION	ITTC(XV)/5 }

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ITTC(XV)/8
17 November 1993

Original: ENGLISH

FIFTEENTH SESSION
10-17 November 1993
Yokohama, Japan

DECISION 1(XV)

PROJECTS AND PRE-PROJECTS

The International Tropical Timber Council,

Having considered, at its Fifteenth Session, the recommendations of the three Permanent Committees on Projects and Pre-Projects as contained in documents PCM(XIII)/7 Rev.1, PCF(XIII)/16 Rev.1 and PCI(XIII)/5,

1. Decides:

(i) To approve the following Projects:

PD 79/90 Rev.3 (I)	SEMINAR AND ROUNDTABLE ON THE DEVELOPMENT OF FURNITURE AND JOINERY INDUSTRIES (\$240,275.00)
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 (\$550,588.00)
PD 4/93 Rev.4 (I)	FURNITURE INDUSTRY DEVELOPMENT PROGRAM (\$595,231.00)
PD 12/93 Rev.3 (F)	INTEGRATED FOREST FIRE MANAGEMENT IN INDONESIA - PHASE I: NATIONAL GUIDELINE ON THE PROTECTION OF TROPICAL FORESTS AGAINST FIRE (\$936,524.00)
PD 16/93 Rev.4 (M) [Phases I,II,III & IV]	MARKET INFORMATION SERVICE FOR TROPICAL TIMBER AND TIMBER PRODUCTS Phase I \$488,400.00 Phase II \$555,400.00 Phase III \$298,400.00 Phase IV \$304,500.00)
PD 20/93 Rev.1 (F)	DEVELOPMENT OF NATIONAL GUIDELINES FOR THE SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS IN THE CAMEROON (\$414,900.00)

PD 21/93 Rev.1 (F) [Phases I & II]	FOREST AND FARMERS: SUSTAINABLE COEXISTENCE (Phase I \$927,908.00 Phase II \$805,900.00)
PD 24/93 Rev.2 (F)	FOREST MANAGEMENT OF NATURAL FOREST IN MALAYSIA - PHASE II OF PD 10/87 (F) (\$567,558.00)
PD 25/93 Rev.1 (F)	EVALUATION OF THE PROGRESS MADE BY ECUADOR TOWARDS ACHIEVEMENT OF ITTO TARGET 2000 (\$597,130.00)
PD 26/93 Rev.1 (F)	DEVELOPMENT OF BENTUANG KARIMUN NATURE RESERVE AS NATIONAL PARK (PHASE I) (\$1,165,722.00)
PD 27/93 Rev.2 (M) [Phases I & II]	TRAINING WORKSHOPS ON TROPICAL FORESTRY AND TIMBER TRADE STATISTICS - PHASE II (Phase I \$520,000.00 Phase II \$486,100.00)
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 (\$293,026.00)
PD 29/93 Rev.2 (M,F,I)	INTERNATIONAL WORKSHOP: DEVELOPMENT OF SUSTAINABLE SYSTEM FOR UTILIZATION OF TROPICAL FOREST RESOURCES (\$201,716.00)
PD 32/93 Rev.2 (F)	REHABILITATION OF LOGGED-OVER FORESTS IN ASIA/PACIFIC REGION (SUB-PROJECT III) (\$558,779.00)
PD 36/93 Rev.1 (F)	SECURING THE IMPLEMENTATION OF IMPROVED AND/OR NEW ESTABLISHED NURSERIES IN EGYPT (\$301,730.00)
PD 37/93 Rev.1 (F)	SILVICULTURAL MANAGEMENT IN THE FORESTS OF BAJO SAN JUAN (\$726,699.00)
PD 39/93 Rev.2 (I)	RESEARCH AND DEVELOPMENT IN ENERGY ALTERNATIVE FROM BIOMASS (WOOD AND AGRICULTURAL RESIDUES) THROUGH BRIQUETTING, GASIFICATION AND DIRECT COMBUSTION (\$320,017.00)
PD 40/93 Rev.1 (F)	IMPROVEMENT OF DATA COLLECTING, PROCESSING AND APPLICATION TECHNIQUES FOR SUSTAINABLE FOREST MANAGEMENT (\$534,041.00)

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

PD 16/93 Rev.4 (M) [Phase I]
PD 20/93 Rev.1 (F)

/...

PD 24/93 Rev.2 (F)
PD 25/93 Rev.1 (F)
PD 27/93 Rev.2 (M) [Phase I]
PD 28/93 Rev.3 (M)
PD 32/93 Rev.2 (F)

- iii) To authorize the release of additional funds to allow the continued implementation of the following Projects:

PD 34/88 Rev.1 (F)	(\$75,960.00)
PD 37/88 Rev.3 (I)	(\$15,071.00)
PD 114/90 (F)	(\$15,825.00)
PD 119/91 Rev.1 (F)	(\$42,000.00)
PD 1/93 Rev.1 (M,F,I)	(\$200,000.00)

- iv) 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 79/90 Rev.3 (I)
PD 38/92 Rev.2 (F)
PD 4/93 Rev.4 (I)
PD 12/93 Rev.3 (F)
PD 16/93 Rev.4 (M) [Phases II, III, & IV]
PD 21/93 Rev.1 (F) [Phases I & II]
PD 26/93 Rev.1 (F)
PD 27/93 Rev.1 (M) [Phase II]
PD 29/93 Rev.2 (M,F,I)
PD 36/93 Rev.1 (F)
PD 37/93 Rev.1 (F)
PD 39/93 Rev.2 (I)
PD 40/93 Rev.1 (F)

- v) To authorize the release of additional funds, when these are available in the Special Account, to allow the continued implementation of the following Projects:

PD 4/87 (I)	(\$410,130.00)
PD 53/89 Rev.1 (F)	(\$5,275.00)

- vi) To authorize increase in the budgets and additional activities for the following approved projects to comply with requirements of the Common Fund for Commodities, pursuant to Article 20(2a) of the ITTA, 1983:

PD 17/92 Rev.4 (I)	(New budget	\$766,983.00)
PD 26/92 Rev.1 (F,I)	(New budget	\$1,957,100.00)

2. Decides:

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

PPD 9/93 Rev.2 (I)	EXPANSION OF THE PRODUCTION CAPABILITY OF SMALL-MEDIUM SCALE FURNITURE MANUFACTURERS FOR THE PURPOSE OF INCREASING MALAYSIA'S EXPORTS OF VALUE-ADDED TIMBER PRODUCTS (\$62,760.00)
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PPD 11/93 Rev.2 (F) EVALUATION AND DIAGNOSIS OF CURRENT FOREST
HARVESTING LICENSING, CONCESSION AND CONTROL
SYSTEMS WITHIN A FRAMEWORK OF SUSTAINABLE
FOREST RESOURCE MANAGEMENT
(\$252,375.00)

PPD 13/93 (M) CONSULTANCY AND WORKING GROUP ON CERTIFICATION
OF ALL TIMBER AND TIMBER PRODUCTS
(\$240,000.00 approx.)

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

PPD 9/93 Rev.2 (I)

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

PPD 11/93 Rev.2 (F)
PPD 13/93 (M)

- iv) To authorize financing for immediate implementation of the following Pre-Project approved at the Twelfth Session:

PPD 2/92 (I)

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

- Seventh Expert Panel for Technical Appraisal of Project Proposals, 28 February - 4 March 1994
(\$121,550.00)
- Assistance to Developing Member Countries to Support Participation in the U.N. Conference for the Negotiation of a Successor Agreement to the ITTA, 1983 - Part IV January 1994, Geneva
(\$60,000.00 approx.)

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

5. Appeals to Members in accordance with Decision 6(XIII) to make unearmarked contributions to the Special Account which comprise at least 10% of the total value of their pledge, the remainder being voluntary contributions allocated to approved Projects 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.

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ITTC(XV)/9
17 November 1993

Original: ENGLISH

FIFTEENTH SESSION
10-17 November 1993
Yokohama, Japan

DECISION 2(XV)

SECOND SPECIAL SESSION OF THE COUNCIL

The International Tropical Timber Council,

Recalling its Decision 4(X) which authorised a final extension of the ITTA, 1983 until 31 March 1994; and

Noting that the fourth part of the U.N. Conference on Negotiation of a Successor Agreement to the ITTA, 1983 will take place in Geneva from 10 to 21 January 1994;

Decides to convene a Second Special Session on 21 January 1994 to consider the results of the U.N. Conference in order to make appropriate arrangements; and

Authorises the Executive Director to undertake consultations with donor Members for the purpose of assisting some delegations from Producer Member countries to attend the fourth part of the U.N. Conference.

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ITTC(XV)/10
17 November 1993

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FIFTEENTH SESSION
10-17 November 1993
Yokohama, Japan

DECISION 3(XV)

FINANCIAL MANAGEMENT OF THE
ADMINISTRATIVE BUDGETS FOR 1993 AND 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 1993;

Further noting with concern the inflationary effect of adverse foreign exchange rate movements on the total Members' assessment as proposed in the Draft Administrative Budget for 1994;

Authorises the Executive Director to use a sum of up to \$630,000 from the Working Capital Account to meet the anticipated shortfall of funds required to implement the work programme for 1993,

Notes that this authority annuls that of Decision 6(XIV),

Further authorises the Executive Director to use the sum of \$282,000 from the Working Capital Account to implement the work programme for 1994,

Gratefully acknowledges the willingness of the Government of Japan to underwrite from the Trust Fund certain project-related items in the 1994 Administrative Budget and notes that this offer covers only Financial Year 1994,

Recognising that the substantial reduction in real terms between the Administrative Budget for 1994 and that for 1993 is too great for immediate compensation through increased productivity and that curtailment of activities may result;

Requests the Executive Director to maintain the work programme at the optimum level consistent with available financial resources and to adopt all possible measures to economize and ensure cost-efficiency,

Requests Members to pay as early as possible their contributions to the Administrative Budgets for 1993 and 1994 and all arrears owing from previous years to prevent further erosion of the Organization's savings through depletion of the Working Capital Account.

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GENERAL

ITTC(XV)/11
17 November 1993

Original: ENGLISH

FIFTEENTH SESSION
10-17 November 1993
Yokohama, Japan

DECISION 4(XV)

DOCUMENT TRANSLATION COSTS

The International Tropical Timber Council,

Gratefully acknowledging the continued willingness of the Government of Japan to bear the translation costs of all project and pre-project proposals, Council and Permanent Committee documents;

Desiring to spread this financial burden more fairly among Members;

Recalling Rule 32 of its Rules of Procedure and Decision 5(VIII) thereupon;

Recognizing the benefits to the administration of projects, pre-projects, and activities conferred by Decision 5(XI);

Decides that, as from the date of this decision, administrative costs as defined in Decision 5(XI) and extended to include translation costs of project and pre-project proposals, shall comprise 5.5% of the total project or pre-project budget, and that, in the case of ITTO-executed projects or pre-projects the sum of monitoring, evaluation, and administrative costs shall equal 10.5% of the total project or pre-project budget.

Further decides that 0.5% of the total budget for all projects, pre-projects, and activities, being part of the 5.5% or 10.5% administrative costs described above, shall comprise a pool of funds in the Special Account to be used solely to defray the costs of translating project and pre-project proposals and furthermore that any residual funds from this pool may be carried over, with interest, to cover the same kind of translation costs during subsequent project cycles.

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10-17 November 1993
Yokohama, Japan

DECISION 5(XV)

APPOINTMENT OF THE EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Recalling its Decision 4(I) by which it appointed Dato' Dr. Freezailah bin Che Yeom as the Executive Director of the International Tropical Timber Organization from 1 November 1986 to 31 March 1990,

Referring to its Decision 2(VII) which extended the appointment of Dato' Dr. Freezailah bin Che Yeom for a further term of two years with effect from 1 April 1990 to 31 March 1992,

Referring to its Decision 8(XI) which extended the appointment of Dato' Dr. Freezailah bin Che Yeom for a further term of two years with effect from 1 April 1992 to 31 March 1994,

Noting with appreciation the extraordinary efforts of the Executive Director in guiding the ITTO from its birth to its current status,

Decides, in accordance with the International Tropical Timber Agreement, 1983, to extend the appointment of Dato' Dr. Freezailah bin Che Yeom for another term of 24 months subject to the continued existence of the International Tropical Timber Organization.

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ITTC(XV)/13
17 November 1993

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10-17 November 1993
Yokohama, Japan

DECISION 6(XV)

CONSULTANCY AND WORKING PARTY ON
CERTIFICATION OF ALL TIMBER AND TIMBER PRODUCTS

The International Tropical Timber Council,

Having considered the Report "The Economic Linkages between the International Trade in Tropical Timber and the Sustainable Management of Tropical Forests" [Decision 1(X) 4a Activity] [document PCM(XI)/4];

Taking into account the outcome of the discussions of the Joint Sessions on "Policy Issues and Options concerning Linkages between Tropical Timber Trade and Sustainable Management of Tropical Forests" at the Twelfth Joint Session of the Permanent Committees in Kuala Lumpur (12-13 May 1993) and Thirteenth Joint Session of the Permanent Committees in Yokohama (15 November 1993);

Noting that the most favourable interpretation of certification and labelling as a trade intervention is that they can verify the sourcing of wood from sustainably managed forests so that customers may be better informed that products purchased are from sustainable sources and that producers can receive benefits from sustainable management practices;

Also noting that the proliferation of timber labelling and certification schemes may be causing confusion in the market;

Decides to establish a working party in order to examine the options available as laid down in the terms of reference in Annex 2 to this Decision;

Requests the Executive Director to engage two experts one from a Producer country and one from a Consumer country to undertake a consultancy as outlined in the terms of reference in Annex 1 to this Decision;

Requests the Executive Director to seek the funds from the Special Account necessary to convene the working party and engage the experts.

ANNEX I

Terms of Reference for the Consultants

- The information study shall be undertaken by two experts, one from a producer country and one from a consumer country.
- The experts shall:
 - Gather the information available pertaining to timber certification and labelling schemes and initiatives on all types of timbers.
 - Prepare an inventory and describe major features of such schemes and initiatives in a consistent form.
 - Review such schemes and initiatives and seek the views of international organizations, the trade, and NGOs on timber certification and labelling schemes, taking into account the views of Governments of Member countries.
 - Examine to the fullest extent possible the present reaction to such schemes and initiatives throughout the supply chain including the final end-user.
 - Prepare and present a report for examination by the working party.

ANNEX II

Terms of Reference for Working Party

- The working party shall consist of all Members.
- The working party shall:
 - Examine the consultants' report on timber certification and labelling schemes.
 - Consider the impact of certification on competitiveness of timber, cost implications, and the compatibility of such schemes with other international agreements and conferences.
 - Examine the options available to and make recommendations regarding the appropriate role of the International Tropical Timber Organization in this field, taking into account work undertaken in other international organizations.
 - Report the findings of its examinations and its recommendations for consideration by the International Tropical Timber Council at its Sixteenth Session.

Governments of Member countries will have an opportunity to consider the output of the working party prior to any Council Decision.

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10-17 November 1993
Yokohama, Japan

DECISION 7(XV)

BIOTECHNOLOGY AND SUSTAINABLE PRODUCTION OF TROPICAL TIMBER

The International Tropical Timber Council,

Recalling Article 1(h) of the 1983 International Tropical Timber Agreement,

Recalling the Non-Legally binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests,

Noting the Convention on Biological Diversity,

Stressing the importance of promoting the sustainable management and utilization of forest resources and the enhancement of the competitiveness of their products in the international market,

Noting that among the basic strategies of ITTO, as stated in its Action Plan adopted at the 9th Session of the ITTC, are the development and promotion of the intellectual, economic, and technological bases for integrated forest management systems and optimal use of the tropical forests, taking into consideration multiple benefits that can be derived from them,

Recognizing that biotechnology research programs are relevant to those ITTO activities designed to promote sustainable timber production, through the development of high quality planting material,

Decides to request the Executive Director to contract a background study on biotechnology applications and technology transfer in the relevant areas of ITTO activities with the aim of enhancing sustainable production, processing and marketing of tropical timber, and to present its results at the Sixteenth Session of the Council,

Authorizes that resources up to a maximum of \$44,000.00 should be allocated from the Special Account for financing this study.

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17 November 1993

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FIFTEENTH SESSION
10-17 November 1993
Yokohama, Japan

DECISION 8(XV)

APPOINTMENT OF AUDITOR FOR
THE 1993 FINANCIAL YEAR ACCOUNTS

The International Tropical Timber Council,

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

Decides to re-appoint the firm named below to audit the Accounts of the Organization for the Financial Year 1993.

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

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GENERAL

ITTC(XV)/5
17 November 1993

Original: ENGLISH

FIFTEENTH SESSION
10-17 November 1993
Yokohama, Japan

RESOLUTION

The International Tropical Timber Council,

Grateful for many years of extraordinary service and devotion given to the International Tropical Timber Organization and the tropical timber community by Arthur V. Morrell;

With deepest sorrow notes the passing away of our friend and colleague;

Noting that at the time of his passing he was actively serving in the capacity of Chairman of the Permanent Committee on Economic Information and Market Intelligence, actively engaged in furthering the work of the International Tropical Timber Council;

Expresses on behalf of his many friends, colleagues and admirers in the tropical timber community its most sincere condolences to the family of Arthur V. Morrell; and

Requests the Executive Director to forward a Book of Condolences opened at the Fifteenth Session of the Council on 17 November 1993 in Yokohama, Japan.

Annex V

REPORTS OF THE THIRTEENTH SESSIONS OF THE THREE PERMANENT COMMITTEES

{ Documents:	PCM(XIII)/7 Rev.1
	PCF(XIII)/16 Rev.1
	PCI(XIII)/5 }

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PCM(XIII)/7 Rev.1
17 November 1993

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THIRTEENTH SESSION
10-17 November 1993
Yokohama, Japan

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

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Report

Appendix A Technical Assessment of Projects in the Area of Economic Information and
Market Intelligence and Summary Table

REPORT

1. Opening of the Session

The Thirteenth Session of the Committee was opened on 10 November 1993 at a Joint Session of all three Permanent Committees under the Chairmanship of Mr. Arthur V. Morrell, Chairman of the Permanent Committee on Economic Information and Market Intelligence. The list of participants is reproduced in document ITTC(XV)/Info.3 Rev.2.

2. Adoption of Agenda and Organization of Work

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

3. Admission of Observers

The List of Observers admitted by the Committee is reproduced in documents ITTC(XV)/Info.4 and ITTC(XV)/Info.4 Add.1

4. Discussions on: "Policy Issues and Options Concerning Linkages Between Tropical Timber Trade and Sustainable Management of Tropical Forests" (Joint Session of Permanent Committees)

A Joint Session of the Permanent Committees at their Twelfth Sessions in Kuala Lumpur (May 1993) decided that the transcripts of the discussions on "Policy Issues and Options Concerning Linkages Between Tropical Timber Trade and Sustainable Management of Tropical Forests" should be sent to all participants. Further discussions were held on this topic at a Joint Session of the Permanent Committees at their Thirteenth Sessions.

The Chairman of the Session, Mr. Arthur Morrell (U.K.), invited participants to focus the discussions on the topical issue of certification. In the ensuing discussions several delegates echoed his call for action to address this issue within the framework of the ITTO and put forward several recommendations.

The Session reiterated the principles underlying the issue of certification as enunciated during the discussion of the LEEC report. To be workable and effective the schemes must :

- * be acceptable to and implementable by national governments and other forest owners;
- * be acceptable to customers in both domestic and international markets;
- * be practical to implement, based on criteria understood at all levels of the wood market chain;
- * be appreciative of commitment to improvement and progress towards practical achievement of sustainable forest management within a time frame agreed by the international community; and
- * not be used as a non-tariff barrier against producer countries and should apply equally to all types of timber.

The Session underscored that ITTO should positively contribute to providing information on the initiatives on certification to its members. To that end, the Executive Director should be requested to engage two independent expert consultants to prepare a survey or inventory of existing and proposed certification schemes. This survey should be presented in a coherent and consistent format drawing together all essential information and indicating the objectives and mechanisms by which the schemes or proposed schemes are being or might be implemented in the markets. The survey should cover all types of timber and timber products.

Among those to be consulted during the survey should be the relevant government agencies, international organizations, trade organizations and non-governmental organizations. The Executive Director should be requested to present the report of the experts for further discussion in a working party, composed of six producer and six consumer members on possible options for the ITTO in the fields of certification and labelling, taking into account work done in other international organizations. The findings and recommendations of the party should be reported to the Sixteenth Session of the Council.

5. Report on Completed Projects

The Committee had for consideration a Report [document PCM(XIII)/3] prepared by the Secretariat on two completed projects.

- (i) PD 118/90 (M)
Training Workshop on Tropical Forestry and Timber Trade Statistics
- (ii) PD 182/91 Rev.1 (M)
Analysis of Macro-economic Trends in the Supply and Demand of Sustainably Produced Tropical Timber in the Asia-Pacific Region - Phase I

For the latter, the implementing agency presented the results of the study to the Committee. The Committee took note of the final reports on both these projects.

6. Report on Completed Pre-Project

The Committee had before it one completed pre-project report [document PCM(XIII)4].

- (i) PPD 7/93 (M) **Assessment of the Market News Service (MNS) for Tropical Timbers**

The Committee took up this report during its consideration of PD 16/93 Rev.4 (M) (Item 9).

7. Review of ITTO Activities in Progress

There are two sets of ITTO Activities in progress [document PCM(XIII)/5 Rev.1]: (i) "Forest Resource Accounting: Monitoring Forest Condition and Management" and (ii) "The Study of the Feasibility of Strengthening Incentives for the Management of Tropical Moist Forests for Sustained Production in a Producer Country: Ghana."

i. **Forest Resource Accounting: Monitoring Forest Condition and Management**

The representative of the IIED drew the attention of the Committee in particular to the set of recommendations made following the study, as reproduced at page 19 of the Secretariat document. The Committee reviewed and took note of the progress report. The Committee expressed satisfaction with the report.

ii. **The Study of the Feasibility of Strengthening Incentives for the Management of Tropical Moist Forests for Sustained Production in a Producer Country: Ghana**

Since the progress report on this Activity was incomplete, the Committee was requested by the Chairman to defer consideration of this Activity. The final progress report is to be submitted in time for discussion at the Committee's Fourteenth Session.

8. Report of Project Work in Progress

The Committee considered a report (document PCM(XIII)/6) prepared by the Secretariat on the status of projects approved for financing and implementation by the Council. The Committee took note of the progress report on the following eight projects :

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|------|----------------------------|--|
| i. | <u>PD 42/88 Rev.1 (M)</u> | The Structure of China's Tropical Timber Market, the Current Situation of International Cooperation of the PRC and Prospects to the Year 2000 |
| ii. | <u>PD 124/91 Rev.1 (M)</u> | Study of the Substitution of Bamboo for Tropical Timber as Raw Materials in China |
| iii. | <u>PD 31/92 Rev.1 (M)</u> | Selection and Introduction of Lesser-known and Lesser-used Species for Specific End-uses
- Phase 3 |
| iv. | <u>PD 173/91 Rev.1 (M)</u> | Market News Service for Tropical Timber and Timber Products - Phase II |

The representative of ITC reported on the situation with regard to progress on the project.

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| v. | <u>PD 167/91 Rev.1 (M)</u> | Diagnosis and Evaluation of the Brazilian Forestry Sector |
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The representative of Brazil reported that the project was progressing well with work underway in all regions of the country.

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| vi. | <u>PD 27/92 Rev.1(M,I)</u> | Development of an Information System for Tropical Timber Properties to Promote Appropriate Use of More Species |
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The Chairman reported that he was aware that work had begun on the project and that staff and equipment had been procured.

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| vii. | <u>PD 36/92 (M)</u> | Collection and Computer Processing of Forest Statistics With a View to Improving the Management of the Forest Resources of Gabon |
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The Secretariat reported that the Project Agreement has been concluded and that the first instalment of funds would be sent to Gabon shortly.

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| viii. | <u>PD 9/93 Rev.1 (M)</u> | Market Intelligence: Tropical Timber Market Information System |
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The representative of Stichting Bos en Hout (SBH) reported that the first phase of the project was completed except for end-use data still to be received. Expansion of the project to other European countries and possibly Japan will be investigated in the coming year.

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| ix. | <u>PD 40/92 Rev.1 (M)</u> | Study of the Internal Timber Market in Cameroon for the Purpose of Improving the Management of the Forest Resources |
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The Committee recommended that Council allocate funds for the implementation of this project.

