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Kuala Lumpur, Malaysia

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

Kuala Lumpur, Malaysia

11-19 May 1993

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REPORT

Opening of the Session {Item 1}

1. The Fourteenth Session was introduced by the Chairman of the Council, Mr. Samuel Kwasi Appiah (Ghana).
2. The Chairman welcomed the distinguished guests and all participants. In particular he thanked Datuk Seri Dr. Lim Keng Yaik, Minister of Primary Industries of Malaysia, for kindly inviting the Session to Malaysia. As a Ghanian, he recalled the cocoa negotiations in which the Minister had demonstrated his capabilities as an articulate champion of equity in the administration of commodity agreements.

Mr. Appiah noted that his term as Chairman had begun with the Special Session in Quito, an event which presaged the dominant role to be played by the negotiations during his term as Chairman. He pledged to cooperate with the Chairman of the U.N. Conference for the Negotiation of a Successor Agreement to the ITTA, 1983, Mr. Wisber Loeis, and to foster a spirit of co-operation by stressing the principle of the obligation of members rather than forming battle-lines for advocacy and debating strategy. He urged Delegates to remember that a new Agreement belonged to the post-UNCED era, and should be founded in mutual consideration and trust, and not in polarised views and political postures. Negotiations could only succeed if the vigilance of one nation over its interests was moderated by the recognition that the interests of others must also be served.

The Chairman espoused the view that some time should be devoted, now that the first part of the Negotiating Conference was over, to exploring all avenues to facilitate consensus. All but four nations participating in that Conference were already Members of Council. The present Council Session should be used to examine the composite text of the Consumer and Producer proposals which had been prepared by the UNCTAD and ITTO Secretariats.

Mr. Appiah then turned to the financial resources of the Organization, and, although pleased with the previous year's improvement in contribution levels to the Administrative Account, expressed concern at the reduced flow of receipts in the current year. He exhorted Members to heed the Executive Director's appeals since accumulated arrears took their toll on the performance of the Secretariat.

Furthermore, the Chairman referred to the Special Account and the need for the donor community to re-double their efforts to make the Organization an important instrument of development aid. He referred to the direct experience of the Organization's finances he had gained as Chairman of the Finance Committee in the previous year and welcomed his colleague, Mr. Yoichi Suzuki, Vice-Chairman of the Council, into that position during the present year.

In conclusion, Mr. Appiah asked Members to assist his Co-ordinating Bureau in rationalizing the crowded Agenda during the Sessions. The guidance of Members was essential to set priorities and to ensure full discussions of the most important issues. With this help, the Chairman was hopeful the Session could be steered to a successful conclusion.

3. The Honourable Minister of Primary Industries for Malaysia, Y.B. Datuk Seri Dr. Lim Keng Yaik, expressed his feeling of privilege in addressing so distinguished a gathering, and his country's sense of honour and pride in hosting the Council Session for the first time. Kuala Lumpur, widely known as a garden city, and one of the few to enclose a natural forest reserve within its boundaries, was indeed an appropriate setting.

Malaysia was one of the founding Members of the ITTC and had sustained a constant close association with ITTO, not least through the contribution of one of her most experienced foresters as the first and incumbent Executive Director, who had worked hard to build up the legitimacy and capability of the Organization. She had a good record as a Council Member in respect of Administrative Budget contributions, active participation in Permanent Committee work, and commitment to major initiatives such as Target 2000 and the development of ITTO's various published guidelines. But ahead of all these, Malaysia was unique, and still remained so, as the only Member country to invite a mission with the mandate of the Cranbrook Sarawak Mission.

The Minister asserted that Malaysia could be proud of the fact that three decades of sustained economic and social development had left her territory still 60% forest by area, or even 70% if plantation crops such as rubber, oil palm, and coconut were taken into account. This figure compared favourably with the world average of 30%, or 29% for North America and 32% for Europe, precisely those continents where the anti-tropical timber campaign was most active.

Malaysian forest management has been coordinated at the State and Federal levels since the enactment of the 1978 National Forestry Policy, which aimed to blend the principle of sustained yield with the needs of both processing and protection of the environmental values of the forest. Under this policy, the Permanent Forest Estate (PFE) has been expanded to 14.1 million ha., of which 11.2 million ha. were production forests and the remainder protection forests. Within the protection forest component 330,000 ha. and another 1.8 million ha. outside the PFE had been gazetted as National Parks and wildlife sanctuaries.

The "Statelands" outside the PFE and the National Parks were conversion forests designed to diversify the economy through the development of agriculture, industry and housing. Sustainability criteria obviously could not apply, but conversion was environmentally planned. It was believed that Malaysia's rapid industrialization would slow the pace of plantation crop conversion. Furthermore, the National Forestry Act 1984 was being strengthened to provide stiffer penalties including mandatory imprisonment for forest offences.

Internationally, the Minister reported that Malaysia was an active host for various bilateral and multilateral initiatives among which of course were the ITTO projects. The country's representatives were vocal at pre- and post-UNCED, FAO, UNEP, and CITES meetings. There was a close link with ASEAN, especially Indonesia, and notable bilateral work was funded by Japan, the U.S.A., Germany, New Zealand, Canada, the U.K. and others.

Y.B. Datuk Seri Dr. Lim Keng Yaik spoke confidently of Malaysia's attainment of ITTO's Year 2000 Target, especially as the State of Sarawak had begun adjusting its log production even earlier, this year and in 1994 based on the ITTO Mission's recommendations. Sarawak was heavily

dependent on the timber industry for employment, income, state revenue, and foreign exchange. The loss of 26,000 jobs this year and \$100 million of income for workers and their dependents clearly underlined the extent of suffering and upheaval involved. Help from ITTO Members had been forthcoming but not on the scale required. Technology transfer was needed as well as funding.