9. Consideration of Project Proposals

The Committee had before it three project proposals evaluated by the Expert Panel for the Technical Appraisal of Project Proposals. The Technical Assessments of these project proposals are contained in Appendix A.

i. PD 16/93 Rev.4 (M) **Market News Service for Tropical Timber and Timber Products**

Following substantial discussion and consultations on the project and the consultant's report [PPR 28/93] that gave rise to it, the Committee decided that this project would best be considered in four phases, with each phase corresponding to one year of implementation. Given these modifications, the Committee decided to recommend the project for immediate implementation by phases.

Phase I	US\$ 488,400
Phase II	US\$ 555,400
Phase III	US\$ 298,400
Phase IV	US\$ 304,500

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

The Committee decided to recommend this project for immediate implementation.

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

The Committee decided to recommend this project for immediate implementation with an addition of US\$30,000 to the project budget (new total: US\$ 293,026) to allow for a five-day instead of a three-day workshop. The Committee took note of concerns expressed regarding the inclusion of all major traders in future work and the consideration of the transfer of processing capacity from developed to developing countries in the workplan of this project.

10. Decision on Fellowship Applications under Project PD 60/89 (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.

11. Election of Chairman and Vice-Chairman for 1994

Following usual consultations undertaken by the Producer and Consumer Groups, Mr. Enrique Toledo G.P. (Peru) was elected Chairman of the Committee for 1994 and Mr. Michael Martin (USA) was elected Vice-Chairman.

12. Dates and Venue of the Fourteenth Session

The Fourteenth Session of the Committee will be held in conjunction with the Sixteenth Session of the International Tropical Timber Council scheduled for Cartagena, Colombia from 16 to 23 May 1994.

13. Any Other Business

- (i) The Secretariat reported that the revised version of the 1992 Annual Review and Assessment of the World Tropical Timber Situation had been completed.
- (ii) The representative of the Netherlands raised the issue of the revision to the Customs Classification Council's Harmonized System and proposed that the Council urge members to take account of the new revisions and to play a full part in the discussions leading to an agreement on the final System.

14. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations :

- i. That Projects PD 16/93 Rev.4 (M), PD 27/93 Rev.2 (M) and PD 28/93 Rev.3 (M) be approved for immediate implementation.
- ii. That funds be allocated to implement Project PD 16/93 Rev.4 (M) [US\$ 1,646,800]; Project PD 27/93 Rev.2 (M) [US\$ 1,006,100] and Project PD 28/93 Rev.3 (M) [US\$ 293,026].
- iii. That funds be allocated for immediate implementation of PD 40/92 Rev.1 (M) "Study of the Internal Timber Market in Cameroon for the Purpose of Improving the Management of the Forest Resources."
- iv. That Council take note of the recommendations arising from the discussions on "Policy Issues and Options Concerning Linkages Between Tropical Timber Trade and Sustainable Management of Tropical Forests" and allocate funds from the Special Account to enable the Executive Director to engage two experts and convene the working party.

APPENDIX A

TECHNICAL ASSESSMENTS OF PROJECT PROPOSALS IN THE AREA OF ECONOMIC INFORMATION AND MARKET INTELLIGENCE

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

The Project proposes to continue and improve the collection and dissemination of prices for tropical timber and timber products, implemented since January 1990 first under PD 7c/87 (M) and currently under PD 173/91 Rev.2 (M) as the Market News Service for Tropical Timber (MNS) at ITC in Geneva. The project provides for the continuation of the fortnightly publication of the MNS for a further 2-year period (January 1994 - December 1995), after which it will be relocated to the ITTO Secretariat in Yokohama for an additional period of two years (January 1996 - December 1997) and published as the Market Information Service for Tropical Timber and Timber Products. It is envisaged that the relocation of the service to ITTO Headquarters will enhance ITTO's in-house capability to access and collate better information for all of the Secretariat's functions. The long term objective of this project is to improve market information with a view to ensuring greater transparency in the international tropical timber market. The anticipated outputs of this project are:

- (i) An improved service of inter-regional scope, headquartered at ITC in Geneva under joint ITC/ITTO administration and operational control for the first two years of the project and headquartered at Yokohama for the final two years.
- (ii) An established and improved system of collecting price information in all producing and consuming regions.
- (iii) A fully developed paying subscription system through which subscribers to the service will contribute toward its operational costs.
- (iv) A functioning Market Information System located at ITTO headquarters, including trained staff. The project meets the objectives outlined under Programme Areas 1 (Information Collection, Analysis and Dissemination) and 4 (Situation, Trends and Prospect Studies) of the EIMI Work Program contained in the ITTO Action Plan. The project also meets the Objectives (a), (b), (c), (d), (e) and (g) of Article 1 of the ITTA.

Comments and Recommendations of Expert Panel

The Panel felt that the project was of direct relevance to the objectives of the ITTA and to the Action Plan in the field of economic information and market intelligence. The Panel commended the work of the independent consultants who drafted the reformulated project proposal, and took note of a letter from ITC commenting on the proposal.

The Panel noted that the decision to transfer the service to Yokohama was a matter of policy, designed to enhance the Organization's in-house statistical capability and to achieve the aim of providing regular market information to members and others. The Panel noted that the prospects for the evolution of the current MNS to the type of market information system foreseen in the reformulated proposal would be best effected by the transfer to ITTO Headquarters.

The Panel questioned the need for a two-year transition phase and urged the Secretariat to attempt to expedite transfer of the service. While it was realized that time would be required to retain/train staff and develop/refine the network of contacts, the Panel called for the earliest possible transfer of the service to Yokohama. If the two-year transfer period could not be expedited, reasons for this should be given in the project document.

The Panel noted that substantial savings due to the transfer were apparent in the draft budget, but that no explicit reference had been made to the likely extent of costs to be absorbed by the

Secretariat in providing support and supervisory services to the project in terms of the existing staff and equipment. The Panel requested that the extent and nature of such costs be explicitly specified in the project document.

Conclusions

While the above minor amendments were considered desirable, the Panel concluded that the project should be commended to the Permanent Committee for final appraisal and approval.

Assessment by the Committee

Following substantial discussion and consultations on the project and the consultant's report [PPR 28/93] that gave rise to it, the Committee decided that this project would best be considered in four phases, with each phase corresponding to one year of implementation. Given these minor modifications, the Committee decided to recommend the project for immediate implementation by phases.

Phase I	US\$ 488,400
Phase II	US\$ 555,400
Phase III	US\$ 298,400
Phase IV	US\$ 304,500

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

Summary

This Project is the second phase of the training workshops initiated under Project PD 118/90 (M) "Training workshops on tropical forests and timber trade statistics". Two regional workshops have been successfully completed under PD 118/90 (M), with the third to follow in September/October 1993.

The Project's overall objective is to contribute on a continuing basis to the collection, analysis and dissemination of tropical forest resource, production and trade statistics that meet the needs of member countries of the ITTO and thus contribute to a rational and profitable trade in tropical forest products. Moreover, its output is fundamental to the implementation of ITTO's Action Plan in the area of statistical and economic information, to the building up of ITTO's in-house statistical capability, and in assisting member countries to improve the method and quality of their statistics. The Project will ensure continuation of ITTO's programme of training in this sector.

Given the large numbers of prospective beneficiaries, the Project will involve 6 regional workshops over a period of two years, two each in the producing regions of Africa (French), Asia-Pacific (English) and Latin America/Caribbean (Spanish). It is expected that a total of approximately 125 participants from the three aforementioned regions will attend these workshops to improve their skills related to the collection, analysis and reporting of forestry and timber trade statistics. On return home, they will be expected to contribute to enhancing the statistical capabilities of their respective institutions.

The project meets the objectives outlined under Programme Areas 1 (Information Collection, Analysis and Dissemination) and 2 (Technical Assistance in Establishment and Improvement of Statistical Services) of the EIMI Work Program as contained in the ITTO Action Plan. The project also meets Objectives (a), (b), (c), (d), (e) and (g) of Article 1 of the ITTA.

Comments and Recommendations of Expert Panel

The Panel felt that the project was well written using the new format contained in the project formulation guidelines. The project also contributes directly to the objectives of the ITTA and the Action Plan in the field of economic information and market intelligence.

The Panel expressed the desire that the country case studies prepared by course participants continue to be collated for future reference. These will be useful when up-dating information on the status of statistical services in developing member countries. It is also important that the outcome of the first cycle workshops be considered by the Steering Committee to suggest appropriate improvements for the second cycle.

The Panel stressed that it was essential that participating governments nominate candidates for the workshops who will, in their day to day duties, be responsible for collecting, analyzing and disseminating the type of data which ITTO requires. While member states will have the prerogative to select candidates from relevant agencies, the Panel emphasized that the primary focus should be on the agency or agencies (or the department(s) within them) directly responsible for supplying data to ITTO.

Finally, the Panel noted that the project should be seen as complementary to efforts to other ITTO projects promoting institutional strengthening and infrastructural development of statistical capability in developing countries. The project should also aim to identify particular difficulties in individual countries and to facilitate the development of follow-up projects.

Conclusions

While the above minor amendments were considered desirable, the Panel concluded that the project should be commended to the Permanent Committee for final appraisal and approval.

Assessment by the Committee

The Committee assessed the project and decided to recommend its approval for immediate implementation.

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

Summary

This Project seeks to assist ITTO members in meeting the challenge of Target 2000 by providing macro-level projections of the availability of and trade in sustainably produced tropical timbers to the year 2000 and beyond. As such, it will facilitate policy making and planning in all member countries and provide a useful tool for evaluating the likely effects of various factors impacting the tropical forestry sector on supplies, demand and prices.

The proposed Project is a sequel to Phase I (PD 182/91 Rev.1 (M)) which is currently near completion and should necessarily be continued without undue lapse of time. In Phase I, data has been collected for major producers and consumers and an econometric model has been developed. However, several difficulties with data resolution and/or availability have been encountered. Phase II, which was already envisaged under Phase I, is designed to address these difficulties and widen the scope of the partial regional analysis carried out in Phase I in order to refine the econometric model to provide more accurate supply and demand projections for the region.

Its initial activity will be to conduct a 3-day workshop to review and disseminate results from Phase I, review appropriate plans and solicit useful suggestions for Phase II. Subsequently, data will be updated for countries surveyed in Phase I, collected for selected Asia/Pacific countries not covered in Phase I (such as Myanmar, Laos, Cambodia, Vietnam, Solomon Islands, Australia and New Zealand) and the econometric model developed in Phase I will be modified to incorporate the newly compiled data. The Project's major output will be improved macro-level forecasts of supply and demand of major tropical timber products up to and including the year 2000, and for the following decade.

The project meets the objectives outlined under Programme Areas 1 (Information Collection, Analysis and Dissemination), 4 (Situation, Trends and Prospects Studies) and 5 (Policy-Oriented Studies) of the EIMI Work Program contained in the ITTO Action Plan. The project also meets the Objectives (a), (b), (c), (d), (e), (f), (g) and (h) of Article 1 of the ITTA.

Comments and Recommendations of Expert Panel

The Panel felt that the project was of direct relevance to the Action Plan in the field of economic information and market intelligence.

The Panel requested that further details be provided as to the nature of the wood supply scenarios specified in the project. The Panel also stressed that wood supply scenarios should, in the first instance, be based on existing forest management plans in individual countries.

The Panel was divided on the inclusion of non-member countries in Phase II of the study. Some members thought their inclusion was justified due to their contribution to (and the interdependence of) regional trade flows. However, concern was expressed that the project should also be extended to member countries in other regions. While there were no technical obstacles foreseen in the extension of the project to other regions, it was generally agreed that logistical difficulties (in terms of timing, data collection, and financing) might be encountered at this stage. It was also generally agreed that cost efficiency could be optimized by transferring the model and expertise developed in the Asia-Pacific region to other tropical timber trading regions. The Panel recommended that future phases of the project be extended to all tropical timber trading regions.

Conclusions

While the above minor amendments were considered desirable, the Panel concluded that the project should be commended to the Permanent Committee for final appraisal and approval.

Assessment by the Committee

The Committee decided to recommend this project for immediate implementation with an addition of US\$30,000 to the project budget (new total: US\$293,026) to allow for a five-day instead of a three-day workshop. The Committee took note of concerns expressed regarding the inclusion of all major producers in future work and the consideration of the transfer of processing capacity from developed to developing countries in the workplan of this project.

SUMMARY TABLE

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

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION (*)
		Art.23 Para.2	Art.23 Para.5					
PD 16/93 Rev.4 (M)								
-Phase I	a,b,c,d,e,g				488,400	12 mths	Global	4
-Phase II	a,b,c,d,e,g				555,400	12 mths	Global	4
-Phase III	a,b,c,d,e,g				298,400	12 mths	Global	4
-Phase IV	a,b,c,d,e,g				304,500	12 mths	Global	4
PD 27/93 Rev.2 (M)	a,b,c,d,e,g				1,006,100	26 mths	Global	4
PD 28/93 Rev.3 (M)	a,b,c,d,e,g				293,026	6 mths	Asia/Pacific	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 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.

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THIRTEENTH SESSION
10-17 November 1993
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
THIRTEENTH SESSION OF THE PERMANENT COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
10 - 17 November 1993

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REPORT

1. Introduction

The Thirteenth Session of the Committee was opened, on 10 November 1993 by the Chairman of the Permanent Committee on Reforestation and Forest Management, Dr. David A. Harcharik (USA). The list of Participants is reproduced in Document ITTC(XV)/Info.3 Rev.2.

2. Adoption of Agenda and Organization of Work

At the first meeting on 10 November 1993, the Committee formally adopted the Agenda of its Thirteenth Session as contained in Document PCF(XIII)/1.

3. Admission of Observers

A list of observers admitted by the Committee to attend its Thirteenth Session is contained in Document ITTC(XV)/Info.4 and ITTC(XV)/Info.4 Add.1.

4. Discussion on: "Policy Issues and Options Concerning Linkages between Tropical Timber Trade and Sustainable Management of Tropical Forests" (Joint Session of Permanent Committees)

A Joint Session of the Permanent Committees at their Twelfth Sessions in Kuala Lumpur (May 1993) decided that the transcripts of the discussions on "Policy Issues and Options Concerning Linkages Between Tropical Timber Trade and Sustainable Management of Tropical Forests" should be sent to all participants. Further discussions were held on this topic at a Joint Session of the Permanent Committees at their Thirteenth Sessions.

The Chairman of the Session, Mr. Arthur Morrell (U.K.), invited participants to focus the discussions on the topical issue of certification. In the ensuing discussions several delegates echoed his call for action to address this issue within the framework of the ITTO and put forward several recommendations.

The Session reiterated the principles underlying the issue of certification as enunciated during the discussion of the LEEC report. To be workable and effective the schemes must:

- * be acceptable to and implementable by national governments and other forest owners;
- * be acceptable to customers in both domestic and international markets;
- * be practical to implement, based on criteria understood at all levels of the wood market chain;
- * be appreciative of commitment to improvement and progress towards practical achievement of sustainable forest management within a time frame agreed by the international community; and
- * not be used as a non-tariff barrier against producer countries and should apply equally to all types of timber.

The Session underscored that ITTO should positively contribute to providing information on the initiatives on certification to its members. To that end, the Executive Director should be requested to engage two independent expert consultants to prepare a survey or inventory of existing and proposed certification schemes. This survey should be presented in a coherent and consistent format drawing together all essential information and indicating the objectives and mechanisms by which the schemes or proposed schemes are being or might be implemented in the markets. The survey should cover all types of timber and timber products. Among those to

be consulted during the survey should be the relevant government agencies, international organizations, trade organizations and non-governmental organizations. The Executive Director should be requested to present the report of the experts for further discussion in a working party, composed of six producer and six consumer members on possible options for the ITTO in the fields of certification and labelling, taking into account work done in other international organizations. The findings and recommendations of the party should be reported to the Sixteenth Session of the Council.

5. Report on Completed Projects

The Committee noted the report on completed projects contained in Document PCF(XIII)/4 and considered the projects listed below as completed:

(1) PD 2/87 (F) Rehabilitation of Logged-over Forests in Asia/Pacific Region (Sub-Project II)

The Committee noted that the implementing agency had submitted the final report for PD 2/87 (F) Sub-Project II to the Secretariat in March 1993. The report was subsequently distributed during the Twelfth Session of the Permanent Committee as PCF(XII)/7. The Committee also noted that two independent desk reviews had been carried out on the final report and were also available during the previous session as PCF(XII)/12. Since the last session, the implementing agency submitted an audited financial report for Sub-Project II which was reviewed and accepted by the Secretariat. In the light of the fact that the proposal for Sub-Project III would be considered by the Committee during this session as PD 32/93 Rev.2 (F), this project is now considered as complete.

(2) PD 71/89 Rev.1 (F) The Economic and Environmental Value of Mangrove Forests and Present State of Conservation

The Committee recalled that the implementing agency had already presented its final report for consideration during its Twelfth Session as PCF(XII)/14. The Committee also noted that the implementing agency had submitted an audited financial report which had been reviewed and accepted by the Secretariat. As recommended by the Committee during its XII Session, ISME has included the country report for Fiji in its publication entitled "The Economic and Environmental Value of Mangroves and Present State of Conservation" which is included as part of the ITTO Technical Series, TS-12. Therefore, the Committee recognizes that this project is now considered as completed.

(3) PD 97/90 Rev.1 (F) Multi-Stage Survey of Tapajos National Forest

The Committee noted that FUNATURA had submitted the final project report consisting of two volumes and one addendum. The original report was produced in English, and is currently being translated to Portuguese, Spanish and French by the implementing agency. The information generated from this project will be utilized in conjunction with PD 68/89 Rev.2 (F) *Management of Tapajós National Forest for Sustainable Production of Industrial Timber* to develop a management plan for the entire national forest. The Committee noticed that it will take a bit longer to finish the translation and printing of the final report in Spanish and French and the translations are expected in the very near future. As soon as they are received, the project will be considered as completed.

(4) PD 116/90 (F) Appropriate Forest Technologies

The Committee recalled that progress report was received by the Secretariat on 9 March, 1993. All disbursements were completed by the end of June 1993, and the financial report has been received by the Secretariat. This project can be considered as completed although the World Bank will continue to distribute publications as well as continue with initiatives originally funded by the project.

(5) PD 149/91 Rev.3 (F) Technical Workshop to Explore Options for Global Forest Management

The Secretariat informed the Committee that its recommendation to terminate the project had been followed. In October 1993, the DENR returned the full amount of \$96,000 that was previously transferred plus interest (some of which was used to offset banking charges). The Committee recognized that this project has been officially concluded.

(6) PD 164/91 Rev.1 (F) Native Species Reforestation as an Alternative for Conserving the Panama Canal Watershed

The Committee recalled that this project had been evaluated in February 1993 and that the evaluation document had been circulated during its Twelfth Session in Kuala Lumpur. The Secretariat explained that a limited number of copies of the final/financial report were being distributed in English to the Permanent Committee as PCF (XIII)/8. With the acceptance of this report, the Committee considers this project as completed.

6. Report on Completed Pre-Projects

The Committee noted the report on completed pre-projects contained in Document PCF(XIII)/3 and considered the following pre-projects as completed:

(1) Sustained Development in the Amazon Region (\$70,000)

The Committee recalled that a general pre-project report and three project proposals developed during the pre-project study. Two of these proposals were submitted for consideration at the Eleventh Session of the Permanent Committee on Reforestation and Forest Management. The implementing agency has also submitted an audited financial report, which was reviewed and accepted by the Secretariat. Therefore, this pre-project may be considered as completed.

(2) PPD 1/92 Rev.1 (F) Impact of the Rural Population on Forest Development: Protection and Reconstitution of the Tropical Closed Forest in the Si-Kop (Ndom) Region, Coastal Province, Cameroon (\$138,600)

The detailed proposal resulting from the project was submitted to the Panel of Experts for review as Project PD 22/93 (F) - "Tropical Moist Forest Protection, Rehabilitation and Management with local community Participation in Si-Kop, Coastal Province, Cameroon". The final report of pre-project activities was also received by the ITTO Secretariat and upon receipt of the financial report, the pre-project will be considered as complete.

(3) PPD 12/92 (F) Publication and Dissemination of the ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests

The final approved version of the Guidelines were translated into Spanish and French. The Biodiversity Guidelines have been published as a supplement to the ITTO Guidelines for Sustainable Management of Natural Tropical Forests and were distributed to the participants of the Fifteenth Council Session.

7. Review of Activities in Progress

The Committee has, at various Sessions, decided to undertake a number of Activities and noted a brief report on Activities in progress which is contained in document PCF(XIII)/5.

1. *Demonstration Models for Sustainable Production of Timber and Non-Timber Products and Conservation*

The Permanent Committee recalled that during its Twelfth Session an informal working group drafted a Terms of Reference for the continued implementation of the Activity on Demonstration Areas for Sustainable Management of Production Forests. The Committee reviewed and approved of the Terms of Reference and with additional budget, this activity was developed into a pre-project. The XIV Session of the Council approved this pre-project, PPD 8/93 (F) "Demonstration Areas for Sustainable Management of Production Forests" contained in Appendix IV of PCF(XII)/17 Rev.3. Following the XIV Council, this pre-project was funded by the Japanese Lumber Importers' Association for \$110,000. Details concerning this pre-project are described in PCF (XIII)/7, *Report on Pre-Project Work in Progress*. Therefore, in future sessions the Committee will not be dealing with this as an Activity any further.

2. *The Economic Case for Natural Forest Management*

The Delegation from Malaysia explained that it would be showing the draft final report to delegates from the participating countries to solicit input and feedback for improving the report. FRIM anticipated that the final report would be ready for presentation to the Permanent Committee during its next Session in May 1994.

3. *Working Group on Guidelines for Management of Tropical Forest Plantations*

The Committee recalled that the English version of the document has been published and was distributed during the XIV Council Session. The Secretariat informed the Committee that due to difficulties with the terminology of the French and Spanish translations, the publication in these two languages was delayed. They are, however, being edited for printing. The Spanish and French editions of Plantation Guidelines should be ready for distribution in the very near future.

4. *Working Group on Guidelines for the Conservation of Biodiversity in Tropical Production Forests.*

The Committee recalled that during the XIV Session of the ITTC, the Council allocated the funds required to finance this pre-project. This Activity has now been completed with the publication of the *ITTO Guidelines on Conservation of Biological Diversity in Tropical Production Forests* in all three working languages of ITTO under PD 12/92 (F). Therefore the Committee recognized that this Activity has now been completed and will not be discussed in future Sessions.

5. *Protection of Tropical Forests Against Fire*

The Committee recalled that during its Twelfth Session a Pre-project was presented by the Secretariat to guide the work of the consultants and Expert Panel in the formulation of Guidelines for the Protection of Tropical Forests Against Fire. The Committee had approved of this Pre-project and it was subsequently financed during the XIV Session of the Council. Therefore, this will no longer be discussed as an Activity in the Sessions of the Committee.

8. *Review of Project Work in Progress*

The Committee took note of a status report (document PCF(XIII)/6) by the Secretariat on the seventy Projects, in the field of Reforestation and Forest Management, which have been approved by the Council, and A) are in the process of implementation, B) are awaiting the signing of an Agreement, or C) have not yet received full financial allocation, and D) projects coming under the sunset provisions since last Session.

A) Projects under implementation

- 1) PD 10/87 (F) Forest Management of Natural Forest in Malaysia,
- 2) PD 15/87 (F) The Biology of Okoume (Aucoumea klaineana Pierre) in Gabon,
- 3) PD 34/88
Rev.1 (F,I) Conservation, Management, Utilization and Integrated and Sustained Use of the Forests in the Chimanes Region, Beni Department, Bolivia,
- 4) 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-Bakundo,
- 5) PD 53/89
Rev.1 (F) Preparation of a Master Land-Use Plan for Forest Areas, Cameroon,
- 6) PD 68/89
Rev.1 (F) Management of the Tapajòs National Forest for Sustainable Production of Industrial Timber,
- 7) PD 69/89
Rev.1 (F) Workshop on Sustained Tropical Forest Management with Special Reference to the Atlantic Forest,
- 8) PD 74/90
Rev.1 (F,I) Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts,
- 9) PD 75/90 (F) Development of Genetic Resistance in the Tropical Hardwood Iroko to the Damaging Insect Pest: Phytolyma lata,
- 10) PD 77/90 (F) Establishment of A Pilot Area for Silviculture in Closed Forests in Congo,
- 11) PD 84/90 (F) The Establishment of A Demonstration Plot for Rehabilitation of Forests Affected by Fire in East Kalimantan [Phase II of PD 17/87 (F)],
- 12) PD 86/90 (F) International Network for Developing Human Resources in Tropical Forest Management (Phase I),
- 13) PD 88/90
Rev.1 (F) Sustainable Selective Harvesting of Mahogany in Bolivia,
- 14) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia,
- 15) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase I, II, III,
- 16) PD 99/90
Rev.1 (F) Establishment of Rio Preto National Forest (Espírito Santo State),
- 17) PD 103/90
Rev.1 (F) Training and Manpower Development in Community Forestry Management,
- 18) PD 104/90
Rev.2 (F) Studies on the Management Standards of Hill Dipterocarp Forests in Sarawak from a Watershed Management Point of View,
- 19) PD 105/90
Rev.1 (F) Model Forest Management Areas,

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| 20) | PD 106/90
Rev.1 (F) | Development of the Lanjak-Entimau Wildlife Sanctuary as A Totally Protected Area, Phase I, |
| 21) | PD 114/90 (F) | Workshops on Conservation and Sustainable Utilization of Mangrove Forests in the Latin America and Africa Regions |
| 22) | PD 115/90
Rev.1 (F) | Rehabilitation of Natural Forest, |
| 23) | PD 119/91
Rev.1 (F) | Workshop on Women and Forestry - A Look at African Experiences, |
| 24) | PD 120/91
Rev.4 (F,I) | Development of Operational Model for Sustainable Management of Natural Tropical Forest, |
| 25) | PD 128/91
Rev.2 (F) | Management, Conservation and Development of the Mangrove Forests in Panama, |
| 26) | PD 130/91
Rev.2 (F) | Plantation Establishment Methods (First Phase), |
| 27) | PD 131/91
Rev.2 (F) | Pilot Project for the Sustained Management of the So'olala Forest, |
| 28) | PD 132/91
Rev.1 (F) | Training Forestry Workers in Carrying out Certain Tasks Related to Forestry, |
| 29) | PD 138/91
Rev.2 (F) | Program for Sustainable Forest Management in the Ecuadorian Forest Institute |
| 30) | PD 148/91
Rev.3 (M,F,I) | Seminar on Economic Case of Sustainable Tropical Forests Management |
| 31) | PD 156/91
Rev.2 (F) | Establishment of Two Model Forest Nurseries and Forest Management Project, |
| 32) | PD 157/91
Rev.2 (F) | The Establishment of an International Network for the Conservation and Sustainable Utilization of Mangrove Forest Genetic Resources, |
| 33) | PD 162/91
Rev.1 (F) | Intensification of Growth and Yield Studies in Previously Logged Forest, |
| 34) | PD 170/91
Rev.1 (F) | Modernization and Development of Egyptian Forest Nurseries, |
| 35) | PD 176/91
Rev.1 (F) | Sustained Management for Production, Conservation, Demonstration, Diffusion and Promotion Activities in Moist Tropical Forests in Ecuador's Northwest, |
| 36) | PD 184/91
Rev.1 (F) | Multipurpose Tree Planting in Egypt, |
| 37) | PD 186/91
Rev.2 (F) | Tree Flora of Sabah and Sarawak, |
| 38) | PD 188/91
Rev.1 (F) | Reforestation of Rioja, |

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| 39) | PD 189/91
Rev.1 (M,F,I) | Publication of Andean Forestry Journal, |
| 40) | PD 10/92
Rev.1 (F) | Books and a Data-Base on the Major and Minor Commercial Timbers of South-East Asia Vol 5(1) and Volume 5(2) Within the Prosea Program, |
| 41) | PD 11/92
Rev.1 (F) | Development and Dissemination of Re-afforestation Techniques of Mangrove Forests, |
| 42) | PD 6/93
Rev.2 (F) | Manual and a World Natural Mangrove Atlas for Mangrove Ecosystem Restoration, |
| 43) | PD 10/93
Rev.1 (M,F,I) | Seminar and Study Tour on Model Forestry Practice System for Natural Tropical Forest Management. |
|
<i>B) Projects awaiting implementation agreement</i> | | |
| 1) | PD 171/91
Rev.2 (F) | Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps, |
| 2) | PD 172/91
Rev.2 (F) | The Recovery of Natural Systems of the Hillside of Caqueta, |
| 3) | PD 185/91
Rev.1 (F) | Sustainable Forest Management and Development in Peninsular Malaysia, |
| 4) | PD 202/91
Rev.1 (F) | Sustainable Forest Management through Collaborative Efforts |
| 5) | PD 204/91
Rev.1 (F) | Identification and Study of a Plantation Project for the Production of Timber (2500 ha) in the Reserved Forest of Halo-Baloe (Plateau Region), |
| 6) | PD 9/92
Rev.1 (F) | Forest Development in Islas de la Bahia, Honduras, Central America, |
| 7) | PD 14/92
Rev.2 (F) | A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China, |
| 8) | PD 39/92
Rev.1 (F) | Dissemination and Training on ITTO Guidelines and Criteria for the Sustainable Management of Natural Tropical Forests, |
| 9) | PD 42/92
Rev.2 (F,I) | Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio, |
| 10) | PD 5/93
Rev.1 (F) | Ten-Year Production of Treated Residual Dipterocarp Forest Stands |
| 11) | PD 11/93
Rev.1 (F) | A Strategy for the Sustainable Management and Harvesting Forest Resources: Leading to the Consolidation of Indigenous Territories in the Colombian Amazon (Phase I). |
|
<i>C) Projects awaiting financing</i> | | |
| 1) | PD 174/91
Rev.2 (F,I) | Rehabilitation of the Forest in the South-Central Region of Côte d'Ivoire Around the Tene Forest, |

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| 2) | PD 8/92
Rev.2 (F) | Study on the Growth of Native Species of Commercial Interest in Honduras, |
| 3) | PD 15/92
Rev.3 (F) | Establishment of a Germ Plasm Bank and Pilot Reforestation Units, |
| 4) | PD 16/92
Rev.2 (F) | Timber Logging in Rondonia - Phase I: Socio-economic and Environmental Diagnosis, |
| 5) | 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, |
| 6) | PD 26/92
Rev.1 (F,I) | Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon, |
| 7) | PD 32/92
Rev.1 (F) | Agroforestry Systems for the Communities of Nova California and Extrema, Rondonia, Brazil, |
| 8) | PD 37/92
Rev.1 (F) | Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest (Forestier de la Bokoue), |
| 9) | PD 43/92
Rev.1 (F) | Strengthening of the Amazon Forest Development Center for the Sustainable Management of Tropical Forests, |
| 10) | PD 45/92
Rev.1 (F) | Agroforestry Systems for the Communities of Medicilandia-Para, Brazil, |
| 11) | PD 47/92
Rev.1 (F) | Project on Sustainable Forest Management, Production and Regulation in an Area of the Colombian Andes, |
| 12) | PD 48/92
Rev.2 (F) | Biotechnological Development of Forest Species in the Zulia Basin in the Zulia Municipality, North Santander Department, Cimitarigua Community, |
| 13) | 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, |
| 14) | PD 50/92
Rev.3 (F) | Conservation and Integrated Development in La Macarena Special Management Area, |
| 15) | PD 2/93
Rev.1 (F) | Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan, |
| 16) | PD 3/93
Rev.1 (F) | Management and Conservation of the Forest of Bangou - Phase 1: Development of the Management Plan. |

D) Projects coming under the sunset provisions since last Session

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| 1) | PD 194/91
Rev.1 (F) | Recuperation and Demonstration Management of Secondary Forests in the Peruvian Amazon, |
| 2) | PD 203/91
Rev.1 (F) | Study Relating to Forest Management in the Fazao-Sud Region, |

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

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

The Secretariat pointed out that the \$150,000 which was previously approved by the Committee as an extension to hold the final workshop had not been pledged. The delegation from Malaysia reported that this workshop had been included as a component in the follow-on project PD 24/93 Rev.1 "Forest Management of Natural Forest in Malaysia - Phase II". It was further clarified that most activities will be finished by December 1993 and the final report would be completed in February. The financial report will be submitted by March. Furthermore the final report will be presented to the Committee during its next session in May 1994. Consequently, the Committee will allow the project to be completed with the submission of the final report.

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

The Executing Agency explained that the activities in this project will be completed next month and that a final evaluation was tentatively planned for December or January. The Secretariat also clarified that the Yokohama MOU developed and approved by the Committee during its IXth Session would be used as the basis for the Terms of Reference for the final evaluation.

The Committee took note that project implementation had improved considerably over the past year. The Committee also thought highly of the proposal developed for the follow-on project. However, since the final evaluation has not been completed, the Committee was hesitant to approve PD 33/93 Rev.1 (F). Therefore, it felt that the project should be extended for six months to allow project activities to continue at a minimal level until a final decision is made by the Council during its next session in May 1994. Subsequently, the Committee recommended to the Council that an allocation of \$75,960 be approved for this purpose.

**3) PD 53/89 Preparation of a Master Land-Use Plan for Forest Areas, Cameroon,
Rev.1 (F)**

The Committee noted the progress achieved in project implementation and acknowledged the suggestion made by the Secretariat to commission an independent desk review of the reports developed under the project by an expert in land-use and forest development planning. The Committee further noted that a desk review of project reports is not a common procedure for all projects. However, due to the complexity and the wide scope of the project, the Secretariat suggested that an independent consultant with specialized skills in land-use planning would be needed.

The Committee decided to approve the proposal to commission an independent desk review of the reports resulting from the project and to request the Council to allocate \$5,275 for that purpose. The final project report and the desk review report should be submitted to the Committee during its Fourteenth Session in May 1994.

**4) PD 68/89 Management of the Tapaj s National Forest for Sustainable
Rev.1 (F) Production of Industrial Timber,**

The Secretariat explained that the implementing agency had some difficulties administering the financial resources for this project and that the Steering Committee had met to discuss these problems in October 1993. The Steering Committee had laid down three conditions for the next disbursement:

1. Mechanisms for administering finances are in place to ensure that there will be no loss in value from currency exchange,
2. IBAMA will make-up the money lost due to inflation during the application of the first installment, and
3. The implementing agency will show how it will provide counterpart resources in terms of technical support and personnel to work on project activities.

The delegation from Brazil responded that the equipment had been purchased and that the consultant had been hired with resources of the implementing agency to make up the money lost due to inflation referred to in item 2. The implementing agency had undertaken additional activities in forest inventory with its own resources. Therefore, the funds used to support the inventory activity would be applied as part of its national input.

The Brazilian delegation further explained that financial resources could be administered directly by the implementing agency or by arranging an agreement with an NGO. The Committee expressed concern regarding the issue of currency loss and sought clarification from the Secretariat on the scope of this problem. This issue was discussed with other Committees during the Bureau meeting and it was determined that this problem was effectively dealt with on a case by case basis. The Committee also sought clarification regarding the project's approach to communities living in national forest. The Brazilian delegation responded that local populations are engaged in extractive activities of non-timber products. Furthermore, a project dealing with the participatory management of national forest would be supported by the G-7 and implemented in Tapajos.

- 5) PD 69/89 Workshop on Sustained Tropical Forest Management with Special
Rev.1 (F) Reference to the Atlantic Forest,

The Secretariat explained that the financial report for this project has been received and was under review. The Committee noted that the \$28,000 for translating and publishing the technical report had still not been pledged. The Committee also noted that a definite time limit had not been placed on the extension of this project. The Committee decided to allow a final six months extension by which time, if funds have not been allocated the project would be completed.

- 6) PD 74/90 Better Utilization of Tropical Timber Resources in Order to Improve
Rev.1 (F,I) Sustainability and Reduce Negative Ecological Impacts,

The Committee noted the progress achieved in project implementation. As requested by the implementing agency, it decided to approve an extension of the project until June 1994, at no extra cost, to allow the implementing agency and collaborating national institutions to complete and submit their reports.

- 7) PD 75/90 (F) Development of Genetic Resistance in the Tropical Hardwood Iroko to
the Damaging Insect Pest: Phytolyma lata,

The Committee noted the progress achieved in project implementation and decided to approve an extension of the project until December 1994, at no extra cost, to allow the completion of project activities.

- 8) PD 84/90 (F) The Establishment of A Demonstration Plot for Rehabilitation of
Forests Affected by Fire in East Kalimantan
[Phase II of PD 17/87 (F)],

Due to the delay in the recruitment of an international consultant at the early stage of project implementation, the implementing agency requested an extension of the project. The

Committee decided that the project be extended until July 1994 to allow for the completion of the project at no additional cost.

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

The Coordinator for this project explained that he had attended the deliberations on PD 17/93 Rev.4 (M,F,I) and that the Secretariat had been unable to make preparations for project implementation because all the funds pledged by the donors had not yet been received. Furthermore, the Coordinator stated that ANUTECH was very concerned about the continuity of the newsletter during the transition period. The implementing agency further stated that to keep its team together to continue the production of the newsletter, it needed assurances on the part of the Committee that an extension would be possible should circumstances warrant it.

The Committee was also concerned with a potential gap in the publication of the newsletter, but felt a need to keep the pressure on the organization so that activities would be initiated under PD 17/93 as soon as possible. Consequently, the Committee decided to grant an extension of six months to December 1994 and seek financial support during the next session in May should it be necessary.

10) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia,

The delegation from Indonesia stated that project implementation had been delayed due to complex institutional arrangements between the Ministry of Forestry, Ministry of Planning and USAID. They further explained that the project was due to be completed on April 1994 and the implementing agency would need at least an additional year's time and possibly more to complete the project. The Committee decided to grant a one year extension at no additional cost to April 1995. At that time, it would evaluate the progress and make a decision for an additional extension if necessary.

11) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase I, II, III,

The delegation from Peru explained that a workplan had been drawn-up for project implementation from June 1993 - June 1994. The project is now undertaking an inventory with the participation of the government, private sector, and an NGO. This project is considered as a model for forest management in Peru. Therefore, an extension of the first phase was requested until June 1994. The Committee agreed to an extension of Phase I without additional cost as requested by the Peruvian delegation.

**12) PD 105/90 Model Forest Management Areas,
Rev.1 (F)**

The Malaysian delegation explained that there was some difficulties in recruiting a project leader who was not placed until June 1993. Therefore, there was a delay in the start-up of the project. A one-year extension at no additional cost was requested as a result of this delay. Furthermore the implementing agency was waiting for a response from the Secretariat regarding the approval of project site selection. Considering this justification, the Committee agreed to grant a one-year, no-cost extension and requested the implementing agency to take-up the matter on site selection with the Executive Director.

**13) PD 106/90 Development of the Lanjak-Entimau Wildlife Sanctuary as A Totally
Rev.1 (F) Protected Area, Phase I,**

The Committee noted that the project was due to start in November 1991, however, the team leader was not appointed until December 1992, and therefore, a one year no cost extension

was sought by the implementing agency. The Committee also noted that substantial progress had been made in the project implementation and therefore, granted the request for extension.

14) PD 114/90 (F) Workshops on Conservation and Sustainable Utilization of Mangrove Forests in the Latin America and Africa Regions,

The implementing agency explained that the proceedings from the two workshops had been published and distributed. The full project report on the African region had been printed and distributed to the Committee as PCF XIII/10. The French version of this report was in the final stages of editing, however, funds were insufficient for translating, publishing and disseminating the full Latin American Report into Spanish. Therefore, a request was made to extend the project until the next session and an allocation of \$15,825 be made to cover this cost. The Committee noted that the two final reports cover a geographical distribution of 80% to 90% of the Mangrove areas in Africa and Latin America. It was therefore necessary to provide Latin American countries with a Spanish version of the Latin American report. Based on a project presented to the Committee of \$15,825, the Committee decided to grant the extension and requested the Council to allocate this amount.

15) PD 131/91 Rev.2 (F) Pilot Project for the Sustained Management of the So'olala Forest,

The Secretariat explained that it received and reviewed the reports of the two consultants which included important issues related to the implementation of forest management and agroforestry activities. The Secretariat requested the implementing agency to provide additional information to clarify how these issues would be resolved to allow the smooth implementation of the project. The Committee noted that the implementing agency is addressing this issue and will respond to the request of the Secretariat in the near future. The Committee directed the Secretariat to liaise with the implementing agency to clarify this matter and report to the Committee during its XIV Session.

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

The delegation from Ecuador explained that the 1,450-page final report had been completed and despatched to the Secretariat. Furthermore, approximately \$20,000 still remain unspent. The delegation from Ecuador stated a need to summarize the final report and undertake a series of workshops to disseminate the final results. Therefore, a request was made to utilize the left-over funds to produce a summary document and hold workshops to share experiences generated during the project. The Committee recognized the value of the project and its influence on Ecuador's reforestation and forest management strategies. In this light, it concurred with the delegation's request.

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

The Secretariat explained that the implementing agency is in the process of preparing a number of reports and finalizing the design of a Mangroves Ecosystems Information Database. The Committee concurred to the implementing agency's request for a no-cost extension until 31 March, 1994 to finish the documentation.

18) PD 170/91 Rev.1 (F) Modernization and Development of Egyptian Forest Nurseries,

The Secretariat explained that the project is due to be completed in November 1993. Project activities are almost completed except for the development of the central seedbank which still needs additional time to be refurbished and equipped. The implementing agency requested an extension to complete of these activities and prepare the final report. The Committee decided to grant an extension until June 1994 at no additional cost.

- 19) PD 10/93 Seminar and Study Tour on Model Forestry Practice System for
Rev.1 (M,F,I) Natural Tropical Forest Management.

The Secretariat informed the Committee that the Seminar and Study Tour had been conducted from 5 - 8 November 1993 in Hokkaido and was attended by 80 delegates from 27 countries. The final report is being finalized and will be submitted during the next Council Session in May 1994.

The Committee noted the status of the following projects which were awaiting financing and needed attention:

- 1) PD 202/91 Sustainable Forest Management through Collaborative Efforts,
Rev.1 (F)

The delegation from the Government of Netherlands announced that the Ministry for Development Cooperation had previously determined that Thailand is not eligible for financial support and therefore, could not provide financial resources for the implementation of this project. However, the Ministry for Development Cooperation recognized the importance of sustainable forest management and reassessed its decision. As a result of this reassessment, a final decision was made to fully fund this project. The Committee welcomed this decision and expressed its gratitude to the Government of the Netherlands.

- 2) PD 18/92 Research-Development Associated with Management Operations in
Rev.1 (F) the Closed Forest of Côte d'Ivoire: Determination of a Forest
Typology Related to Silvicultural Systems,

The Committee noted that this project had been fully funded during the Fourteenth Session in Kuala Lumpur last May. However, the pledge by the Government of Italy had been withdrawn, causing a shortfall of \$350,000. The Committee expressed its regret over this situation which will result in a further delay in project implementation. The Committee encouraged donors to provide an additional pledge of \$350,000 to have full financing for this project.

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

The Secretariat informed the Committee of the latest developments in the re-design and financial status of the project. The Committee considered the changes in project activities as suggested by the Common Fund, and the resulting increase in the budget. The Committee further acknowledged that the budget of these new activities has been scaled down from \$233,842 as outlined in PCF(XIII)/14 to \$140,290 as a result of consultations between the ITTO Secretariat and the Common Fund. This brought the total request of funding to \$1,957,100. The Committee welcomed the commitment of the Common Fund to finance the project and make available a maximum of SDR 470,713. However, the Committee observed that the total amount of pledges made by the Common Fund and other donors come to \$1,935,223, as compared to a required project budget of \$1,957,100. This resulted in a shortfall of \$21,877.

The Committee considered the proposal submitted by the Government of Cameroon and the Tropenbos Foundation to change the implementing agencies from Institute of Agricultural Research (IRA) and the Wageningen University to the Ministry of Environment and Forests of Cameroon and the Tropenbos Foundation. This change would clarify the responsibilities for project implementation while still conforming to the institutional framework outlined in the Project Document.

The Committee recommended that the Council approve the amendments requested in PCF(XIII)/14 in addition to the changes presented above:

- 1) The modifications in project objectives and activities as suggested by the Common Fund resulting in an overall project budget of \$1,957,100.

- 2) The replacement of IRA and the Wageningen University with the Ministry of Environment and Forestry of Cameroon and the Tropenbos Foundation as Implementing Agencies to clarify responsibilities in project implementation.

The Committee also decided to recommend to the Council to allocate \$21,877 in order to achieve the full financing of the project and to rename the revised project PD 26/92 Rev.2 (F,I).

9. Review of Pre-project Work in Progress

Thirteen pre-projects have been approved by the Committee and are under implementation, in preparatory stages or awaiting funding. The Committee took note of a status report by the Secretariat contained in document PCF(XIII)/7.

1. **"Management of Natural Tropical Moist Forests to Obtain Sustainable Production of Wood and Other Forest Products and Maintain the Ecological Balance in Ecuador"**

The Committee recalled that at its 9th Session, it had suggested that the implementing agency to use the remaining pre-project funds to contract an international review team to study the potential impact of PD 159/92 Rev.2 (F) on indigenous communities on the project area. The Committee noted that this pre-project has been inactive and during the interim, PD 159/92 Rev.2 (F) was not financed and fell under the sunset provision. The implementing agency submitted a proposal to the Secretariat for utilizing the remaining funds to carry out a feasibility study in the moist tropical forest of the Cuyabeno Wildlife reserve in the northeastern part of Ecuador. The Delegation from Ecuador explained that this feasibility study would seek to control colonization and deforestation in lands that were affected by oil exploration. The study would analyze the potential of developing agro-forestry systems to promote sustainable forest production. The Committee noted the importance of dealing with farmers in the forest and concurred with the implementing agency's request to utilize the remaining funds as described on page two of PCF (XIII)/7.

2. **"Coordinated Natural Forest Management and Sustainable Rural Development in Areas Adjoining Sapo National Park, Liberia"**

The Delegation of Liberia gave an explanation on the current political situation in Liberia and stated that although things are improving, it is not possible to undertake pre-project activities at this time. Therefore, the Liberian Delegation requested the Committee to retain the financing allocated to this pre-project until the situation in Liberia stabilizes. The Committee agreed with the request and instructed the Secretariat to retain the funds until further notification from the Government of Liberia.

3. **PPD 8/93 "ITTO Demonstration Areas for Sustainable Management of Production Forests"**

The Committee was pleased that the Secretariat has developed a registration form for nominating potential demonstration areas. It noted that five countries had nominated forest areas to be included in the network of demonstration models. The Committee urged members to register potential demonstration areas as requested by the Secretariat.

10. Consideration of Project Proposals

Twenty project proposals entered the Project Cycle leading up to the Thirteenth Session of the Permanent Committee of Reforestation and Forest Management. The Committee recalled its recommendations to the Council during its Eleventh Session in Yokohama in November 1992, requesting the Secretariat to not forward any revisions of proposals requiring complete reformulation until these revisions had again been technically evaluated by the Expert Panel. In this light, seven project proposals were not considered by the Committee, and these are:

Project List

Project Number	Submitting Country	Project Title
34/92 Rev.1 (F)	HONDURAS	Reforestation, Protection and Environmental Education Project for the Department of La Paz
13/93 Rev.1 (F)	ECUADOR	Production of High Quality Plants for the Establishment of Forest Plantations
18/93 (F)	PNG	Weittin Valley: Integrated Conservation and Development (ICAD) Project
22/93 (F)	CAMEROON	Tropical Moist Forest Protection, Rehabilitation, and Management with Local Community Participation in Si-Kop, Coastal Province, Cameroon
23/93 (F)	MALAYSIA	Sustainable Multiple Use of Hill Forest in Sarawak, Malaysia
30/93 (F)	MALAYSIA	Rehabilitation of Degraded Lands (Tin Tailings and Bris Soils) in Peninsular Malaysia
31/93 (F)	CAMEROON	Management Subsequent to the Establishment of the Old Timber Plantations in the Cameroon

Thirteen project proposals were considered by the Committee. These project proposals are:

Project List

Project Number	Submitting Country	Project Title
38/92 Rev.2 (F)	MALAYSIA	The Establishment of Community-Based Teak (<i>Tectona grandis</i>) Plantations on Degraded Forest Areas in the State of Kedah, Malaysia
12/93 Rev.3 (F)	INDONESIA	Integrated Forest Fire Management in Indonesia - Phase I: National Guidelines on the Protection of Tropical Forests Against Fire
20/93 (F)	CAMEROON	Development of National Guidelines for the Sustainable Management of Natural Tropical Forests in the Cameroon
21/93 Rev.1 (F)	THAILAND	Forest and Farmers: Sustainable Coexistence
24/93 Rev.2 (F)	MALAYSIA	Forest Management of Natural Forest in Malaysia - Phase II of PD 10/87 (F)
25/93 Rev.1 (F)	ECUADOR	Evaluation of the Progress Made by Ecuador Towards Achievement of ITTO Target 2000
26/93 Rev.1 (F)	INDONESIA	Development of Bentuang Karimur Nature Reserve as National Park (Phase I)
32/93 Rev.2 (F)	JAPAN	Rehabilitation of Logged-Over Forests in Asia/Pacific Region (Sub-Project III)

/ . . .

33/93 (F)	BOLIVIA	Conservation, Management, Harvesting, and Integrated and Sustained Use of Forests in the Chimanes Region, Beni, Bolivia
35/93 Rev.2 (F)	PANAMA	Forestry Management, Community Development and Sustained Use of Forests on the Punta Patino Nature Reserve, Darien Region, Republic of Panama
36/93 Rev.1 (F)	EGYPT	Securing the Implementation of Improved and/or New Established Nurseries in Egypt
37/93 Rev.1 (F)	COLOMBIA	Silvicultural Management in the Forests of Bajo San Juan
40/93 Rev.1 (F)	MALAYSIA	Improvement of Data Collecting, Processing and Application Techniques for Sustainable Forest Management

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 16 below.

11. Decision on Pre-project Work

Pre-project proposal PPD 11/93 Rev.1 (F) "Evaluation of Current Forest Harvesting Licensing, Concession and Control Systems within a Framework of Sustainable Forest Resource Management" entered the Project Cycle leading up to the Thirteenth Session of the Permanent Committee of Reforestation and Forest Management.

The Committee decided to approve the above Pre-project.

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. Election of Chairman and Vice-Chairman for 1994

The Committee elected Dato Ismail Awang (Malaysia) as Chairperson and Mr. Derk de Groot (Netherlands) as Vice-Chairperson for 1994.

14. Dates and Venue of the Fourteenth Session

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

15. Any Other Business

During the deliberations of the Committee on new project proposals, two issues were discussed at length. The first issue concerns the core objectives and priorities of ITTO's work in the areas of reforestation and forest management. Given the wide range of activities in the numerous proposals discussed, many delegations were unsure of which type of projects the Committee should support. Therefore, as the result informal consultations among the various delegations, the Committee decided on the following action:

Considering the numerous and lengthy discussions that have taken place in PCF in recent sessions in assessing the relevance of project proposals to the objectives, policies and programs of the organization;

Considering the wide range of these objectives, policies and programs, it has become **difficult** for the PCF to define clearly what is central to the achievement of the organization's objectives, policies and programs;

Considering the limited availability of funds and the need to focus PCF's **review** on projects for reforestation and forest management that contribute most effectively and directly on the objectives of the Agreement;

Considering that members feel that better definition should be given to PCF's focus and priorities;

And

Considering the availability of the ITTO plan of action and the organization's manual on project formulation;

The Committee requests the Chairman of PCF to establish a working group at the beginning of the Committee's **XIV** Session with the task to make more transparent the core priorities of ITTO's work in the areas of reforestation and forest management based on the ITTO's plan of action and felt needs of member countries.

In addition, the Committee requests the ITTO Secretariat to write member countries in advance of the XIV Session but after renegotiation of the ITTA is completed in order to solicit suggestions on the core priorities of the Committee.

The second issue raised regarded the workings of the Expert Panel. Many delegations felt that the conclusions and recommendations of this technical panel were not providing the Committee with the advice that it needed. Therefore, informal consultations between the delegations participating in the Committee's sessions resulted in a recommendation as follows:

Considering that the Technical Panel for project appraisal serves an important role of providing expert advice to the Committees on projects and pre-projects; and further

Considering that the requirements for membership and the way of working of the Panel are not always clear,

The Committee recommends that at its Fourteenth Session, the Chairman establish a small working group of Producers and Consumers to review and clarify the Terms of Reference of the Technical Panel, membership requirements, its means of operating, and its interaction with the Secretariat, in order to help it provide the Committee the best technical advice possible.

16. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations:

1. The Committee recommended to the Council that project PD 34/88 Rev.1 (F,I) "Conservation, Management Utilization and Integrated and Sustained Use of the Forests in the Chimanés Region, Beni Department, Bolivia" be extended for six months and \$75,960 be approved to continue support of project activities.
2. The Committee requested the Secretariat to commission an independent desk review of reports resulting from the project PD 53/89 Rev.1 (F) "Preparation of a Master Land-use Plan for Forest Areas" and to request the Council to allocate \$5,275 for that purpose.
3. The Committee decided to grant project PD 114/90 (F) "Workshops on Conservation and Sustainable Utilization of Mangrove Forests in the Latin America and Africa

Regions" an extension to allow for the translation, publication and dissemination of the Latin American Report and to allocate \$15,825 for this purpose.

4. The Committee recommended that the Council allocate an additional funding of \$21,877 to project PD 26/92 "Development of Methods and Strategies for Sustained Management of Moist Tropical Forest of Cameroon" to make up for the shortfall in the budgetary requirement.
5. The Committee recommended that the Council approve PD 38/92 Rev.2 and allocate \$550,588 for its implementation.
6. The Committee recommended that the Council approve PD 12/93 Rev.3 and allocate \$936,524 for its implementation.
7. The Committee recommended that the Council approve PD 20/93 Rev.1 and allocate \$414,900 for its implementation.
8. The Committee recommended that the Council approve PD 21/93 Rev.1 and allocate \$927,908 (Phase I) and \$805,900 (Phase II) for its implementation.
9. The Committee recommended that the Council approve PD 24/93 Rev.2 and allocate \$567,558 for its implementation.
10. The Committee recommended that the Council approve PD 25/93 Rev.1 and allocate \$597,130 for its implementation.
11. The Committee recommended that the Council approve PD 26/93 Rev.1 and allocate \$1,165,722 for its implementation.
12. The Committee recommended that the Council approve PD 32/93 Rev.2 and allocate \$558,779 for its implementation.
13. The Committee recommended that the Council approve PD 36/93 Rev.1 and allocate \$301,730 for its implementation.
14. The Committee recommended that the Council approve PD 37/93 Rev.1 and allocate \$726,699 for its implementation.
15. The Committee recommended that the Council approve PD 40/93 Rev.1 and allocate \$534,041 for its implementation.
16. The Committee recommended that the Council approve PPD 11/93 Rev.2 and allocate \$252,375 for its implementation.
17. 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 to 2(X), Annex 2, Paragraph 2. The Committee therefore urged member countries to contribute funds for these unfunded approved projects. These are:
 - 1) PD 174/91 Rehabilitation of the Forests in the South-Central Region of Rev.2 (F,I) Cote d'Ivoire Around the Tene Forest
 - 2) PD 8/92 Study on the Growth of Native Species of Commercial Interest Rev.2 (F) in Honduras,
 - 3) PD 15/92 Establishment of a Germ Plasm Bank and Pilot Reforestation Rev.3 (F) Units,

- 4) PD 16/92 Rev.2 (F) Timber Logging in Rondonia - Phase I: Socio-economic and Environmental Diagnosis,
- 5) 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,
- 6) PD 26/92 Rev.1 (F,) Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon,
- 7) PD 32/92 Rev.1 (F) Agroforestry Systems for the Communities of Nova California and Extrema, Rondonia, Brazil,
- 8) PD 37/92 Rev.1 (F) Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest (Forestier de la Bokoue),
- 9) PD 43/92 Rev.1 (F) Strengthening of the Amazon Forest Development Center for the Sustainable Management of Tropical Forests,
- 10) PD 45/92 Rev.1 (F) Agroforestry Systems for the Communities of Medicilandia -Para, Brazil,
- 11) PD 47/92 Rev.1 (F) Project on Sustainable Forest Management, Production and Regulation in an Area of the Colombian Andes,
- 12) PD 48/92 Rev.2 (F) Biotechnological Development of Forest Species in the Zulia Basin in the Zulia Municipality, North Santander Department, Cimitarigua Community,
- 13) 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,
- 14) PD 50/92 Rev.3 (F) Conservation and Integrated Development in La Macarena Special Management Area,
- 15) PD 2/93 Rev.1 (F) Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan,
- 16) PD 3/93 Rev.1 (F) Management and Conservation of the Forest of Bangou - Phase 1: Development of the Management Plan.

17. Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix I

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. 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

This proposal was originally reviewed by the Fourth Expert Panel in August 1992 and was subsequently reformulated and resubmitted for consideration.

Summary of Original Proposal

Teak was first planted in Penang, Malaysia in the early 1800 by East India Company for the construction of ships, and since then, it has been observed that teak can grow well in some areas of Peninsular Malaysia. For this reason, several sample plots of teak had been established in various areas in the states of Kedah and Perlis where climate is suitable for large scale plantations.

The proposed project aims to establish trial plantations on poor/degraded forest areas in two plantation sites in the state of Kedah. The plots established under the various planting trials will be subject to a range of silvicultural treatments. The proposal has the following specific objectives:

- i) To undertake trial planting of teak on degraded forest areas with the active participation of local communities,
- ii) To conduct comprehensive study on the investment returns of teak plantations established on degraded forest areas,
- iii) To contribute to the formulation and implementation of sound silvicultural forest plantation management systems for the teak plantations in Peninsular Malaysia and
- iv) To increase employment opportunities and social-economic benefits to the local communities as well as in the transfer of skills and expertise in teak plantations establishment.

Comments by the Fourth Panel

The Panel noted that the project was focused on the establishment of teak Plantations as a possible means of addressing social pressures that have led to the degradation of forest lands in the proposed project area. However, despite the clear definition of the social basis of the forest land use problem in question, the Panel felt that, as presented, the Project itself was little more than a standard silvicultural research proposal in an area where there was already a wealth of both research and applied management experience.

The Panel considered that while such a research proposal may be consistent with overall ITTO Objectives, it was neither relevant to ITTO's priority objectives such as Target 2000 nor consistent with the forest management problem described in the project proposal. In this regard, the Panel felt that a more appropriate approach would have been to seek to develop and implement a community forestry management plan focused on the rehabilitation of degraded lands through the operational establishment of industrial timber plantations based on existing information integrating silvicultural, industrial and market considerations.

Furthermore, the Panel saw a number of technical problems with the proposal beyond the most important issue of relevance. These included:

- * The lack of justification for the use of international staff for the positions of plantation management expert and systems analyst when it was thought that there would be ample available expertise in both these areas within Malaysia. In this regard, the Panel assumed that international recruitment was implied by the very high salary levels quoted viz, \$12,600 and \$12,000 per month for the plantations management expert and the systems analyst respectively.
- * The lack of detail on the forest type and ecological status of areas that might be clear-felled for plantation development either within the project itself or subsequent wider application of project results.
- * Apparent internal inconsistencies in the project document viz, planting areas are specified as 250 ha each on page 5 but the actual planting trials on page 6 only seem to cover 50 ha each.
- * The low level of outputs (essentially 100 ha of trial plantings) for the relatively high level of budget inputs (\$765,700).

Recommendations by the Fourth Panel

1. The panel recommended that the proposal be completely reformulated to better address the social and forest management problems described in the project document.
2. The panel recommended that such a reformulation should concentrate on the introduction of operational scale community-based rehabilitation programs so as to avoid the duplication of existing knowledge and research expertise.

Conclusions of the Fourth Panel

The Panel concluded that complete reformulation of the proposal would be essential. It would need to further assess such a reformulated project before it could commend its appraisal to the Committee.

Comments by the Eleventh Committee

The Committee noted the advice of the Malaysian Delegation that the proposal was being reformulated to address the concerns of the Panel and that it would be resubmitted for consideration in future Project Cycles.

Summary of Rev.1

The objective of the project is to initiate community-based rehabilitation activities by the establishment of 250 ha of teak plantation using different agro-forestry systems, and to assess the influence of such parameters as planting spacing, fertilizing, pruning and thinning in the success of teak plantations establishment.

Project activities include the establishment of teak plantation using three different agroforestry systems, planting trials, tree measurement of planting trials, and compilation of costs involved in the establishment and management of planting trials.

Comments of the Fifth Panel

The Panel noted that this proposal is a revision of Project PD 38/92 (F) appraised by the Fourth Panel of Experts. The Fourth Panel recommended that the project be reformulated to

better address the social and forest management problems described in the project document. The Fourth Panel also recommended that such a reformulation should concentrate on the introduction of operational scale community-based rehabilitation programs so as to avoid the duplication of existing knowledge and research expertise.

With regard to above recommendations, the Fifth Panel made the following assessment:

- * The focus of the Project has been shifted from purely research to more development objectives and activities. The Project is now concerned with the development of agroforestry activities in degraded forest land with the view to rehabilitating the degraded forest lands, offsetting the encroachment of forest reserves by local communities, increasing employment opportunities and supplementing wood based industries with high quality timber. Project outputs and activities have also been reformulated accordingly and are now focussed on the establishment of 250 ha of teak plantation using a variety of agroforestry configurations.
- * Agroforestry activities will also include plantation trials such as spacing, fertilizing, pruning and thinning trials. The Panel commented that the feasibility of meeting research and socially oriented activities at the same time may pose difficulties and the integration of these two aspects requires further clarification. The assurances of local communities participation in the proposal program needs also to be further assessed, in spite of the fact that there is shortage of suitable agriculture lands in the project area. The Panel also noted that provisions for expertise on social issues had not been included in the Project budget.
- * With regard to the details on the forest type and ecological status of areas that might be clear-felled, the Panel observed that the new proposal no longer refers to clear-felling. Additional details on the forest type and ecological status of the area where the 250 ha of plantation will be established have been provided;
- * With regard to the extent of the area where the plantation will be established, the Panel noted that revised proposal mentions that plantation of teak will be established on an area of 250 ha;
- * With regard to the Fourth Panel's concerns in relation to the low level of outputs (essentially 100 ha of trial planting) against the project budget, the Fifth Panel observed that the project is now concerned with the establishment of 250 ha of plantation for more or less the same budget (\$768,500 as against \$765,700).

In light of the above, the Panel commented that while the main focus of the project is to support agroforestry activities in communities living in and near degraded forests, the proposal does not mention how communities would be involved. The Panel felt that proposal should have referred to the many examples of successful community participation in agroforestry in Malaysia as background information.

The project also did not adequately address the issue of site quality to justify its focus on Teak. The Panel felt that a more thorough description of the proposed project site should be given and assessment its adequacy to support the establishment of Teak based agroforestry systems.

There were an additional number of concerns that the Panel felt needed to be confronted in a project of this type:

- * How will the project deal with people encroaching on forest land controlled by the State?
- * In view of the possible availability of local expertise, the Panel believed that there is insufficient justification for the use of an international plantation management specialist and a system analyst. Adequate technical expertise could be provided by local consultants at less cost.

- * Not enough details are provided on the condition of the forest vegetation in terms of degradation and management options.
- * Regarding site capabilities, and the possible use of existing vegetation, there are not any references to other on-going projects, such as the GIS project supported by the EC.
- * There needs to be established a system for justifying community selection, and how the project would help resolve community needs.
- * The output of only 250 ha of plantations appears to be rather low for the budget and level of activities proposed.
- * The proposal does not mention a process of community consultation during project formulation.
- * The issue of land tenure is not clearly addressed.
- * The proposal does not deal with how the benefits will be shared among participants.
- * Community organization options are not explained.
- * Extension/education appears to be rather under-developed for a project dealing with community participation. The training was aimed at four forestry officers and provisions for training local people were not included.
- * Details for agroforestry components are lacking.
- * The budget appears to be excessive for road and vehicle maintenance.

Recommendations and Conclusions of the Fifth Panel

In light of the above, the Panel recommends that a complete reformulation of the proposal taking into account the above issues is still essential. The Panel believed that it would need to further assess such a reformulation before it could commend the proposal to the Committee for appraisal.

Addressing the Fifth Panel's Comments

Major issues addressed in the revised document include:

Local Communities:

Local communities will be involved in silvicultural treatments such as site preparation, planting, tending, weeding, pruning, thinning and harvesting. These activities will be contracted out to participant farmers so as to ensure employment opportunities and a steady stream of benefits. This will minimize encroachment on permanent forest estate land. The participants will also be encouraged to plant cash crops (pepper, banana, watermelon, etc.) as well as other agricultural crops. Employment opportunities for 250 people will be generated and a total income of \$350,000 will be provided by the project through contract work. Participant communities will be consulted in the development of the management plan. A consultative working committee comprising of the district officer, village headmen and local participants will be set-up to ensure local participation. An additional committee will be comprised of village headmen as well.

Other Issues:

- Land Tenure - The status of the Permanent Forest Estate was gazetted under the National Forestry Act of 1985.

- Staff - Local personnel such as senior and professional foresters will be employed over the duration of the project.
- GIS - The Kedah Forestry Department will be supplied with a set of equipment to strengthen the GIS database developed by the European Community and Malaysian Government.

Budget:

In response to the concerns of the Panel, there has been a significant reduction of costs involving road maintenance and vehicles. The system analyst was removed as a budget line item under the ITTO contribution and is now covered as part of the match provided by the Government of Malaysia. However, ITTO program support has not been included in the budget.

Conclusions of the Thirteenth Committee

The Committee noted that this project had undergone a number of revisions and had made substantial improvements responding to most of the issues made by the Expert Panel. There was some doubt as to the final submission date of the final report and the Committee felt that it should be submitted at the end of the six-year period of ITTO support. The Delegation from Malaysia agreed to this request. There was further discussion on the economic viability of the teak plantations and how the communities would benefit from the project. The Malaysian Delegation clarified that \$350,000 included in the project budget would be devoted to contract work for the communities. Furthermore, they would be allowed to plant crops between the teak trees to provide additional revenue.

The Committee also sought clarification concerning the current status of the secondary vegetation now covering the area and how the project would guarantee the protection of the plantations established during the project. The Delegation from Malaysia clarified that the area is now covered with an aggressive grass which needs to be removed in order to reduce competition with planted trees. The protection of plantations is guaranteed because the project site is situated within a Permanent Forest Estate while the communities are located outside.

The Committee recommended that the project be commended to the Council for approval and that an amount of \$550,588 be allocated for this purpose.

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

This Proposal was originally reviewed by the Fifth Expert Panel in March 1993 and was subsequently reformulated and resubmitted for consideration of the Sixth Expert Panel.

Summary of the Original Proposal

Indonesia has experienced considerable losses of forest resources as a result of forest fires over the past decade. Most recently, a higher than normal incidence of forest fires seriously affected large areas in Kalimantan and Sumatra during the 1991 dry season. These fires not only destroyed valuable timber, wildlife habitat and other non-timber benefits, but also disrupted transportation by reducing visibility due to smoke.

Indonesia has received international assistance in assessing the causes of forest fires, including a mission sponsored by ITTO. Fires are provoked as a result of a number of activities related to shifting and permanent agriculture, land clearing, logging, and sources like industrial plantations, smolder peat swamp forests and coal seams. Forest fires are a hazard to human health and safety, causes billions of dollars in economic losses and have negative ecological

impact. Consequently, the Government of Indonesia has developed this proposal as a first step to prevent and control fires in tropical forests.

The long term objective of this first phase is to assist the Government of Indonesia in developing an integrated forest fire management strategy with an emphasis on protecting tropical forests against fires. This would obviously lead to the conservation and sustainable management of forests at the national and regional levels.

Immediate objectives are to:

1. Develop elements of a fire protection program,
2. Develop and coordinate all elements of a fire suppression program,
3. Develop strategies and practices to reduce the effect of smoke,
4. Identify appropriate equipment to be used to control wildfire,
5. Identify training requirements for fire suppression,
6. Develop techniques for rehabilitating areas affected by forest fires, and
7. Explore research options for fire control in the context of Indonesia.

The activities proposed are: pre-fire planning and prevention, wildfire suppression and management, smoke control management, training and research.

Comments of the Fourth Panel

The Panel felt that a review of planned programs in the same field in the country and in the region is essential. Such a review might determine whether 1) a reformulated project, developed as a general framework of other initiatives would be feasible, or 2) the proposal be designed on the basis of results achieved through the initiatives developed by ODA/UK, European Community. In the first case, the linkages between the activities supported by other projects on those in the proposed ITTO project should be clarified. In the later case, the project might be deferred until the completion of the initiatives carried out in programs supported by other institutions.

Concerning the technical design of the project, the Panel noted that provisions for carrying out an awareness campaign were not highlighted in the proposal. The Panel felt that this aspect is quite important since most of the forest fires result from human activities. The Panel was also concerned on how activities initiated by the project would be sustained by the Government of Indonesia upon project completion.

Conclusions of the Fourth Panel

The Panel felt that it needed more information in order to evaluate the merits of the proposal, and therefore, could not commend it to the Committee for final appraisal.

Summary of Rev.2

With the similar background and justification, the specific objectives have been modified as follows:

1. Develop National Guidelines on the protection of forest against fire,
2. Develop fire protection programs to reduce the incident of up-land fire and to achieve adequate readiness level so as to effectively and efficiently suppress forest fire,
3. Develop strategies and practices to reduce the effects of smoke resulting from forest fires,
4. Identify appropriate equipment to be used to control wildfire,
5. Develop a coordination systems of all agencies involved in forest fire prevention and suppression programs and activities.

In light of these objectives, the project proposes activities to include :

- a. consultant employment for study on forest fire,
- b. collecting and processing base-line data on forest fire,
- c. preparation of detailed planning, program, coordination system, model and hand-book for forest fire management,
- d. installment of computer for fire danger rating program and data base,
- e. seminar and technical workshop,
- f. establishment of an expert panel to prepare national guidelines.

The output of these activities would result in a forest fire management plan which would contain the elements for a fire control system integrating each one of the related areas above. The formulated proposal does not highlight an awareness campaign as requested by the Fifth Panel. The Rev.2 proposal does not detail how activities in forest fire prevention and control might be developed and sustained.

Comments of the Six Panel

The Panel expressed its concern on the absence of public awareness and extension activities oriented towards local people for forest fire prevention. The proposal does not include the terms of reference for consultants employed by the project.

The budget allocations need to be detailed and justified by linking them to specific activities. Above all, the proposal does not follow the new format as required by the ITTO Manual on Project Formulation.

Recommendations by the Sixth Panel of Experts

- a. The proposal should be revised to follow the new ITTO format and should focus on two major components:
 1. The immediate initiation of a public awareness campaign to involve local communities, timber companies, and other target groups in the prevention of forest fire. The use of local public relations company could be considered to ensure that the messages are well prepared and disseminated.
 2. The development of a comprehensive Master Plan for forest fire management to serve as the basis for forming an integrated nation-wide program which would include the elements required for establishing national guidelines. In developing the Master Plan, various components would be identified, prioritized and integrated into the Plan to enable some of these components to be separately promoted as projects. The Panel felt that many of the activities in the current proposal are essential for developing the Master Plan.
- b. The budget should also be revised to include the public awareness and education program and provide a detailed breakdown of line items to help justify the budget.

Conclusions of the Sixth Panel

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

Addressing the Panel's Comments

Format:

The Panel requested the implementing agency to reformulate the proposal following the new ITTO format. The revised proposal has been completely reformatted to follow the new ITTO format. The entire project document has been rewritten including the development of a number of annexes which support statements made in the text. Of particular interest is a matrix which outlines past, current and proposed projects dealing with forest fire control, where these projects are operating and principal activities.

Public Awareness Campaign:

The Panel suggested that one of the two major components of the project should be a public awareness campaign to involve local communities, timber companies and other target groups in the prevention of forest fire. To address this issue, the revised proposal now includes a new specific objective, 2.2.6:

"To design and implement a national forest fire prevention program which is responsive to land uses, traditional practice and resource value."

The output of this objective is a national forest fire prevention education program in place involving local people. Activities to achieve this objective include:

- Conduct a national analysis of the causes of forest fires in Indonesia.
- Design and prepare educational programs directed at specific public [audiences] including local people.
- Sponsor workshops, study tours and seminars.

The proposal has taken steps to address the Panel's comments, however, given the overall scope of the proposal, the public awareness campaign can not be considered as one of the project's major components. The project still maintains its primary focus on the development of National Guidelines as indicated in the title of the proposal.

Master Plan:

The Panel also recommended that the project develop, as the second component, a comprehensive Master Plan for forest fire management. This Plan would serve as the basis for forming an integrated nation-wide program, and such a program would include the elements required for establishing national guidelines. The revised proposal does not call for the development of a Master Plan for Forest Fire Management. It does, however, state:

"This project is designed to assist the Government of Indonesia, especially the Ministry of Forestry, in developing an appropriate integrated forest fire management and planning, with emphasis on protecting tropical forest against fire, and promoting conservation and sustainable management of the forests at a regional and national level."

The Panel had felt that many of the activities of the Rev.2 proposal were essential to developing the Master Plan. The Rev.3 version provides much more detail on project activities, showing how they fit together to achieve the project's objectives. The project strategy may in effect, have the elements for a Master Plan as described in the revised proposal, namely:

- a. A focus on strengthening the capacity of existing institutions.

- b. A participatory approach involving other ministries, provincial governments, the private sector, local communities, NGO's and international donors actively engaged in forestry development.
- c. Incorporating and utilizing existing knowledge on forest fire management practices which have proven successful, including "gray" literature (consultant reports, unpublished documents, etc.) and the traditional knowledge of indigenous people.
- d. Developing strong linkages with on-going forest sector development projects funded by international donors, and coordinating activities to keep abreast of new developments and integrate knowledge and procedures into the national program.

Budget:

The Panel requested the implementing agency to include the public awareness and education program in the budget in addition to providing a detailed breakdown of line items to justify the budget. The budget in the revised proposal has been broken down as requested by the panel. Specific reference is not made to a public awareness and education program, however, there is \$124,000 assigned to training events such as study tours, seminar and workshops, and in-place training.

The budget of the revised proposal does not include 5% ITTO program support cost as determined by Council Decision. The total project budget including these program costs would stand at \$936,524.

Conclusions of the Thirteenth Committee

The FAO representative informed the Committee that a proposal had been developed for funding by the UNDP with many similar activities. The Indonesian Delegation responded that it was aware of the UNDP proposal and that it would be modified to avoid a duplication of efforts if PD 12/93 Rev.3 (F) were approved and funded by ITTO. Furthermore, the ITTO project calls for a holistic approach to fire control and prevention at a national level. The UNDP proposal has a more local focus and the earliest response for funding would be in October 1994.

The Committee noted that this project had been revised substantially in line with the recommendations given by the Expert Panel. It further noted that this project was a follow-up to a previous ITTO mission to Indonesia on forest fire management that took place in early 1992. The Committee agreed that forest fire management is an important issue affecting other countries in the region as well. The Committee decided to approve the project and recommend it for funding on the condition that when funding occurs, the implementing agency would reconcile any potential duplication of efforts between the UNDP and any other project. Subsequently, the Committee recommended the Council to approve the project and allocate \$936,524 for its immediate implementation.

3. PD 20/93 Rev.1 (F) Development of National Guidelines for the Sustainable Management of Natural Tropical Forests of Cameroon

Summary

The objective of the project is to translate the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests into national specific guidelines taking into account the orientations of the new Cameroonian forest policy. Project activities basically include:

- The review of existing information related to forest management in Cameroon;
- The formulation, discussion, adoption, publicity and dissemination of the national guidelines especially through workshops and seminars;

- The development of an awareness plan as well as programs aiming at initiating practices of sustainable natural resources management among rural populations.

Comments of the Six Panel

The Panel recognized that the objective of this proposal, which is the development of national guidelines for sustainable forest management, is based on ITTO Guidelines as well as the national forest policy. The project is laudable and consistent with ITTO priorities. The proposed two year duration is adequate for evolving the national guidelines in a participatory manner and will promote discussions within the country on requirements for sustainable forest management.

From the technical standpoint, the Panel recommended that the terms of reference for the national Project Coordinator be strengthened to include requirements for experience in organization and project administration. The duration of the Project Coordinator should also be adjusted in the terms of reference from 36 down to 24 months to conform with the overall project period. The Panel also sought clarification on the current status of the national forest policy in order to understand the changes that will be brought about by the project.

Recommendations by the Six Panel of Experts

The Panel recommended that:

- a. The terms of reference of the national Project Coordinator be strengthened to provide knowledge and experience in organization and project administration.
- b. The duration of the Coordinator be adjusted to be consistent with that of the project.

Conclusion of the Six Panel

While these minor amendments are considered desirable, the Panel concluded that the project should be commended to the Permanent Committee for final appraisal and approval.

Addressing the Panel's comments

Project Coordinator:

The Panel of Experts recommended that the Terms of Reference of the National Coordinator be strengthened to provide knowledge and experience in organization and project administration. The addendum to PD 20/90 (F) (found in document PC(XIII)/15), includes revised Terms of Reference for the National Coordinator. The addendum explains that this person should have a deep knowledge of Cameroonian forestry administration and be acquainted with mechanisms of designing forest projects.

Duration of the National Coordinator:

The Panel of Experts recommended that the duration of the National Coordinator in the project be reduced from 36 to 24 months in order to be consistent with the duration of the project. The Terms of Reference of the National Coordinator included in the addendum to PD 20/93 (F) has been revised as suggested by the Panel of Experts and now stands at 24 months.

Budget:

In addition, costs for ITTO monitoring and evaluation were not included in the project budget. Assuming \$12,000 per year, total costs for ITTO monitoring and evaluation for this two year project should be \$24,000. The total project budget should then be adjusted to \$414,900 including \$24,000 for ITTO monitoring and evaluation and \$21,630 for ITTO program support charges.

Conclusions of the Thirteenth Committee

The Committee noted that the comments of the Sixth Panel of Experts have been properly addressed in the Addendum to PD 20/93 (F) submitted by the Government of Cameroon [PCF(XIII)/15]. The tropical forests in Cameroon encompasses a high degree of biodiversity. Therefore, the Committee recommended that the National Guidelines properly address issues related to the conservation of biodiversity and be consistent with the *ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests*. It further recommended that when developing the National Guidelines full consideration be given to activities related to the development of the TFAP in Cameroon, as well as to information available at other international institutions.

The Committee recommended that all parties involved in the management of forests should be consulted and their responsibilities clarified during the development of the National Guidelines. Project activities should also include a study of the conditions and requirements needed to allow the effective implementation of the Guidelines and to achieve the sustainable forest management in Cameroon. This would entail an in-depth assessment of the applicability of the Guidelines to the realities of Cameroon.

The Cameroonian Delegation assured the Committee that its comments and recommendations will be taken into account when developing the project. The Cameroonian Delegation also informed the Committee that a Ministry of Environment and Forests was recently established, confirming the commitment and strong political will of the country regarding environment protection and sustainable forest development.

The Committee approved the project with the understanding that the project will also produce an appropriate description of the conditions required for the effective implementation of the Guidelines. The Committee recommended that the Council approve the project and to allocate \$414,900 for its immediate implementation.

4. PD 21/93 Rev.2 (F) Forest and Farmers: Sustainable Coexistence

Summary

The proposed project will introduce sustainable natural resource management practices in the buffer zone of the largest remaining tract of tropical forests in Southeast Asia. The project will be implemented jointly by the Royal Thai Forestry Department in conjunction with an international NGO, Save the Children. The proposal has been developed for a six year period, while funding is currently requested for Phase I, which is three years in duration. The proposal follows the new ITTO project formulation manual and contains considerable detail on background information, justification for ITTO support, and proposed objectives, outputs and activities. The proposal is well written and the appendices provide supporting information.

The project aims to protect the Huay Kha Khaeng - Thung Yai Naresuan Forest Reserve, currently a UNESCO World Heritage Site, from further destruction by promoting sustainable forest, agriculture and natural resource management practices in buffer zone areas. Communities will be organized to carry out activities in the rehabilitation of natural forest areas, reforestation/community forestry and agroforestry. Furthermore, the project will provide alternatives to traditional slash and burning practices by introducing sustainable agricultural systems. The project envisions enlisting the assistance of communities in the buffer zones to halt encroachment and cutting.

The overall objective is to assist rural communities living on degraded forest land to rehabilitate and protect forests and ecosystems by overcoming constraints by creating economically and environmentally regenerative sustainable agricultural and natural resource management systems. It will then expand the benefits and experiences to the wider development community.

Fourteen specific objectives are grouped into four areas:

- #1. Community-based Organizational Support** will organize 68 communities to form Farm and Forest Rehabilitation Groups to establish the foundation for community support in forest management, protection, rehabilitation and sustainable use. At least 50 community-level sustainable forestry and resource management extension agents will be trained.
- #2. Community Agricultural Resources Development** will include loans and technical support for community forestry, water resource management and agriculture. Activities in this area will result in the establishment of 15 community tree nurseries, 6 poultry hatcheries, 6 fish hatcheries, 9 rice storage facilities and one rice mill.
- #3. Sustainable Agriculture/Natural Resource Management** knowledge and skills will be enhanced through collaborative planning meetings between participating institutions and communities. The project will conduct training based on needs assessments, execute activities on 250 ha of degraded land by introducing sustainable agroforestry based agriculture systems, establish 500 ha of community forests, and recuperate an additional 500 ha of degraded forest land through natural regeneration.
- #4. Policy Advocacy and Linkage Building** will be done by creating viable forest-farmer coexistence models, involving government officials at all levels in all stages of the project. The project will intensify collaborative linkages between 24 local and 30 international NGOs and Government Organizations, and develop an extensive collection of training materials for extending sustainable natural resources management techniques.

The project will take a two-tier approach to meet objectives. Tier I will support on the ground activities which result in the development of models and processes to demonstrate that rural communities can prosper in harmony with forests and natural resource systems. Tier II will disseminate these experiences on a national and international basis, working through a Buffer Zone Consortium. The project will assist the Royal Thai Government to formulate coherent policies in regard to the management of Thailand's Forest Reserves.

Comments of the Six Panel

The Panel noted that the proposal is well formulated and presented. It has many elements of an integrated development project. The Panel also agreed that the project is highly valuable and essential to the future conservation of tropical forests in Thailand. However, the Panel felt that the proposal is heavily oriented towards agriculture and ITTO may not have the necessary expertise to adequately supervise the project. Other points observed:

- a. A minor portion of the ITTO contribution goes towards supporting forestry activities.
- b. In reviewing the resumes of key personnel, only one person has a technical forestry background.
- c. The standard rate of 26.78% for indirect costs is high and does not necessarily apply to ITTO projects.

Recommendations by the Six Panel of Experts

The project is well formulated to address the needs of the communities in the project area. However, the project is basically involved with agricultural and other social activities with a relatively small forestry component. ITTO is therefore not the most appropriate organization to support such a project. It, however, merits recommendation to the Permanent Committee for sponsorship by the ITTO to other more appropriate organizations.

Addressing the Sixth Panel's Recommendations

The Secretariat explained that the Expert Panel had rated the proposal highly but felt that the project was outside the core objectives and priorities of the organization. In this light, the

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Panel recommended that the Committee approve the project for Sponsorship outside ITTO. However, the Thai Royal Forest Department and Save the Children did not agree with the Panel's assessment. The implementing agencies submitted an addendum to the proposal found in PCF(XIII)/13 which provides an update of the recent events in the development of the project and reasons why ITTO should approve and fund the project.

Conclusions of the Thirteenth Committee

The Committee questioned why the proposal was recommended for sponsorship instead of being directly supported by ITTO. Many of the delegations saw a close relationship between working with farmers and the achievement of Target 2000. These delegations felt that sustainable management of tropical forests can only be achieved with community participation. It was also pointed out that the Hokkaido Seminar and Study Tour [PD 10/93 Rev.1 (F)] emphasized the need to resolve farmers' problems as a pre-requisite for sustainable forest management. Some of the delegations mentioned that ITTO had, in the past, approved of similar projects and believed there was no justification for rejecting this proposal. On the whole, the Committee felt that the project should be approved although there was still some reservations on the relevance of this project to ITTO's core priorities.

Therefore, the Committee recommended that the Council approve this project and allocate a total of \$1,733,808 (Phase I - \$927,908; Phase II - \$805,900). In light of this decision, the Chairman suggested that the delegations explore the possibility of forming a working group to refine the Terms of Reference for the Technical Panel. In this manner, the Expert Panel might receive clearer guidelines on the nature of proposals falling within ITTO's core objectives and priorities.

5. PD 24/93 Rev.2 (F) Forest Management of Natural Forest in Malaysia - Phase II

Summary

This project is the follow-up phase of Project PD 10/87 (F). Four study areas were established in Selangor, Pehang, Terengganu and Perak of Peninsular Malaysia under the Phase I of the project. There will be a continuation of data analysis including growth and yield modelling and formulation of appropriate forest management systems, in the new project. A number of scholarships are proposed for professional foresters of the Forestry Department to analyze the data collected. An international workshop is scheduled to be held at the end of Phase II to share the findings, experiences and recommendations arising from this project and similar research elsewhere.

The specific objective of the project is to establish production levels in terms of volume and species mixture attainable under a variety of harvesting and silvicultural regimes and subsequently to amend the present forest management guidelines. The project will also develop research linkages with local and international research institutions and establish the research plots as demonstration areas for forest management.

The activities proposed are among others: training of counterparts in data management, updating of the instruction manuals, conducting field level data collection, providing fellowship and post graduate studies and organizing an international workshop. The network between the Forestry Department, the Forest Research Institute of Malaysia, the Agricultural University of Malaysia and the ASEAN Institute of Forest Management will also be developed and strengthened.

Comments of the Six Panel

The Panel noted that the objective of this project deals with studies on growth and yield of natural forests. The results may provide an important basis for selecting the appropriate silviculture treatment within national forest management guidelines. However, the Panel was

unsure why the Forest Department did not take over the responsibilities of continuing the activities initiated under PD 10/87 (F).

The Panel expressed its concern on the unclear linkage between the proposal and the on-going project PD 10/87. In particular, the proposal does not mention any lessons learned based on experiences and evaluations from the on-going project. The proposal also lacks details about the possible integration with other initiatives taken by international donors such as ODA/UK and European Communities. The proposal fails to present an in-depth and comprehensive analysis of achievements/deficiencies to justify a follow-on project. Furthermore, the Panel felt that budgetary allocations for consultants, fellowships and the workshop may be over-estimated.

Recommendations by the Six Expert Panel

The Panel recommended that the proposal be revised, and attention should be given to:

- a. Furnish additional information on the achievements made and any deficiencies left under the current project [PD 10/87 (F)] and explain why the extension requires further ITTO support.
- b. Provide more detailed justification on the types of fellowships proposed (degree and non-degree education) and how they are linked to the project.
- c. Ensure that there is more flexibility on the types of consultants used to support the project so that opportunities are available to qualified national consultants.
- d. Review and clarify budget allocations, particularly on consultancies, fellowships and workshop activities.
- e. Provide justification and detail the use of aerial-photographs.

Conclusions of the Sixth Panel

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

Addressing the Panel's Comments

Achievements of PD 10/87:

The Panel requested that additional information be furnished to clarify the achievements and shortcomings of the current project, PD 10/87 (F). The revised proposal specifies four areas of achievement:

- * Establishment of monitoring plots,
- * Strengthening collaboration among various forestry institutions such as FRIM, AIFM, and the Agricultural University of Malaysia,
- * Extension of the duration of study plots from 10 to 50 years, and
- * A validated data management system.

Under the sub-heading of Project Justification, the proposal describes the study parameters that deal with monitoring growth responses of trees subject to a variety of cutting regimes and silvicultural treatments. The shortcomings of the current project are detailed on page 8 of the proposal.

Fellowships:

The Panel sought a justification on the types of the fellowships proposed. The revised proposal states that the fellowship program is designed to provide the forestry department staff directly involved with project implementation an opportunity to improve their capabilities. They would enhance their skills in the management of study areas, data collection and data analysis. The proposal also specifies the types of fellowships required (3 degree and 3 non-degree).

Consultants:

The Panel recommended that there be more flexibility given on the types of consultants used by giving priorities to national consultants. The revised proposal utilizes technical backstopping from national level consultants for "trouble-shooting" during project implementation.

Budget:

The Panel felt that budget be reviewed particularly on line items pertaining to consultants, fellowships and the workshop. In the Rev.1 proposal, these line items were significantly reduced with the exception of the workshop which remains at \$155,000. This particular workshop was carried over from Phase I [PD 10/87 (F)] for which funds were never pledged. Program support costs for ITTO were not included in the revised budget.

Aerial Photographs:

The Panel requested the implementing agency to justify the use of aerial photographs. The revised proposal explains that this activity is required to determine the successional stages of forest development and to correlate standing volume with ground truthing. The aerial photographs would also assist in road layout and the location of landing sites.

Conclusions of the Thirteenth Committee

The Delegate from Switzerland questioned the linkage between this project and PD 40/93 Rev.1 (F), and also felt that the budget was over-estimated for the fellowships and workshop. The Delegate from Germany agreed that the workshop budget was quite high but perhaps justifiable given the need for a wide national and regional participation. Subsequently, the delegates from Switzerland, Germany and Malaysia formed an informal working group to resolve their budgetary differences.

The Rev.2 version developed by the informal working group clarifies the linkage between PD 24/93 Rev.2 (F) and PD 40/93 Rev.1 (F). The data collected under the former project would be analyzed by systems designed in PD 40/93 Rev.1 (F). The revised proposal also reduces the requirements for fellowships by linking training requirements more closely to project activities. Budget adjustments were made on the workshops and other items resulting in an overall reduction of about \$100,000. Therefore, in view of these changes, the project was approved by the Committee, and requested the Council to allocate \$567,558 for its immediate implementation.

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

Summary

Ecuador has nearly 11.5 million ha of forests, with an annual deforestation rate of about 140,000 ha. The forestry sector provides over 90,000 jobs and exports have doubled over the past 10 years. Current regulations regarding the use and management of Ecuador's forests appear to be deficient for ensuring sustainability. Only a small percentage of people involved in tropical timber logging and related industries are familiar with ITTO Guidelines for the Sustainable Management of Natural Tropical Forests.

In order to ensure sustainable management of tropical forests and the continued employment of those working in the forestry sector, the proposed project will complete the following steps:

- a. Field measurement and evaluation of current activities in logging and utilization.
- b. Harmonize current forest management systems with the standards established by ITTO's Guidelines and Criteria for the Sustainable Management of Tropical Forests and evaluate Ecuador's progress in attaining Target 2000.
- c. Train professionals and technicians in sustainable forest management concepts and practices, and familiarize and disseminate ITTO Guidelines and Criteria to people working in the forestry sector.

Moreover the project will carry out several studies aimed at evaluating INEFAN's forest management regulations and assess to which extent that these are compatible with ITTO Guidelines and Criteria. The information generated by these studies will be analyzed during training courses and workshops scheduled throughout the two-year project period. A data bank will also be established to provide information to evaluate the progress towards Target 2000.

The outputs related to specific objective 1, to disseminate ITTO Guidelines, will result in the publication and distribution of publications to help professionals, technicians and organizations (NGOs, gov't agencies, research and training institutions, etc.). Outputs associated with the second objective, to revise and expand Ecuadorian legislation so it harmonizes with ITTO Guidelines, includes the preparation of technical material, training of 150 professionals involved with forestry, the creation of a data bank at INEFAN and the development of reports on forest management practices and case studies.

Comments of the Six Panel

The Panel felt that the ideas and urgency of project objectives are in line with ITTO priorities. The project could contribute towards the 1995 review towards the achievement of Target 2000. One of the Panel's main concerns were related to the manner in which the second objective, to revise and expand Ecuadorian forest legislation as to harmonize it with ITTO Guidelines would be achieved. Specific details in the proposal do not show how proposed activities would result in the revision of forest legislation. There was additional discussion about whether the project might best limit its scope towards the training and use of ITTO Guidelines.

The Panel also mentioned that the project should place greater effort in making consultations with grass roots level organizations such as NGOs, the private sector and rural communities. In addition, the proposal is not clear on how the data base will be used to assess progress towards Target 2000. The Panel also felt that it might be more effective to utilize a national consultant instead of an international one because nationals will be more familiar with the legislature process.

Recommendations by the Six Panel of Experts

The Panel recommends that the following points be considered in the next revision of the proposal:

- a. The sequence of activities should be adjusted so that the results of the workshops can be used to help prepare national guidelines, instead of having them prepared before hand and then presented to workshop participants.
- b. Clarify how the project will affect forest policy and legislation.
- c. Justify budgetary line items for publications, international travel and consultant.
- d. Explain how the data base will be used to assess progress towards Target 2000.

- e. The project should be guided by a Steering Committee with a wide representation of key government organizations involved in policy and legislation issues to ensure a better coordination among policy makers.
- f. Give more emphasis on training and the development of national guidelines.
- g. Explore the possibility of reviewing the schedule of outputs so they are available for the 1995 review towards Target 2000.

Conclusion of the Six Panel

With the incorporation of these minor amendments, the project should be commended to the Permanent Committee for final appraisal and approval.

Addressing the Panel's Comments

Workshops to Prepare National Guidelines:

The Panel requested the implementing agency to adjust the sequence of activities so that the results of the workshops could be used to help prepare national guidelines. The revised proposal has two seminars planned to analyze current forest legislation, policies and strategies, and explore possibilities for revising them. The proposal also explains that field work undertaken by other organizations have helped determine the effect of current forest laws and policies on the rural population. Similar activities supported by the project will continue this evaluation process, and the development of national guidelines.

Affecting Forest Policy and Legislation

The Panel asked for clarification on how the project will affect forest policy and legislation. The Rev.1 version explains that information generated by previous/current ITTO projects [PD 137/91 (I), 138/91 (F) and PD 154/91 (I)], together with the results from other bilateral projects will be used to draft technical documents on forest policy and legislation. These preliminary versions will be evaluated during project seminars. The recommendations from these seminars will be incorporated into the final versions of the documents dealing with forest policy and legislation.

Budget Justification:

The Panel requested that the budgetary line items for publications, international travel and consultant be justified. Budget footnotes in the revised project document addresses this request. First, the roles of consultants are outlined in the section on activities and inputs. Secondly, the footnotes provide details on the quantity and type of publications to be produced by the project. Thirdly, the revised proposal specifies that the budget items referring to international travel will be used for the participation of consultants, the Project Coordinator and members of the Steering Committee in technical meetings, workshops and courses organized by ITTO.

Data Base and Target 2000:

The Sixth Panel asked how the data base would be used to assess progress towards Target 2000, and that outputs be scheduled so information is available for the 1995 review. The revised proposal explains that a feasibility study undertaken by the International Institute for Environment and Development (IIED) has been completed for the set up of a *Forest Resource Accounting System*. This system will be used to generate information for the data base within the implementing agency. Data will be collected annually on areas and volumes harvested, destination and end uses of the timber, and so on. This information will be used to help assess progress towards Target 2000. The proposal states that a good part of this information should be available during the 1995 review towards Target 2000.

Steering Committee:

The Expert Panel felt that the project should be guided by a Steering Committee with a wide representation of key government organizations involved in policy and legislation issues to ensure a better coordination among policy makers. The revised proposal states that the project will be directed by a Steering Committee composed of decision makers from:

- * INEFAN
- * The President's Commission on Environment
- * National Development Board
- * Chamber of Industries
- * Chamber of Small Industries
- * College of Foresters
- * Ecuadorian Committee for the Defense of Nature and Environment (NGO)

Training:

The Panel requested that greater emphasis be placed on training and the development of national guidelines. The revised proposal has \$175,000 budgeted for training seminars. Three hundred people will be trained on the *Guidelines for Sustainable Management of Natural Tropical Forests* and on *Criteria for the Sustainable Management of Tropical Forests*.

Conclusions of the Thirteenth Committee

The Committee noted that the implementing agency has taken steps to address the Panel's comments and recommendations. The project has far reaching implications for Ecuador and other Latin American countries. Although the Delegate from Ecuador could not quantify the Government contribution in dollar terms, it would provide a great deal of support to analyze forest legislation. The Committee felt that this type of project would stimulate debates in the country and bring about improvements in forest policy and legislation.

The Committee noted that the Biodiversity Guidelines is now a supplement to the *ITTO Guidelines for the Sustainable Management of Natural Tropical Forests* and directed the implementing agency to consider them in its work. Furthermore, the Committee believed that the implementing agency should ensure the involvement of NGOs and local communities in project activities. Subsequently, the Committee approved this project and recommended the Council to allocate \$597,130 for its immediate implementation.

7. PD 26/93 Rev.1 (F) Development of Bentuang Karimun Nature Reserve as National Park (Phase I)

Summary

Bentuang Karimun is the largest nature reserve in West Kalimantan and is located adjacent to the Malaysian Lanjak Entimau Wildlife sanctuary, currently receiving assistance under ITTO Project PD 106/90 Rev.1 (F). These areas are reported to be the final retreat of the orangutan and the white fronted monkey in that area.

Bentuang Karimun covers a total area of 600,000 ha consist of lowland Dipterocarp forest, wet hill forest and mountain forest of high biodiversity value. The area is surrounded by logging concessions and due to this condition it is important that this area be established as a totally protected area. The disturbed animals in the surrounding concessions would use the reserve as a final refuge. This area is also known for its function as part of the catchment for Kapuas river which has an important role of socio-economic development in West and Central Kalimantan.

The specific objectives of this project are: (1) to develop Bentuang Karimun Nature Reserve as a National Park by conserving the biodiversity value of the forest area and by developing and

utilizing it as research, education, recreation and tourism facilities; (2) to develop transfrontier joint management reserve between Indonesia and Malaysia.

The main activities under this project are to conduct studies and surveys so as to develop a solid management plan for the area, and to prepare a joint project proposal to establish a transfrontier reserve of Indonesia and Malaysia. In the future, a Ministerial Decree will be prepared to upgrade the legal status of the Bentuang Karimun Nature Reserve.

Comments of the Six Panel

The Panel felt that the objectives described in the proposal are very laudable. Unfortunately, the proposal did not follow the new ITTO project proposal format. The Panel also noted that there is no clear indication on how local people could be involved in the project. Furthermore, the proposal does not include the terms of reference for consultants.

Recommendations by the Six Panel of Experts

The proposal needs to be rewritten following the ITTO new format and additional improvements can be made by clarifying the role of local communities and the terms of reference for each consultant.

Conclusions of the Sixth 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 the Panel's Comments

The revised proposal has addressed the Panel's recommendations by:

- Reforming the proposal following the new ITTO project proposal format.
- Making provisions for community participation as described in the sections on Social Aspects and Institutional and Legal Framework.
- A local community leader will be incorporated into the Steering Committee and frequent consultations will be made with the heads of dayak tribes and other local communities. This will facilitate the support and participation of local people in the development of the management plan.
- A Terms of Reference for consultants was also provided in the revised proposal.
- The ITTO program support cost is not included in the budget, and the amount of money allocated to monitoring and evaluation appears to be too high.

Conclusions of the Thirteenth Committee

The Committee recognized that the project will have a significant affect on the development of a regional conservation strategy. Of particular importance is the protection of biodiversity across transnational borders. A delegate from the NGOs noted that the project includes a consultative process with local people. Consequently, the NGO delegation recommended that the implementing agency seek the assistance of local and national NGOs which have experience in national park management. Taking into consideration the comments of the various delegates, the Committee recommended that the project be approve and requested the Council to allocate \$1,165,722 for its implementation.

**8. PD 32/93 Rev.2 (F) Rehabilitation of Logged-Over Forests in Asia/Pacific Region
(Sub-Project III)**

Summary

Large areas of tropical forests in the Asia/Pacific Region have been harvested with little attention paid towards sustainable management. As a result, many forests may not produce commercially valuable timber during the next cutting cycle. The proposed project will continue work on the development of a manual for classifying logged over forests along with the examination of remote sensing techniques enabling the assessment of the region's logged-over forests. This project will be undertaken with the cooperation and participation of the Governments of Malaysia, Thailand, Philippines, India, Indonesia, Papua New Guinea and Nepal.

The proposed project is considered the third Sub-Project of PD 2/87. The first Sub-Project resulted in a general overview of logged-over forests in Asia/Pacific. After review of the first Sub-Project, the Seventh Session of the Permanent Committee on Reforestation and Forest Management recommended the implementation of a second Sub-Project. Sub-Project II resulted in the development of a manual containing a classification system for logged over forests. It also attempted to link remote sensing techniques with the classification system. The Final Report of Sub-Project II was distributed as PFC XII/7, and two independent reviews of the Final Report were also circulated as PFC XII/12. Both of these reviews pointed out the strengths and weaknesses of the Final Report and made recommendations which should be considered in future activities in the assessment of logged-over forests.

This third Sub-Project will result in the completion of activities originally proposed in PD 2/87. It aims to continue consultations with research organizations to identify key factors for disseminating the manual developed during Sub-Project II and continued refinement of remote sensing techniques for rehabilitation programs in the Region.

Proposed activities include:

- Distribution of the final report of Sub-Project II to participating countries for comment,
- Consultations with international experts to determine the direction of Sub-Project III based on the comments received,
- Holding a workshop for tropical evergreen forests,
- Publication and distribution of workshop proceedings for tropical evergreen forests,
- Holding a workshop for tropical deciduous forests,
- Publication and dissemination of workshop proceedings for tropical deciduous forests,
- Consultations with research organizations to design research projects for identifying key factors for rehabilitation programs, and
- Compiling the findings from consultations with research organizations.

The project intends to contribute towards the development objective to rehabilitate all logged-over forest areas which are not being subject to higher economic use, and is aimed at restoration of the timber producing capacity to meet long term objectives of sustainable forest management in the Asia/Pacific Region.

Comments of the Six Panel

The Panel noted that this project is a third Sub-Project of PD 2/87 (F) for which the first two Sub-Projects have been successfully implemented. In order to fully transfer the benefits of the first two Sub-Projects, the implementation of the third one may be appropriate. However, the Development Objective is stated in a manner which implies that all logged-over forests require rehabilitation. The Panel was informed that the project considers some of the recommendations resulting from the two independent desk reviews of the final report for Sub-Project II but felt this should be stated clearly in the project.

The Panel felt that the proposal would be improved if a draft program were provided for the two proposed workshops and their location. Furthermore, the Panel saw that there are discrepancies between inputs for the work plan (21 m/m) and the budget (32 m/m) for the forest management experts. Furthermore, the budget line item for experts (\$208,800) appears too high. Finally, the ITTO Secretariat cannot be jointly responsible for the implementation of the workshops but is in a position to provide assistance as needed.

Recommendations by the Six Panel of Experts

The Panel felt the proposal could be improved if it took the following recommendations into consideration:

- a. Review the budget and provide details to justify the costs, particularly the forest management experts.
- b. Restate the development objective so as not to imply that all logged over forests need to be rehabilitated.
- c. Develop and attach a draft program for the workshops showing the linkage between activities and outputs.
- d. Specify the workshops' venues taking into consideration the cost-effectiveness of holding the workshop in a producer country.
- e. Adjust the number of person-months required for forest management experts between the work plan and budget so they are consistent.
- f. Explain how the project takes into consideration the recommendations of the two independent desk reviews.

Conclusions of the Six Panel

With the incorporation of these minor amendments, the project should be commended to the Permanent Committee for final appraisal and approval.

Addressing the Panel's Comments

Budget:

The Panel requested the implementing agency to review the budget and provide details to justify the costs. The revised project document provides detailed budget worksheets for all activities, showing the cost of all major inputs. The proposal also describes the responsibilities for each principal position. However, the budget does not contain sufficient funding for evaluation, monitoring and review, which should be increased from \$10,000 to \$20,000. Furthermore, the budget does not have any program support costs as mandated by Council Decision. The increase in monitoring and evaluation of \$10,000 plus the addition of Secretariat program support costs of \$26,483 would bring the budget total to \$556,131.

Objectives:

The Panel suggested that the development objective be restated so as not to imply that all logged over forests need to be rehabilitated. The revised proposal restated the development objective as: *"To rehabilitate the areas of degraded logged-over forest which have been left without receiving the appropriate silvicultural treatment to maintain the potentiality of economic use, aiming at restoration of timber producing capacity, to meet long term objective of sustainable forest management in the Asia/Pacific Region"*. In addition to clarifying the objective development, the submitting agency has also rephrased the first immediate objective to be more

exact. Furthermore, the background and justification section has been revised to be more exact on the nature and types of logged over forests addressed by the project.

Workshop Program and Venue:

The Panel requested the implementing agency to develop and attach a draft program for the workshops showing the linkage between activities and outputs. The revised proposal does not contain a draft workshop program because the implementing agency believes it would be too premature to do so. Instead, it plans to follow a consultative process whereby the participating countries would be directly involved in defining specific topics and other details for the workshops. The Panel also asked the implementing agency to specify the workshop's venue taking into consideration the cost-effectiveness of holding the workshop in a producer country. The revised proposal explains that each workshop venue will be selected amongst participating producer countries and has two country groups listed, one group for evergreen forests and the other for deciduous forests.

Forest Management Experts:

The Sixth Panel requested the implementing agency to adjust the number of person-months required for forest management experts between the workplan and budget so they are consistent. The Rev.2 proposal has made this adjustment and details the number of days each consultant will spend carrying out activities outlined in the workplan.

Desk Reviews:

The Expert Panel believed the project should take into consideration the recommendations of the two desk reviews. First, the revised proposal outlines the main recommendations of the desk reviews. Then it explains the steps the project will take to revise the manual on the classification system for logged over forests as recommended by the two independent desk reviews. The project will use a consultative process with the seven cooperating governments to obtain ideas and information on how these changes might best be made. It will also work closely with research institutions to ensure that the changes made are viable and realistic.

Conclusions of the Thirteenth Committee

The Committee noted that this is the third sub-project of PD 2/87 (F) and that activities related to the classification of logged-over forests have gone on for a long period of time. Although there was some concern to translate work from the previous sub-projects into action, the Committee recognized that reliable information is needed before effective practice can be developed. There was strong support in the Committee for the project because it will address a significant percentage of forest in the Asia-Pacific region. Subsequently, the Committee decided to approve the project and request the Council to allocate \$558,779 for its implementation.

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

Summary

The proposed project will strengthen forest management activities for the first of three components of the wider Chimanes Program. These components support activities to 1) develop and sustainably manage the tropical forest for timber production, 2) improve socio-economic conditions of the local population, and 3) ensure the conservation of biological diversity of the Chimanes forest ecosystem. This project is the second phase of PD 34/88 Rev.1 (F,I) and proposes to continue and strengthen forest management practices introduced in Phase I. The proposal was formulated following the new ITTO Project Formulation Manual and includes sections on:

- Relevance to ITTO and National Policies,
- Project justification and background information,
- Development objective, specific objectives, outputs and activities,
- Institutional arrangements, monitoring, reporting and evaluation, and
- Detailed budget worksheets.
- Annex I illustrates a map of the project area, workplan, organizational charts, and logical framework matrices, and
- Annex II contains the CV's of key project staff.

The proposal analyzes experiences gained from Phase I (PD 34/88) and PD 88/90 (mahogany research undertaken by the University of Princeton and the Forest Development Center - CDF) and justifies the needs for continued ITTO support. The main elements of the proposal were conceived during a workshop held in the project area in March 1993 with the participation of key governmental line agencies, local government, trade, NGO's and local communities. The proposal was developed by project staff and assessed by the Consultative and Steering Committees of PD 34/88. The proposal was then refined to incorporate the suggestions and recommendations from the two committees and other interested parties.

The project has two sub-phases and revolves around two specific objectives. The first is to establish a sound basis for achieving the sustainable management of the permanent production forest through the implementation of management plans. Here the project proposes to obtain additional information essential for development and refinement of management plans for the Permanent Production Forest. It will guarantee the sustainable management of the Chimanes forest by ensuring appropriate regeneration techniques for mahogany and will promote the use of additional species. The responsibility for the implementation of these plans will be transferred from the CDF to six existing logging enterprises through a phased approach in which they will be up-graded to timber management companies.

The second objective is to establish a sound basis for achieving sustainable forest management through guided and assisted participatory self-management in indigenous areas so as to guarantee improved living standards for the communities in those areas. In short, the project will assist indigenous communities to develop forest management plans to sustainably manage forest resources in indigenous reserves. The project will teach the various ethnic groups how to protect their forest, control illegal cutting, harvest timber for consumption and marketing, make provisions for regeneration and develop sound agroforestry systems.

The Executing Agency is the Bolivian Forest Development Center - Northern Region (CDF-RN). ITTO financial resources (\$1,591,520 for Phase I) will be used to improve infrastructure, carry out inventories, continue research and train both logging companies and indigenous communities in sustainable forest management practices. The Government of Bolivia resources (\$500,998 for Phase I) will be used to pay for project personnel, per diem and travel costs as well as expendable items.

Comments of the Six Panel

The Panel felt that the project is well formulated, addressing the essential items outlined in ITTO's Project Formulation Manual. The Panel noted that many problems encountered in the current project, PD 34/88 Rev. 1 (F,I) have been adequately addressed in the new proposal. The budget is substantial but justifiable because it conforms to the complexity of proposed activities. The project could provide a model of how an area might be sustainably developed at all different levels, ensuring the protection and sustainable management of tropical forests while benefiting the local population. The Panel also noted that with recent elections in Bolivia, the new government is forming a ministry to oversee environment and sustainable development initiatives. ITTO projects will be implemented under the purview of this new ministry and strong governmental support is anticipated.

Recommendations by the Six Panel of Experts

The Panel had two minor recommendations. The proposal should clarify costs related to capital and premises in the budget, and include a readable map.

Conclusion of the Six Panel

While these minor amendments are considered desirable, the project should be commended to the Permanent Committee for final appraisal and approval.

Addressing the Panel's Comments

The implementing agency submitted an addendum to PD 33/93 (F) which is found in PCF(XIII)/12 which contains a budget worksheet clarifying the costs attributed to capital expenditures and premises, and two improved maps detailing project location.

Conclusions of the Thirteenth Committee

The Committee regarded this project to be very well formulated and written. The US Delegation had the proposal reviewed by industry and conservation specialists who rated the proposal very highly. However, the Committee reflected upon the difficulties encountered during the early stages of implementation of the predecessor project, PD 34/88 Rev.1 (F,I). Some issues regarding the rights of indigenous people to harvest and benefit timber on Indian Territories was not clear. Furthermore, the Committee observed that the final evaluation of the first phase had not yet been completed and felt uncomfortable approving this project before hand. The Committee felt that it would need to weigh the outcome of the final evaluation in addition to having the Bolivian Delegation present to respond to the Committee's concerns. Therefore, the Committee decided to defer further discussions and a final decision on this project to its next session in May 1994.

10. PD 35/93 Rev.2 (F) **Forestry Management, Community Development and Sustained Use of Forests on the Punta Patiño Nature Reserve, Darien Region, Republic of Panama**

Summary

The original project proposal submitted to ITTO did not follow the ITTO format. Therefore, the executing agency, ANCON, with the encouragement of the Government of Panama, resubmitted the same proposal following the procedures outlined in the new ITTO project formulation manual.

The Implementing Agency, ANCON, successfully implemented an ITTO project: **PD 164/91 Rev.1 (F) Native Species Reforestation as an Alternative for Conserving the Panama Canal Watershed**. This project was favorably evaluated during an ITTO mission in February 1993 and reviewed by the Permanent Committee on Reforestation and Forest Management in Kuala Lumpur during the May 1993 Session of the ITTC (PCF XII/6).

The proposed project area is located in the Darién Province of eastern Panamá, the most heavily forested region in the country. The Darién is inhabited by Indian and colonist groups who have moved along the highway opening up the Darien Province, clearing land for agriculture and livestock production. The project will focus on Punta Patiño Nature Reserve which was purchased by ANCON in late 1992. Punta Patiño's primary forests are home to a wide variety of endangered species including the tapir, jaguar, ocelot, several species of monkeys and several hundred bird species.

ANCON has identified two key problems which will be resolved through the proposed project. The first problem is a lack of information about the flora and fauna of the area to

formulate an effective management plan for the forests. The second is the lack of knowledge on how to incorporate sustainable timber growth and harvesting among the communities of the area while promoting conservation and contributing to their economic growth and increased standard of living.

The project has one development objective and two specific objectives:

- The overall project objective is to achieve forest management and conservation through biological monitoring and research while creating sustainable agroforestry and reforestation programs within local communities.
- Specific Objective #1 will establish community reforestation and agroforestry extension programs within the communities of Punta Patiño to promote sustainable forestry development programs and to guarantee the improved living standards of these communities.
- Specific Objective #2 will establish a sound scientific basis from which to achieve and support the sustainable management and conservation of the forests in Punta Patiño.

The project will guarantee the sustainable development and conservation of Punta Patiño's forests, while creating programs to encourage sustainable community development. ANCON will work in five communities training participants in agroforestry and forest management. Furthermore, research will be undertaken concerning forest species identification and management. The project will undertake activities in species identification, mapping, aerial photography, inventories and reforestation. By the end of the project, a set of buffer zone and reserve management plans will have been developed suitable to biological and socio-economic characteristics of the area.

Comments of the Six Panel

The Panel commented that the project is technically well-designed and the institutional capabilities appear to be adequate. The Panel noted that project activities would take place within the newly created Punta Patiño Nature Reserve. However, it is not clear how the benefits would be distributed seeing that they originate from inside the reserve itself. The proposal does not explain where the participant communities are located, inside or outside the reserve. Furthermore, it does not describe the land tenure status of their holdings and their relationship with the reserve. If the communities are located outside the reserve while activities take place inside how would they be able to benefit from agroforestry activities and timber harvesting in natural forests?

It was difficult for the Panel to evaluate the proposal because it lacked certain essential information. The proposal did not provide details concerning the type of agroforestry systems the participants would adopt and the extent of the area devoted to each one of the project's components. It was not clear where forest management activities would take place (e.g. primary vs secondary forest). Regarding reforestation, there should be a clarification provided on the availability of local funds, such as incentives from the Government of Panama, to support tree planting activities. The Panel also questioned where the seedlings would be planted and which types of configuration would be used (e.g. enrichment planting, agroforestry configurations, plantation, etc.).

The Panel felt that the budget also required further justification. In addition, terms of reference are required for each one of the key positions in the project's staffing structure.

Recommendations by the Six Panel of Experts

The Panel feels that the proposal could be strengthened by:

- a. Describing precisely how communities would benefit from the project.

- b. Clarifying the location of communities and participant land tenure status.
- c. Stating how each one of the project's phases relate to the objectives.
- d. Providing more details and justification of budget line items.
- e. Presenting detailed Terms of Reference for each key position.
- f. Describing the type of agroforestry systems proposed and how they would be managed for conservation and wood production.
- g. Detailing the amount of land area and location for each component, agroforestry, reforestation, timber management, etc.
- h. Clarifying the availability of local incentives for reforestation.
- i. Provide information on how much cash flow would be derived from logging and how it would be used to support activities.

Conclusion of the Six Panel

The Panel concluded that there is insufficient information to adequately assess the proposal. The Government of Panama may submit a reformulated proposal taking into consideration the above comments and recommendations.

Addressing the Panel's Comments

Community Benefits:

The Panel requested the implementing agency to strengthen the proposal by describing precisely how communities would benefit from the project. On page 15, the proposal explains that the communities will be provided with a source of income from harvested timber, which will be used on farm (fuel and construction) and sold in the local market. On page 20, more detail is provided on the formation of community based cooperatives as a means for organizing participants and distributing benefits.

Land Tenure:

The Panel felt that the proposal should clarify the location of target communities and participant land tenure status. On page 15, the revised proposal furnishes details on the target communities including location, estimated population and the origin of the inhabitants. The appendix contains a map showing the location of the communities in relation to the reserve. On page 13, an explanation on the land tenure issue is given. The inhabitants occupy government land by "right of possession". The project intends to assist participants in the process to obtain legal titles to their land.

Project Phases:

The Panel asked the implementing agency to state how the project's phases related to the objectives. First, the revised proposal has clarified and strengthened its objectives and secondly, an explanation is provided on how the phases relate to the project's objectives on page 21. Phase I centers on planning, information gathering, community organization, and training. Phase II concentrates on the construction of nurseries and training center, seedling production and follow-up to training. Research will be initiated in forest management and biological monitoring during the second phase as well. Phase III will focus on preparations and arrangements for continuing and strengthening activities initiated during the project.

Budget:

The Panel request more details and justification of budget line items. The revised proposal has detailed budget requirements beginning on page 30. A three-page attachment to the budget gives an explanation of how budget line items support project activities. However, funds for monitoring and evaluation have not been allocated. An estimated \$10,000 is required for each one of the three phases. This would result in a slight increase in program support costs as well. The requested ITTO contribution should therefore read \$551,250 for Phase I, \$409,500 for Phase II, \$231,000 for Phase III, and a total three year budget of \$1,191,750.

Terms of Reference:

The Expert Panel thought that the proposal would be strengthened by including a detailed Terms of Reference for each key position. The revised proposal does not contain Terms of Reference but a CVs are found in the appendix for the implementing agency's project support staff.

Agroforestry Systems:

The Sixth Panel believed that the proposal should describe the type of agroforestry systems proposed and how they would be managed for conservation and timber production. On page 18 of the revised proposal explains that the taungya system will be employed. Perennial crops such as coffee, fruit trees and certain types of bean crops will form part of agroforestry configurations. Periodic silvicultural treatments will provide wood for on-farm use while timber trees will be managed on a long-term rotation (15-20 years). Some of the species utilized such as *spiny cedar* (*Bombacopsis quinata*) and *bitter cedar* (*Cedrela odorata*) are fast growing native timber trees with a high market value throughout Central America.

Land Area:

The Expert Panel requested the implementing agency to detail the amount of land area and location for each component, agroforestry, reforestation and timber management. On pages 15 and 19 some of this information is provided. The land area proposed for reforestation on the Punta Patiño reserve has been clearly defined. The amount of land for timber harvest will be defined in the forest management plan. Agroforestry systems will be established mainly on participant land, but a demonstration area will be set up on the reserve as well.

Local Incentives:

The Panel felt the proposal should specify the availability of local incentives for reforestation. However, the revised proposal does not address this issue.

Cash Flow:

The Panel asked for details on how much cash flow would be derived from logging and how it would be used to support activities. The revised proposal explains that this information would be generated during the development of the forest management plan. Income generated from harvesting activities would be based on volumes and types of species harvested, methods of extraction, levels of processing and final destination. The revised proposal has defined potential markets for timber harvested.

Conclusions of the Thirteenth Committee

The Committee deferred discussion on this proposal for one day to allow delegates enough time to review the revised proposal. The Committee felt that the project contained many essential elements for the sustainable management of tropical forests. The Committee also felt that the implementing agency had done a very good job of revising the proposal to address the Panel's comments. However, because there were substantial changes to the proposal, the

Committee felt that it would be highly beneficial to have the Panel examine the revised proposal. The Panamanian Delegation appreciated the Committee's comments and accepted the recommendation to have the Seventh Panel of Expert review the revised proposal.

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

Summary

Under Project PD 170/91 Rev.1 (F) "Modernization and Development of Egyptian Forest Nurseries", seven nurseries have been established in Egypt in view of producing at least 2 million seedlings necessary for the national afforestation programs. The project, which has a duration of one year basically provided equipment and different inputs for the new established or expanded nurseries and technical assistance, and ensured training of forestry staff and workers.

However, the seedlings grown will be suitable for selling and planting only after 18 months. The objective of the project is therefore basically to secure funds to maintain nurseries activities until the time when the seedlings could be sold, raising enough funds to make the nurseries self-financing. Project activities include:

- Maintenance of routine nursery activities;
- Continuous improvement of the irrigation systems and water availability;
- Completion of the mechanization program in the developed nurseries;
- Special training for specialists;
- Intensification and expansion of seed bank activities.

Comments of the Six Panel

The Panel acknowledged that the proposal is a continuation of Project PD 170/91 Rev.1 (F) "Modernization and Development of Egyptian Nurseries" with the objective to provide financial support to project activities for an additional year, in order to achieve the objective of self-financing nurseries.

As presented, the Panel considered the proposal to be lacking some essential information such as the types of species utilized and the extent of land area to be planted in the afforestation program, and project integration in the national afforestation program. The Panel also sought clarification and justification on the amount of some budget items such as "incentives" and "expendables".

The Panel also noted that mechanisms to achieve self-financing nurseries are not described in the proposal. In particular, there was no explanation as to whom will purchase the seedlings. It was also noted that the budget did not include the 5% ITTO project administration cost as required.

Apart from the technical aspects, most discussion focussed on the relevance of the proposal to the core ITTO objectives and priorities. The Panel noted that the Second Panel of Experts could not come to a consensus and referred PD 170/90 Rev.1 (F) to the Permanent Committee for assessment and a final decision. Similarly, while some Panel members felt that the project merits ITTO support, others believed it was outside ITTO's priorities and objectives. After considerable discussion, a consensus could not be achieved and the Sixth Panel felt it appropriate to refer PD 36/93 (F) to the Permanent Committee as well.

Recommendations by the Six Panel of Experts

In regard to technical considerations, the Panel thought that the proposal could be improved by addressing the issues discussed above. In particular it recommended that:

- a. The proposal should include more background information on the types of species utilized and the extent of land area to be planted in the afforestation program, and clarify how the project is integrated in the national afforestation program.
- b. The use of some of the budget items such as "incentives" and "expendables" should be clarified and their amounts justified.

Conclusion of the Six Panel

The Panel refers the decision on the relevance of the project to ITTO core priorities to the Permanent Committee. In the case where the Permanent Committee would decide to support the project, the Panel recommended that the technical design be improved taking its recommendations into consideration.

Addressing the Sixth Panel's Comments:

To address the Expert Panel's comments, the Government of Egypt revised the proposal and included an addendum to furnish additional information to clarify its position.

Species, Land Area, and Linkages:

The Panel recommended that the proposal should include more background information on the types of species utilized and the extent of land area to be planted in the afforestation program, and clarify how the project is integrated in the national afforestation program.

The addendum to PD 36/93 Rev.1 (F) includes an extensive list of species that will be planted, detailing their provenance, potential uses, number of seedlings to be produced and the sites of production (pages 1-7 of the Addendum). Pages 8-10 of the addendum explain that the national afforestation program involves the planting of 80,000 feddans (about 40,000 ha), of which 16,000 feddans will be planted with seedlings produced by the project. The national program will also plant about 10 millions seedlings along canals, roads and around villages and cities. About 1,000,000 will be produced by the project for that purpose. Finally the program will result in the establishment of man-made forests in each village and city.

Budget:

The Panel recommended that some of the budget items such as "incentives" and "expendables" be clarified and their amounts justified. The revised proposal mentions that incentives will be provided to encourage workers involved in the production of seedlings and to ensure proper supervision. Expendables consist of items such as plastic bags, organic and chemical fertilizers, growth regulators, herbicides, insecticides, etc. which are important inputs during seedling production.

Other Comments:

The Panel also noted that mechanisms to achieve self-financing nurseries were not described in the original proposal. In particular, it was not clear who would purchase the seedlings in order to make the nurseries self-sustaining. Furthermore, the budget did not include the 5% ITTO project support costs as required.

Mechanisms to ensure the self-financing nurseries have not been described in the revised proposal and it has not been mentioned who will purchase the seedlings. ITTO administrative costs amounting to \$13,000 have been included in the revised proposal. However, ITTO monitoring and evaluation costs which were provided in the original proposal are missing in the revision. In addition, some budget items have been substantially revised. The ITTO contribution was increased from \$207,000 to \$287,000 and the national contribution was raised from \$422,000 to \$1,178,000 including \$550,000 attributed to land costs. The total ITTO

contribution, including \$12,000 of ITTO monitoring and evaluation costs and an adjusted \$15,730 for ITTO program support charge should therefore be \$301,730.

Conclusions of the Thirteenth Committee

The Committee noted that the Egyptian Government had done a good job of addressing the comments of the Panel. It recalled that PD 170/91 Rev.1 (F) was also deferred by the Expert Panel to the Committee for decision. The Permanent Committee had approved of PD 170/91 Rev.1 (F) and therefore, had set a precedence. In this light, the Committee decided to approve the project and recommend that the Council allocate \$301,730 for its immediate implementation.

12. PD 37/93 Rev.1 (F) Silvicultural Management in the Forests of Bajo San Juan

Summary

The proposed project has been designed following the new ITTO project formulation manual. The project will be implemented over a three year period.

The project is located in a 60,000 ha area of humid tropical forests on the Pacific coast of southwest Colombia. The area is extremely high in biodiversity and endemic plant species. It was previous concession area that has been handed back to the Government of Colombia, under the responsibility of INDERENA. Both indigenous and black communities living in or near the concession area are dependent upon forestry (both legal and illicit) as a means of livelihood.

INDERENA will form a partnership with the *El Bosque* Pre-Cooperative group to develop a forest management plan and organize activities in harvesting, protection and regeneration of the natural forest. The project also intends to carry out research regarding the regeneration, management and harvesting of native species.

The overall objective of the project is to contribute to the management, conservation and sustainable use of forest resources and to improve the quality of life of local communities through their involvement in the implementation of sustainable harvesting activities in their area. The two specific objectives and principle outputs are:

- a. To establish a sustainable forest harvesting model with the participation of the communities. The main outputs include the establishment of a community forestry company and training of local participants. Training and technical assistance will help the communities to demarcate harvesting areas, construct a work base, outline management criteria, carry out inventories and initiate harvesting activities.
- b. To implement silvicultural systems leading to technical forest management.

After project completion, a forest management plan will be developed for the 60,000 ha area. Scientific and practical knowledge will have been acquired for natural regeneration management in the various types of forest areas. In addition, 15 plots will be set up to monitor the growth of selected species.

Comments of the Six Panel

The Panel felt that the project is unique and has considerable merit because it will help local communities build up its capacity to rationally utilize and sustainably manage tropical forests. However, the Panel felt that the proposal should be more explicit about how the indigenous people will participate in and benefit from the project along side *El Bosque* pre-cooperative group. The Panel also saw the need to disseminate the results of the project on a wide basis so that others may benefit from the experiences. The Panel also noted that although harvesting activities are to begin immediately, the forest management plan would not be developed until mid-way through the second year. The Panel thought that this might be due to the need for communities

to continue harvesting because they depend upon the forest for their livelihood. Finally, the Panel saw that the budget may be under-estimated given the complexity of the activities.

Recommendations by the Six Panel of Experts

The Panel believes the project could be strengthened by:

- a. Clarifying how indigenous people living in the project area will participate and benefit from project activities.
- b. Making provisions for disseminating the results of the project on a wider basis, also taking into account efficiency and effectiveness.
- c. Revising and adjusting the budget upwards to conform with the level of activities.
- d. Providing technical assistance to communities for harvesting activities from the outset of the project to begin controlling timber cutting.

Conclusions of the Six Panel

With the incorporation of these minor amendments, the project should be commended to the Permanent Committee for final appraisal and approval.

Addressing the Panel's Comments

Participation of Indigenous People:

The Panel requested the implementing agency to clarify how indigenous people living in the project area would participate in, and benefit from project activities. The revised proposal explains that the indigenous people living near the project area do not have a tradition of timber harvesting. They normally engage in extractive activities such as the collection of latex, fruit, palm, and so on. Nonetheless, the communities nearest the project area will be trained in forest harvesting so they might be contracted by other organized communities to provide these services. In addition, the project will also create new cooperatives within indigenous communities, provide them with the adequate organizational and technical skills, and furnish some equipment for them to harvest and process non-timber products.

Disseminating Results:

The Panel also requested the implementing agency to make provisions for disseminating results on a wider basis. The revised project proposal mentions that the model developed by the project has potential for being replicated along Colombia's Pacific Coast.

Adjusting the Budget:

The Panel recommended that the budget be revised and adjusted upwards to conform with the level of activities. The budget was revised upwards from a total of \$567,284 (\$490,378 from ITTO) to a total of \$878,004 (\$720,504 from ITTO). All line items were moderately increased while a new line item was added for scholarships and training. However, a small mistake in the miscalculation of the 5% ITTO administrative budget, the total budget should be \$884,199 (\$726,699 from ITTO).

Providing Technical Assistance

Since communities would continue harvesting timber throughout the project period, the Panel felt that the implementing agency should provide technical assistance in harvesting activities from the outset of the project. The revised proposal's workplan has added additional

activities from the beginning of the project to train participants and furnish the appropriate technical assistance.

Conclusions of the Thirteenth Committee

The Committee requested the Colombian Delegation to clarify issues related to biodiversity conservation in the project area. The Delegates from Colombia explained that two areas of primary forest within the concession area had been set aside for conservation purposes. Furthermore, an 8,000 ha reserve is located adjacent to the concession area. Since the proposal was well formulated and its concerns on biodiversity conservation were addressed, the Committee recommended that the Council approve the project and allocate \$726,699 for its immediate implementation.

13. PD 40/93 Rev.1 (F) Improvement of Data Collecting, Processing and Application Techniques for Sustainable Forest Management

Summary

In implementing ITTO guidelines and criteria of sustainable forest management it is important to develop a comprehensive and computerized data processing facility to provide essential tools in making decisions related to various aspect of natural forest management. The use of inventories in pre-felling and post-felling growing stock requires data refinement in order to be effective. In turn, this will facilitate and improve the decision making process in determining the cutting regime for silviculture treatments and harvesting.

Information on current and potential commercial timber species, and on non-potential species will be obtained and stored in a well structured data base. This will form the basis to perform economic analyses of various forest management options. Data on non-timber forest produce will also be processed and its economic values determined. Additional data such as slope, soil types etc. which have been regularly collected will be used to provide estimates on the impact of forest harvesting on the environment. A comprehensive analysis will be facilitated by a computer simulation to guide the decision making process for harvesting.

The specific objectives of the project are the following :

- a. To develop a conceptual model for simulation on forest harvesting and forest regeneration,
- b. To check, process and analyze data on existing permanent sample plots,
- c. To process and analyze data from operational unit - compartment basis,
- d. To develop an economic database for forest harvesting and forest regeneration,
- e. To develop an economic database for non-timber forest produce as needed for the economic analysis of forest harvesting and forest regeneration,
- f. To develop a database on environmental impacts as a result of forest harvesting and forest regeneration,
- g. To develop a relevant knowledge base for forest harvesting and forest regeneration,
- h. To develop expert system tools and expert system for forest harvesting and forest regeneration,
- i. To test and disseminate information on the system through seminars to be attended by forest manager.

Comments of the Sixth Panel

The Panel found that the language of the proposal needs to be simplified and the text be better structured and edited. In addition, the title of the project should be modified in order to reflect that the proposal develops a comprehensive and integrated forest management system. The Panel was made aware that a great deal of progress has been achieved but saw urgent need for further improvement in this particular area. As such, the project is designed to strengthen the country's capabilities to improve decisions in forest management.

A planning workshop should be held early on the implementation of the project to work out methodological details. During this workshop, the use of GIS to support project activities might also be discussed. The project could also explore the possibility of including biodiversity indicators as part of the data set. The Panel mentioned that further clarification is needed on how project initiatives would be followed up and results should be applied in forestry practice. The Panel also felt that the submitting agency examine the need to upgrade the requested computer hardware/software for managing a large data base and make adjustments to the budget accordingly.

The proposal needs to outline the procedures for monitoring and evaluation. A Steering Committee should be set-up which would be composed of various local agencies with ITTO participation to provide guidance in project implementation. Furthermore, funds for ITTO monitoring and evaluation should be increased to \$20,000 and in addition, ITTO 5% administrative support costs should also be included in the budget.

Recommendations by the Six Panel of Experts

The Panel felt that the following recommendations should be taken to improve the proposal:

- a. Edit the proposal to produce a more clear description of ideas and concepts, particularly in the background section for the technical readers.
- b. Improve the proposal by including a planning workshop at project start-up.
- c. Ensure that linkages are established with existing facilities at the national level.
- d. Include a Steering Committee and explain how it might operate.
- e. Explore possible arrangements to include biodiversity indicators.
- f. Examine the opportunity to upgrade hardware/software available.
- g. Revise budget lines as required in accordance to adjustments in project activities as proposed above.
- h. Change title to be more explicit to reflect the content of the proposal such as "Improvement of Data Collecting, Processing and Application Techniques for Sustainable Forest Management".
- i. Develop a spatial (geographic) information system at the compartment and management unit levels to synthesize data for management purposes.
- j. Develop an analytical system for modelling approaches as a tool for growth, yield and impact assessment.

Conclusions of the Six 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 the Panel's Comments

Re-editing the Background Section:

The Panel suggested that the Background Section be rewritten to produce a more clear description of ideas and concepts. The revised proposal addresses this request by providing a concise description on the need and urgency of proposed activities.

Planning Workshop

The Panel recommended that a planning workshop be organized early during project implementation. A workshop is included in the proposal as the first project output.

Linkage with Existing Facilities:

Linkages will be established with other programs utilizing GIS systems to complement and enhance project activities.

Steering Committee:

The revised proposal now includes a Steering Committee as recommended by the Expert Panel. This Committee will be comprised of participants from FRIM, the Forest Department of Peninsular Malaysia and ITTO.

Biodiversity Indicators:

The Panel suggested that the project might explore possible arrangement to include indicators on biodiversity conservation as well as those related to timber management. There are now provisions in the revised project proposal to collect data on biodiversity during regular inventory activities.

Title:

The title of the project has been changed to accurately reflect the objectives and activities of the project as requested by the Expert Panel.

GIS:

The Panel requested that GIS be developed at the compartment level. The revised proposal ensures that GIS will be used to provide geographical information at the compartment level to improve planning and logging operations.

Modeling System:

the Panel suggested that an analytical system for modeling approaches be utilized as a tool for growth, yield and impact assessment. The proposal clearly indicates that this analytical system will be developed as an output of the project.

Conclusions of the Thirteenth Committee

The Committee felt that this project will help with the achievement of Target 2000. It will attempt to implement ITTO Guidelines in harvesting activities by providing information on the response of the forest to various cutting regimes. However, the Committee was aware that similar projects are being carried out elsewhere and therefore, recommended coordination with these other projects. The Committee felt that the planning workshop would help with the information sharing process. In light of these comments, the Committee decided to forward this proposal to the Council for approval and financing of \$534,041.

TECHNICAL ASSESSMENT OF PRE-PROJECT PROPOSAL

1. PPD 11/93 Rev.2 (F) Evaluation and Diagnosis of Current Forest Harvesting Licensing, Concession and Control Systems within a Framework of Sustainable Forest Resource Management

Summary

This pre-project proposal follows the new ITTO project formulation manual. It is clearly written and well organized.

The Colombian forest legislation is outdated as rules and statutes do not take an integrated approach to forest management. The most recent instruments governing concessions are nearly 20 years old and contain inconsistencies hindering the proper management of forest resources. It is essential that new strategies be developed to conform to those proposed by UNCED and ITTO. This pre-project will complement another ITTO pre-project under implementation which is reviewing the national forest situation so as to establish a national policy for the forestry sector in Colombia.

This eight-month pre-project will evaluate current rules, regulations and practices regarding the granting and management of forest concessions in Colombia. The pre-project will be implemented by INDERENA which will establish a technical committee made up of representatives from the National Planning Department and the Ministry of Agriculture.

The development objective is to contribute to the sustainable management and use of forest resources in Colombia through the harmonization and improvement of technical criteria and procedures for the granting of harvesting concessions and licenses, as well as the establishment of harvesting control and penalty systems. The two specific objectives and accompanying outputs and activities include:

- a. **Evaluation and diagnosis of technical criteria, systems, requirements and procedures for the issuing of licenses and concessions for forest resource use and harvesting.** A document will be prepared on the evaluation and assessment of current practices. The major activities will include a review of current national and regional rules and regulations, field visits to three representative forest harvesting and production areas in the three main ecological regions: Pacific, Amazon-Orinoco and Andean Regions. As an important mechanism for carrying out this analysis, three regional workshops will be held in each one of these regions with the participation of government agencies, forest companies, communities and NGOs.
- b. **Develop proposals for the establishment of technical criteria, concession and licensing systems, control mechanisms and penalty systems.** The main output will be proposals for each one of these components. These proposals will be formulated through three regional workshops, one in each one of the principal ecological regions, with the participation of government agencies, forest companies, communities and NGOs.

A detailed workplan and logical framework are found in the appendices. To follow-up on pre-project initiatives, INDERENA will analyze conclusions and recommendations and will include them in a set of new policies and regulations regarding natural forest management and administration.

Comments of the Six Panel

The Panel noted that the pre-project is relevant to ITTO and follows the new proposal format. The pre-project addresses a key problem area impeding sustainable management. The Panel agreed that the pre-project is well formulated but thought it might be best presented as a project, considering the output and activity levels. Even though the pre-project would result in

the development of further proposals that might lead to the implementation of key activities at a later stage, the Panel agreed that it would be better if the pre-project were submitted as a project.

A total of three workshops will be held throughout the course of the pre-project. The Panel decided that a "synthesis meeting" at the end of the project to review and consolidate results would be beneficial to future work.

Several budgetary issues were discussed and in general, the Panel felt the budget was under-estimated. First, the budget for experts may not be sufficient to pay for a well-qualified expert with the capability to work with very high level government officials. Secondly, the workshop budgets appeared to be too low, and it is not clear if funds are allocated for communities and universities/others as noted in the line items for sub-contracts. Finally, funds are not allocated for ITTO monitoring and evaluation.

Recommendations by the Six Panel of Experts

The Panel felt that the recommendations listed below would strengthen the project:

- a. Present the pre-project as a project.
- b. Plan for a "synthesis meeting" at the end of the project to consolidate results.
- c. Review the budget line items and adjust accordingly taking into consideration the above comments.
- d. Provide Terms of Reference for key positions.
- e. Make provisions for monitoring and evaluation and budget accordingly.

Conclusion of the Six Panel

While these minor amendments are considered desirable, the (pre)project should be commended to the Permanent Committee for final appraisal and approval.

Addressing the Panel's Comments

Project vs Pre-Project:

The Panel requested the implementing agency to present the pre-project as a project. The original cover submitted by the implementing agency referred to the revised project document as a pre-project. However, judging from the expansion of the scope of activities, and the revised budget of \$768,012, the pre-project has the appearance of a comprehensive project. The revised proposal now has three objectives instead of two. The new objective is:

"To define the actual state of the forest cover throughout the Country."

The main output for this objective would be the development of a forest cover map for the entire country. Activities to support this new objective include:

- Acquisition of satellite images, aerial photographs and infra-red imagery.
- Remote imagery interpretation.
- Ground truthing.
- The development of maps at a scale between 1 : 500,000 and 1 : 250,000.

- The publication of an interpretive document for the forest cover map.

Synthesis Meeting:

The Panel suggested that a synthesis meeting be held at the end of the pre-project to consolidate results. The revised proposal has an additional activity planned under Objective 2, (activity 2.3) which calls for a synthesis meeting at the end of the project.

Budget:

The Panel felt that the budget should be adjusted accordingly taking into consideration the comments regarding the transformation of the pre-project into a project and the inclusion of a synthesis workshop. The budget has been increased to \$768,012, with additional costs for line items relating to subcontracts, travel expenses and capital outlays. The third output relating to the development of maps on forest cover account for \$461,000. This output was not envisioned in the original proposal. In addition, ITTO program support costs are incorrectly calculated at \$34,445 and should now be \$36,678. Subsequently, the total budget should be increased by \$2,233 to a new total of \$770,245. The Panel also requested the implementing agency to make provisions for monitoring and evaluation. The revised proposal now budgets \$24,000 for monitoring and evaluation activities.

Forest Management Experts:

The Sixth Panel requested the implementing agency to include Terms of Reference for key positions. The revised proposal contains Terms of Reference for the international consultants, the Project Coordinator and national consultants.

Conclusions of the Thirteenth Panel

The Committee noted that the original proposal had been highly evaluated by the Expert Panel. However, delegates expressed some concern that the revised proposal was significantly different from the original. The Rev.1 version had a new objective relating to the development of a forest cover map. The Committee had difficulties seeing the relationship with the activities as presented in the original proposal. The delegation from Colombia agreed with the Committee's comments and requested it to consider the original pre-project proposal instead. The Colombian Delegation made some minor adjustments to the original budget to include the summary workshop plus monitoring and evaluation costs. Consequently, the Committee decided to approve the original pre-project document with these minor budget adjustments. It also requested the Government of Colombia to explore the possibility of including other institutions such as NGOs in pre-project activities. Therefore, the Committee recommended that the Council approve the pre-project and allocate \$252,375 for its immediate implementation.

APPENDIX

TABLE A

TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT CONSIDERED DURING THE THIRTEENTH 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 38/92 Rev.2	c,f,h	R & D	c,e	a,b,d,e	550,588	36	Malaysia	4
PD 12/93 Rev.3	c,h	R & D	a,e	a,b,d,e	936,524	2	Indonesia	4
PD 20/93 Rev.1	f,h	Guidelines	b,d,e	a,b,c,d,e	414,900	2	Cameroon	4
PD 21/93 Rev.1	h	R & D			927,908 (Phase I) 805,900 (Phase II)	3 (Phase I)	South East	4
PD 24/93 Rev.2	c,f	R & D	a,b,c,d,e	a,b,c,d,e	567,558	60 months	Malaysia	4
PD 25/93 Rev.1	c,f,h	Evaluation	b,e	a,b,c,d,e	597,130	2	Ecuador	4
PD 26/93 Rev.1	c,f,h	R & D	a,b,c,d,e	a,b,c,d,e	1,165,722	2	Indonesia	4
PD 32/93 Rev.2	c,f,h	R & D	a,b,c,d,e	a,b,c,d,e	558,779	2	Asia/Pacific	4
PD 33/93 Rev.1	b,c,d,f	R & D	b,c,d	a,b,c,d,e	1,591,520 (Phase I - 3 y) 929,930 (Phase II - 2 y)	5	Bolivia	7
PD 35/93 Rev.2	c,f,h	R & D	a,b,c,d,e	a,b,c,d,e		3	Panama	8
PD 36/93 Rev.1	f,h	R & D	c,d,e	a,d,e	301,730	1	Egypt	4
PD 37/93 Rev.1	c,f,h	R & D	a,b,c,d,e	d,e	726,699	3	Colombia	4
PD 40/93 Rev.1	c,f,h	Improv. of Data processing	a,b,c,d,e	a,b,c,d,e	534,041	3	Global	4
PPD 11/93 Rev.2	c,f,h	R & D	b,e	a	252,375	18 months	Colombia	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 THIRTEENTH 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 34/92 Rev.1	e,f,h	Education	a,b,c	a,b,c,d,e	1,148,665	3	Honduras	1
PD 13/93 Rev.1	c,f,h	R & D	c,e	a,b,d,e	790,000	2	Ecuador	2
PD 18/93	c,h	R & D			2,012,000	5	Papua New Guinea	3
PD 22/93	f,h	R & D	a,b,c,d,e	a,b,c,d	1,439,000	5	Cameroon	1
PD 23/93	c,f,h	R & D	a,b,c,d,e	a,b,c,d,e	2,750,000	2	Malaysia	1
PD 30/93	c,f,h	R & D	a,b,c,d,e	a,b,c,d,e	280,000	5	Malaysia	2
PD 31/93	f	Management & Training	d	a,b,c,d	1,155,000	3	Cameroon	3
PPD 10/93	c,f,h	Study & Research	a,b,c,d,e	a,b,c,d,e	55,000	2 months	Ecuador	1

- 1: Pending incorporation of essential elements pointed out by the Expert Panel, the proposal can be recommended to the Committee.
- 2: Complete reformulation of the proposal is essential.
- 3: Insufficient information is available to adequately assess the project.

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

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Report

Appendix I Technical Evaluation of Project Proposals

Appendix II Fellowships and Grants Approved (Report of the Selection Panel)

REPORT

1. Introduction

The Thirteenth Session was opened on 10 November 1993 by Dr. Rubén Guevara Moncada (Honduras), the Chairman of the Committee. The list of Participants is reproduced in Document ITTC(XV)/Info.3 Rev.2.

2. Adoption of Agenda and Organization of Work

At its first meeting on 10 November 1993 the Committee adopted the agenda of its Thirteenth Session as contained in Document PCI(XIII)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Document ITTC(XV)/Info.4 and ITTC(XV)/Info.4 Add.1.

4. Discussions on: "Policy Issues and Options Concerning Linkages Between Tropical Timber Trade and Sustainable Management of Tropical Forests" (Joint Session of Permanent Committees)

A Joint Session of the Permanent Committees at their Twelfth Sessions in Kuala Lumpur (May 1993) decided that the transcripts of the discussions on "Policy Issues and Options Concerning Linkages Between Tropical Timber Trade and Sustainable Management of Tropical Forests" should be sent to all participants. Further discussions were held on this topic at a Joint Session of the Permanent Committees at their Thirteenth Sessions.

The Chairman of the Session, Mr. Arthur Morrell (U.K.), invited participants to focus the discussions on the topical issue of certification. In the ensuing discussions several delegates echoed his call for action to address this issue within the framework of the ITTO and put forward several recommendations.

The Session reiterated the principles underlying the issue of certification as enunciated during the discussion of the LEEC report. To be workable and effective the schemes must :

- * be acceptable to and implementable by national governments and other forest owners;
- * be acceptable to customers in both domestic and international markets;
- * be practical to implement, based on criteria understood at all levels of the wood market chain;
- * be appreciative of commitment to improvement and progress towards practical achievement of sustainable forest management within a time frame agreed by the international community; and
- * not be used as a non-tariff barrier against producer countries and should apply equally to all types of timber.

The Session underscored that ITTO should positively contribute to providing information on the initiatives on certification to its members. To that end, the Executive Director should be requested to engage two independent expert consultants to prepare a survey or inventory of existing and proposed certification schemes. This survey should be presented in a coherent and consistent format drawing together all essential information and indicating the objectives and mechanisms by which the schemes or proposed schemes are being or might be implemented in the markets. The survey should cover all types of timber and timber products. Among those to

be consulted during the survey should be the relevant government agencies, international organizations, trade organizations and non-governmental organizations. The Executive Director should be requested to present the report of the experts for further discussion in a working party, composed of six producer and six consumer members on possible options for the ITTO in the fields of certification and labelling, taking into account work done in other international organizations. The findings and recommendations of the party should be reported to the Sixteenth Session of the Council.

5. Report on Completed Projects

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

PD 37/87 Rev.3 (I)	INDUSTRIAL USE OF NEW FOREST SPECIES IN PERU
PD 54/89 (I)	STUDY ON UTILIZATION STRUCTURE OF TROPICAL TIMBER PRODUCTS IN KOREA AND PROMOTION OF PROCESSED WOOD PRODUCTS SUPPLY FROM TROPICAL TIMBER PRODUCING COUNTRIES
PD 93/90 (I)	INTRODUCTION OF LESSER KNOWN SPECIES IN THE AMAZON PLYWOOD INDUSTRY

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(XIII)/3.

The Committee considered in further detail the results of project PD 37/87 Rev. 3 (I). It was noted that the original project did not contain funds for publication and dissemination of results. The project has considered more than 50 wood species at the industrial level for products such as sawnwood, wood for construction, moldings, floors, and furniture parts and pieces. Production costs have been determined. More than 1,500 producers, professionals, technicians and consumers of wood have been involved in the study. Commercial production has been achieved for the national and international markets as an additional result. The project has collaborated with the National Forestry Chamber with the active participation of 12 wood enterprises, 2 universities and the National Institute for Agricultural Research Institute.

The principal result has been the incorporation of 40 wood species into the national market and 18 species into the international market of which 10 species have passed testing and have entered the market in Europe, U.S.A., and Japan in the form of value-added products such as flooring, moldings, and furniture parts and pieces. The project also carried out preliminary studies on the silvicultural and ecological impacts of sustainable forest production incorporating the new forest species.

The Committee considered that the Project PD 37/88 Rev.3 Phase-2 (I) was a success with impressive and important results and that this project may serve as a model project for guiding future design and implementation of projects aiming at promoting industrial processing and marketing of lesser-known species in Peru and in other member countries.

The Committee decided to recommend to the Council a supplementary allocation of \$15,000 to allow publication and dissemination of results to member countries.

6. Report on Project Work in Progress

The Committee reviewed the work underway in twenty-five ITTO approved and financed projects in the field of Forest Industry. The full report on project work in progress is reproduced in document PCI(XIII)/4 Rev.1.

Further information on project implementation progress was given by the delegates of Peru [PD 152/91 Rev.1 (I) "Harmonization of Technical Tropical Timber Standards in the Andean Sub-Region"], Philippines [PD 47/88 Rev.3 (I) "Utilization of Lesser Used Species as Alternative Raw Materials for Forest-Based Industries" and PD 63/89 Rev.1 (I) "Low-Cost Houses from Small Diameter Trees, Plantation Thinnings and Tree Tops and Branches"], and by the ITTO secretariat [PD 4/87 Rev.1 (I) "Training in Planning and Management of Forest Industries in Developing Countries", PD 17/93 Rev.3 (M,F,I) "Network for Information Sharing and Project Support - Phase I", PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation", and PD 1/93 Rev.1 (M,F,I) "ITTO Fellowship Programme - Phase II"].

The Committee reviewed the progress in the implementation of project PD 4/87 Rev.1 (I): Training in Planning and Management of Forest Industries in Developing Countries, in light of its previous recommendation to the Council to allocate supplementary funds to this project, amounting to \$244,000 for 1993 and \$146,000 for 1994. The Committee was informed that following its recommendation \$205,065 were pledged to finance the implementation of the project activities in Asia. The Committee then agreed with a proposal to further reformulate the project work plan to allow the organization of two training events (to be financed with the supplementary funds), instead of the four events originally planned, thus allowing the project implementation to go on with the funds already made available.

The ITTO Secretariat provided the Committee with more information on approved project PD 17/92 Rev.3 (I). This project was approved at the 13th Council Session. The project will promote the commercialization of cocowood as raw material for the production of housing components, furniture and other higher value-added products. It envisages to review and update existing know-how on cocowood processing and utilization studies at the Forest Products Research and Development Institute and to offer recommendations for piloting, technology transfer, and commercialization.

On July 6, 1993 the Secretariat received word from the Consultative Committee of the Common Fund for Commodities that the project proposal had been recommended for approval. The Common Fund felt that the project was of significant interest in terms of potential for relieving pressure on other types of tropical timber. It was recommended that the project should be regionalized by including a dissemination component of the research results. At that time, the Consultative Committee of the Common Fund recommended financing of this project on the condition that the project be modified in the direction of regionalization and dissemination.

In consultation with FPRDI the proposal was augmented to contain a regional conference and to include provisions for the collaboration of 5 regional experts. On September 7, 1993 the Executive Board of the Common Fund authorized approval for the partial funding of the project. The Japanese Government has pledged the additional funds to fully finance the project. The Committee considered the modifications introduced in the project and agreed to recommend to Council the approval of a revised proposal described in document PD 17/92 Rev.4 (I), incorporating the modifications outlined above.

On the basis of a proposal submitted by the Government of Peru, the Committee agreed to expand activities under project PD 152/91 Rev.1 (I) "Harmonization of Technical Tropical Timber Standards in the Andean Sub-Region", allowing for a sub-contract with the National Forestry Chamber. The sub-contract is for implementation of activities to promote use of standards in the industry, and will be implemented in addition to all other activities already planned in the project document. The costs of the additional activities will be met by internal rearrangement of the approved project budget.

7. Consideration of Project Proposals

Taking into account the report of the Panel of Experts for technical appraisal of project proposals, the Committee appraised and evaluated 2 pre-projects and 4 project proposals which were submitted in time and with sufficient level of preparation for appraisal:

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 29/93 Rev.1 (M,F,I)	INTERNATIONAL WORKSHOP: DEVELOPMENT OF SUSTAINABLE SYSTEM FOR UTILIZATION OF TROPICAL FOREST RESOURCES	GOVERNMENT OF JAPAN
PD 39/93 Rev.1 (I)	RESEARCH AND DEVELOPMENT IN ENERGY ALTERNATIVES FROM BIOMASS (WOOD AND AGRICULTURAL RESIDUES) THROUGH BRIQUETTING, GASIFICATION AND DIRECT COMBUSTION	GOVERNMENT OF MALAYSIA
PD 79/90 Rev.2 (I)	SEMINAR AND ROUND TABLE ON THE DEVELOPMENT OF FURNITURE AND JOINERY INDUSTRIES	GOVERNMENT OF TRINIDAD AND TOBAGO
PD 4/93 Rev.2 (I)	FURNITURE INDUSTRY IMPROVEMENT PROGRAM	GOVERNMENT OF ECUADOR
PPD 9/93 Rev.1 (I)	EXPANSION OF THE PRODUCTION CAPABILITY OF SMALL-MEDIUM SCALE FURNITURE MANUFACTURERS FOR THE PURPOSE OF INCREASING MALAYSIA'S EXPORTS OF VALUE- ADDED TIMBER PRODUCTS	GOVERNMENT OF MALAYSIA
PPD 12/93 (I)	PROMOTION OF PROCESSING OF VALUE-ADDED TROPICAL TIMBER PRODUCTS IN THE ASIA-PACIFIC REGION: PHASE 1	GOVERNMENT OF JAPAN

The detailed results of the Committee's evaluation and appraisal of these 4 project proposals and 2 pre-projects are presented in Appendix I.

The Committee also noted that a full, revised version of a fifth project proposal (PD 19/93 Rev.1 (I) "Establishment of a Training and Research Center for Rubberwood Processing") had been submitted by the Government of the Philippines. The proposal contained in document PD 19/93 Rev.1 (I) had been revised by the submitting country, but was not resubmitted in time for proper advance distribution to Members and the Committee decided it should therefore be made available to the next Expert Panel and Committee meetings.

8. Report on Completed Pre-Projects

The Committee took note of the report on the completed pre-project study: "Feasibility of a Promotion Center for Furniture Manufacturing in Ecuador" [PPR 27/93 (I)].

Two studies have been provided within the pre-project report PPR 27/93, entitled "Feasibility of a Promotion Center for Furniture Manufacturing in Ecuador". The second is a report on pre-operational activities related to the establishment of a timber furniture design center. The key finding of this study is that the secondary wood industry could increase its exports and become more competitive internationally if problems hampering expansion and product quality were addressed. The study has recognized the necessity to improve conditions in the furniture industry through technical assistance and recommended the creation

of a Furniture Design Center for training and for provision of technical information. The full report on this pre-project study is reproduced in document PPR 27/93 (I).

The Committee also had in its agenda the completed pre-project study entitled "Development Work to Phase Out Trade of Unsustainably Produced Timber: I - Assessment of Future Mahogany Supply and Alternative Industrial Operations for Sustainable Production". The Committee decided to defer to the next Session the review of the draft report on this pre-project because the implementing agency did not send a representative to the Session to discuss the draft report. The implementing agency is requested to send a representative to present the draft report at the next Session. Furthermore, the Committee stressed that this draft report is not an official ITTO document and should not be referred as such.

9. Report on Pre-Project Work in Progress

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

- (i) INSTITUTIONAL STRENGTHENING OF IBAMA'S FOREST PRODUCTS LABORATORY
- (ii) MANPOWER DEVELOPMENT OF THE SARAWAK FOREST SECTOR
- (iii) TECHNICAL AND ECONOMIC FEASIBILITY OF LARGE-SCALE CONSTRUCTION OF WOODEN HOUSE IN BRAZIL
- (iv) THE INDUSTRIAL UTILIZATION AND MARKETING OF EUCALYPTUS PLANTATIONS OF THE PROVINCE OF LOJA, ECUADOR
- (v) 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
- (vi) PRE-FEASIBILITY STUDY ON HARMONIZATION OF TROPICAL PLYWOOD STANDARDS
- (vii) CREATION OF A CENTER FOR THE PROMOTION OF LESSER-KNOWN SPECIES IN EUROPE
- (viii) REVIEWING AND PREPARING SUPPORTING DOCUMENTS FOR WORK ON GUIDELINES FOR SUSTAINABLE DEVELOPMENT OF FOREST INDUSTRIES

10. Decision on Pre-Project Work

The Committee considered and approved for implementation the pre-project described in document: PPD 9/93 Rev.1 (I) "Expansion of the Production Capability of Small-Medium Scale Furniture Manufacturers for the Purpose of Increasing Malaysia's Exports of Value-Added Timber Products".

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 Thirteenth Session and select the successful candidates. The selection panel was composed of:

Mr. Yoichi Suzuki, Chairman (Japan)
Mr. Arthur V. Morrell (United Kingdom)
Dr. David A. Harcharik (U.S.A.)
Y.B. Dato' Ismail Awang (Malaysia)

Dr. Rubén Guevara Moncada (Honduras)
Mr. Franklin C. Moore (U.S.A.).

The selection panel appraised 74 fellowship applications, of which 21 were selected for appraisal and funding, with a total allocation of about \$145,000. The applications approved are listed in Appendix II.

12. Dates and Venue of the Fifteenth Session

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

13. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. To approve for implementation the following project proposals:

PROJECT NUMBER	PROJECT TITLE	SUBMITTING GOVERNMENT
PD 29/93 Rev.2 (M,F,I)	INTERNATIONAL WORKSHOP: DEVELOPMENT OF SUSTAINABLE SYSTEM FOR UTILIZATION OF TROPICAL FOREST RESOURCES	GOVERNMENT OF JAPAN
PD 39/93 Rev.2 (I)	RESEARCH AND DEVELOPMENT IN ENERGY ALTERNATIVES FROM BIOMASS (WOOD AND AGRICULTURAL RESIDUES) THROUGH BRIQUETTING, GASIFICATION AND DIRECT COMBUSTION	GOVERNMENT OF MALAYSIA
PD 79/90 Rev.3 (I)	SEMINAR AND ROUND TABLE ON THE DEVELOPMENT OF FURNITURE AND JOINERY INDUSTRIES	GOVERNMENT OF TRINIDAD AND TOBAGO
PD 4/93 Rev.4 (I)	FURNITURE INDUSTRY IMPROVEMENT PROGRAM	GOVERNMENT OF ECUADOR
PD 17/92 Rev.4 (I)	TECHNOLOGY TRANSFER/ COMMERCIALIZATION OF SELECTED COCOWOOD UTILIZATION TECHNOLOGIES	GOVERNMENT OF PHILIPPINES

2. To approve a supplementary allocation of \$15,071 to fund publication of technical documents produced under Project PD 37/87 Rev.3 (I) "Industrial Use of New Forest Species in Peru".
3. To make supplementary allocation of funds amounting to \$410,130 to allow integral implementation and successful completion of PD 4/87 Rev.1 (I) "Training in Planning and Management of Forest Industries in Developing Countries", and to authorize use of any funds pledged for this purpose even if the total needed funds are not available.

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:

Pre-Projects

PPD 2/92 (I):	Sustainable Development of the Plywood Industry in Latin America (\$115,500)
PPD 5/91 (I):	Pre-Feasibility Study on Harmonization of Tropical Plywood Standards (\$37,675)

Projects

PD 163/91 Rev.2 (I):	Technical Assistance and Training for Forest Industry Development in Sabah, Malaysia (\$941,850)
PD 195/91 Rev.1 (I):	Consumer Education on Timber and Processed Timber Products (\$721,350)
PD 196/91 Rev.1 (I):	Utilization of Residues and Dendrothermal Energy in the Peruvian Forest Industry (\$176,400)
PD 4/92 Rev.1 (I):	Development of Eucalyptus Timber in the West and North-West Regions of Cameroon (\$345,000)
PD 6/92 (I):	Reduction of Waste During Utilization and Processing of Timber in Cameroon (\$315,600)
PD 35/92 (I):	Vocational Training Center for the Forest Industry - Timber, Furniture Industries and Environment in the Amazonian Region (\$1,354,967)
PD 1/93 (M,F,I):	ITTO Fellowship Programme - Phase II (\$680,046.11)
PD 17/93 Rev.3 (M,F,I) Phase II:	Network for Information Sharing and Project Support - Phase II (\$913,000)

14. Election of Chairman and Vice-Chairman for 1994

The Committee elected Mr. Franklin C. Moore (U.S.A.) the Chairman and Mr. Jean Williams Sollo (Cameroon) the Vice-Chairman for 1994.

15. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX I

TECHNICAL EVALUATION OF PROJECTS AND PRE-PROJECTS IN THE AREA OF FOREST INDUSTRY

PROJECT DOCUMENT	ITTA OBJECTIVES Article 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		Art.23 Para.2	Art.23 Para.5					
PD 29/93 Rev.2 (M,F,I)	c	R & D Workshop	a,e	a,b,c,d,e	201,716	2 years	Global	4
PD 39/93 Rev.2 (I)	c,e	R & D	a	a,b,c,d,e	320,017	3 years	Malaysia	4
PD 79/90 Rev.3 (I)	c,e	Further Processing Seminar	a,c	a,b,c,d,e	240,275	11 months	Latin America/ Caribbean	4
PD 4/93 Rev.4 (I)	b,c,e,g	Transfer of Technology Further Processing	a	a,b,c,d,e	595,231	3 years	Ecuador	4

PRE-PROJECT DOCUMENT	ITTO BUDGET (US\$)	DURATION	GEOGRAPHICAL COVERAGE	DECISION
PPD 9/93 Rev.2 (I): Expansion of the Production Capability of Small-Medium Scale Furniture Manufacturers for the Purpose of Increasing Malaysia's Exports of Value-Added Timber Products	62,760	2 months	Malaysia	3

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

APPENDIX I

TECHNICAL EVALUATION OF PROJECT PROPOSALS

**PD 29/93 Rev.1
(M,F,I)**

**INTERNATIONAL WORKSHOP: DEVELOPMENT OF SUSTAINABLE
SYSTEM FOR UTILIZATION OF TROPICAL FOREST RESOURCES
(GOVERNMENT OF JAPAN)**

The Committee agreed that the project had a laudable objective - to ensure research coordination and dissemination of research findings to wood scientists. The Committee noted that the proposed workshop will convene global researchers in wood technology and forest products chemistry to summarize and review recent developments in these fields and facilitate transfer of technology, and that following the Panel recommendation the project proposal had been improved to better specify the conference themes.

The Committee sought and got clarification from the submitting government on the criteria for nomination and selection of sponsored conference participants, and stressed that researchers from all ITTO producing members should be invited.

The Committee decided to recommend for Council approval a revised proposal [PD 29/93 Rev.2 (M,F,I)] incorporating minor amendments in the travel and lodging budget and correcting totaling mistakes.

PD 39/93 Rev.1 (I)

**RESEARCH AND DEVELOPMENT IN ENERGY ALTERNATIVES FROM
BIOMASS (WOOD AND AGRICULTURAL RESIDUES) THROUGH
BRIQUETTING, GASIFICATION AND DIRECT COMBUSTION
(GOVERNMENT OF MALAYSIA)**

The Committee supported the Expert Panel's view that the basic intention and objectives of the project were good and relevant to ITTO priorities, such as minimizing waste and maximizing wood raw material recovery. The Committee agreed with the Panel that the project is well designed in respect to the activities planned to survey and investigate the nature and quantities of available residues.

The project reformulation effected according to Panel recommendations was accepted by the Committee, which felt the proposal now includes adequate provisions for technology transfer activities and for seeking collaboration and commercial partners, as well as further explanations on testing equipment to be purchased with project funds.

The submitting government provided additional information on the nature of residues to be studied in the project. The biomass residues include substantial volumes of sawmilling residues which the Committee noted could in some instances be more valuable for manufacturing Panel products such as particleboard and medium density fiberboard. The Committee stressed that these economic aspects should be considered when selecting the project case studies, industrial trials and commercial partners.

Noting information provided by the representative of the Common Fund for Commodities on the interest the Fund may have in assisting with project financing, the Committee discussed several options to eventually reformulate the proposal to include provisions to extend project activities and benefits to other countries of the region, in order to fit in better with the Fund requirements. The Committee welcomed the interest and possible support of the Common Fund and agreed to recommend such a reformulation if necessary to facilitate project funding.

The Committee agreed to recommend to Council the approval of a slightly revised proposal [PD 39/93 Rev.2 (I)] which includes correction and removal of internal inconsistencies in the project budget.

**PD 79/90 Rev.2 (I) SEMINAR AND ROUND TABLE ON THE DEVELOPMENT OF FURNITURE
AND JOINERY INDUSTRIES
(GOVERNMENT OF TRINIDAD AND TOBAGO)**

The Committee reiterated its earlier views on the relevance of this project to promote increase in the value added to timber resources of Trinidad and Tobago. The Committee further agreed that the revised proposal is well formulated and designed, now including detailed specifications of the training program and level and appropriate criteria for selection of participants.

The Committee further explored possibilities of reducing the ITTO budget. In this connection, the Committee noted that the project activities originally under responsibility of UNIDO could be directly sub-contracted by the ITTO secretariat, thus eliminating UNIDO's overhead costs and effecting significant savings in the budget.

The Committee decided to recommend to the Council the approval of a revised proposal [PD 79/90 Rev.3 (I)] incorporating the budget modifications outlined above.

**PD 4/93 Rev.3 (I) FURNITURE INDUSTRY IMPROVEMENT PROGRAM
(GOVERNMENT OF ECUADOR)**

The Committee recognized the value of this technical assistance project to promote manufacturing and exports of wood furniture products from Ecuador. The Committee was fully satisfied with this fourth revision, which incorporates the minor amendments on the implementation framework suggested earlier by the Committee.

The Committee decided to recommend to the Council to approve a further revised project proposal [PD 4/93 Rev.4 (I)] which includes the ITTO administrative support costs.

**PPD 9/93 Rev.1 (I) EXPANSION OF THE PRODUCTION CAPABILITY OF SMALL-MEDIUM
SCALE FURNITURE MANUFACTURERS FOR THE PURPOSE OF
INCREASING MALAYSIA'S EXPORTS OF VALUE-ADDED TIMBER
PRODUCTS
(GOVERNMENT OF MALAYSIA)**

The Committee agreed with the Panel of Experts on the relevance of this pre-project to ITTO objectives and work program to promote manufacturing of high-added value products in producing countries.

The Committee noted that the proposal had been reviewed in accordance to the Panel's recommendations to include a case study in Indonesia to expand dissemination of results, and to increase the contribution of the implementing agency to the pre-project inputs.

The Committee decided to approve for implementation a further revised project proposal [PPD 9/93 Rev.2 (I)] which includes the ITTO administrative support costs.

**PPD 12/93 (I) PROMOTION OF PROCESSING OF VALUE-ADDED TROPICAL TIMBER
PRODUCTS IN THE ASIA-PACIFIC REGION: PHASE 1
(GOVERNMENT OF JAPAN)**

The Committee supported the Panel's view that the proposal is highly relevant to the core of ITTO policy work and that proposed activities are related to ongoing work under an approved pre-project study to assist preparation of the ITTO Guidelines for the Development of Forest Industries. The Committee decided that this new proposal [PPD 12/93 (I)] may eventually be reconsidered and reassessed at a later stage in light of the results to be made available in the ongoing pre-project.

APPENDIX II

FELLOWSHIP AND GRANTS APPROVED
(Report of the Selection Panel)

<u>App. No.</u>	<u>Name (Nationality)</u>	<u>Subject</u>
PERMANENT COMMITTEE ON REFORESTATION AND FOREST MANAGEMENT		
01/C15/93A	NASAYAO, Edilberto Entefia (Philippines)	To attend the International Seminar on Forest Administration and Management at the University of Michigan, U.S.A.
05/C15/93A	KALLARACKAL, Jose (India)	To undertake research on carbon balance of tree stands at New Zealand Forest Research Institute, Christchurch, New Zealand
41/C15/93A	ELIAS, Elias (Indonesia)	Study Tour to Department of Forestry, Faculty of Agriculture at Kyoto University, Japan
62/C15/93A	FERNADEZ-BACA, Jaime Carlos (Peru)	To attend the Course on Economics of Resource and Environmental Management at the University of New England, Armidale, Australia
65/C15/93A	KUMAPLEY, Philomena Dovi (Ghana)	To attend the IUFRO Conference on Behavior, Population Dynamics & Control of Forest Insects, Hawaii, U.S.A.
66/C15/93A	SARWOPRASODJO, Sarwititi (Indonesia)	To attend the Rural Project Planning Course at ANUTECH, Canberra, Australia
68/C15/93A	PANJAITAN, Mas'ud (Indonesia)	To attend the Rural Project Planning Course at ANUTECH, Canberra, Australia
74/C15/93A	GUZMAN, Ruth Sarra (Philippines)	Study Tour to SEAMEO BIOTROP, Southeast Asian Regional Centre for Tropical Biology, Bogor, Indonesia

<u>App. No.</u>	<u>Name (Nationality)</u>	<u>Subject</u>
PERMANENT COMMITTEE ON FOREST INDUSTRY		
13/C15/93A	BAMFO, Robert Kofi (Ghana)	Attachment to APKINDO, Jakarta, Indonesia
21/C15/93A	CARDOSO, Roger Damien (Ghana)	Attachment to APKINDO, Jakarta, Indonesia
27/C15/93A	GYAMFI, Charles Kumi (Ghana)	To undertake research on the axial and radial variations in the mechanical and physical properties for a lesser-known hardwood species: Yaya (<i>Amphimas pterocarpoides</i>) at the University of Wales, U.K.
38/C15/93A	DEOMANO, Edgar Dela Cruz (Philippines)	To undertake M.S. research entitled "Correlation of some anatomical structures and physical properties on the drying period of selected industrial tree plantation species" at the University of Philippines Los Baños, Philippines
44/C15/93A	AGGREY, Anthony Emmanuel (Ghana)	Attachment to School of Agricultural & Forest Sciences at University of Wales, Bangor, and James & Jones, Scotland, U.K.
45/C15/93A	FLAMING, Lorene Cecile (U.S.A.)	To attend Masters Program in Public Policy at Harvard University, U.S.A.
53/C15/93A	VASQUEZ CORREA, Angela Maria (Colombia)	To enrol in Masters Program in Department of Forestry at University of Sao Paulo, Brazil
58/C15/93A	BELLO, Emmanuel Manny (Philippines)	Study Tour to Forest Products Laboratories in Madison, Oregon and California, U.S.A.

<u>App. No.</u>	<u>Name (Nationality)</u>	<u>Subject</u>
PERMANENT COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE		
16/C15/93A	KUMIH, Yaw Gyabaah (Ghana)	To enrol in Graduate Diploma Program in Agricultural Economics at the University of New England, Armidale, Australia
31/C15/93A	ZHANG, Zhongtian (China)	Study Tour to Centre for International Trade in Forest Products at University of Washington, Seattle, U.S.A.
32/C15/93A	ZHANG, Yaogi (China)	To undertake research at Dept. of Forestry of Hainan Province, Ministry of Forestry, Ministry of Economy & International Trade and Chinese Academy of Forestry, China
67/C15/93A	SURYADI, Suhardi (Indonesia)	To attend the Marketing of Non-timber Tree and Forest Product Course at RECOFTC, Bangkok, Thailand

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DRAFT REPORT OF ITTC(XV)

ERRATUM

Page 12 Section 22. The speaker's name should read
" Mr. Erik Bjørnebye " and the following sentence should be added to his
statement:

" Tropical timber imports, although very slight, entered duty
free on m.f.n. or GSP basis; nor were they subject to any
non-tariff barriers. "