The Minister referred to the unilateral "deal" which had been struck in the ITTO Target 2000. He criticised different unilateral time-frames adopted by some countries as they disturbed the focus, caused anxiety, and fostered disunity. Unhappily, other unilateral measures such as labelling, boycotting, and other restrictive measures were also prevalent in some quarters. Patience and restraint were essential qualities. Members with specific problems relating to tropical timber should table these before the Council which was the proper forum for consultation. All signatories to the ITTA, 1983 had also bound themselves to avoid policy measures which ran counter to Council decisions. The legitimacy of the ITTC depended on the allegiance of all Members to its efforts to promote and achieve sustainable management of tropical forests.

Looking forward to the Year 2000, Datuk Seri Dr. Lim Keng Yaik saw it as proper that the products of sustainably managed forests should carry the price premium to counterbalance against the additional costs of production and moreover they should have tariff-free access to all markets regardless of the degree of processing they had undergone.

The Minister made a brief resumé of progress achieved in the negotiations in respect of consolidating the non-divergent parts of the texts and identification of key areas of contention. Producers were still convinced of the correctness of their intention to expand the scope of the ITTA. He stressed that the proposal was modest, and did not involve demands to defend prices through buffer stocks as with cocoa, coffee, natural rubber, and other Agreements. Was it not odd that the elaborate criterion of sustainability was being applied to tropical forests which comprised only 10% of world trade in timber? The WWF report had brought the sustainability of temperate and boreal forests into question. The extended treaty was moreover in full accord with the wide breadth of the UNCED Non-Legally Binding Statement of Principles on Forests, with the relevant provisions of the spirit of Cartagena at UNCTAD VIII, and with the provisions of free and fair trade fostered by GATT.

Having expressed his conviction that the extended scope was necessary for the turbulent challenges ahead for ITTO, the Minister of Primary Industries then declared the Fourteenth Session of the International Tropical Timber Council open.

4. The Representative of the European Community, Mr. Enzo Barattini, recalled that only a short time had passed since the U.N. Negotiating Conference and complimented the Malaysian Government on their impeccable organization of the present Session. On leaving Geneva it was apparent that much progress needed to be made, but dialogue had begun.

The Community continued to attach great importance to the Year 2000 Target, and looked forward to the results of the Expert Panel on Resources needed to achieve this target. The introduction of a standardized reporting format was also welcomed by the Community, some of whose Members would announce progress made under Decision 3(X).

Furthermore, Mr. Barattini affirmed the importance of the Market Discussions and their theme this year. ITTO's real vocation was to serve as an international forum for exchanges of opinion and information on the tropical timber trade. The London Environmental Economics Centre was to be congratulated on its report. It would certainly serve as a basis for all future initiatives. The Community also believed that the statistical data compiled from each Member on the world tropical timber trade would also assist in framing realistic policies for the sustainable management of tropical forests.

ITTO, Mr. Barattini was pleased to note, showed evidence of increasingly fulfilling the "catalytic" role which the Community desired it to manifest. Therefore, the Community was convinced that the present structure of ITTO remained indispensable and should in no way be jeopardised by future developments.

5. The Spokesperson for the Consumers, Mr. Milton Drucker, thanked the Government of Malaysia for the organization of the Sessions and especially his producer counterpart who now had the additional burden of playing host. He recalled the Quito Prepcomm and the Geneva Conference, but considered it invaluable to have now, in Kuala Lumpur, interpreters and translators more familiar with the ITTO terminology. He outlined the Consumers' view of the important items on the Council agenda, including the LEEC report, the Target 2000 reporting format, and the negotiations, and thanked the Chairman for moving the Session off to a good start.

6. The Spokesperson for the Producers, Mr. Amha Buang, expressed the willingness of the producers to continue discussions with consumers on all aspects of the negotiations whenever time allowed during the current session. He believed the Chairman was fully equal to the task of managing the two parallel streams of work, that of the Council, and that pertaining to the negotiations.

7. The Chairman introduced the Chief Minister of Sarawak, the Rt. Hon. Datuk Patinggi Tan Sri Haji Abdul Taib Mahmud and recalled the Minister's long association with ITTO, including his invitation to the now well-known ITTO Sarawak Mission.

8. The Chief Minister, speaking to a Council Session for the fourth time, congratulated ITTO on having matured into an important forum for consultation on tropical forestry issues. He was pleased so many delegates had been able to attend the function he had hosted and to gain some appreciation of the culture of his State.

Sarawak's experience had been that conservation and sustainable development could best be achieved through ensuring the economic and social well-being of its people. The Chief Minister reported that participation in the UNCED conference had convinced him of the correctness of Sarawak's policies. One of the three recommendations of the ITTO Mission's report had been to reduce annual log production from the PFE to a sustainable level of 9.2 million m³, and Sarawak accepted this. At the Thirteenth Session, Datuk Patinggi Tan Sri Taib had announced that the reduction plan was being implemented in 1992 and that the reduced employment and income was creating much hardship for the people of Sarawak.

As a result production from the PFE in 1992 was down 1.5 mill. m³ to 11 mill. m³ and would further decrease to 9.5 mill. m³ during 1993. An initial survey had reported better harvesting practices and less damage to residual tree crops.

The Chief Minister believed the developments in his State represented an unprecedented example of international cooperation to achieve sustainable forest development. Nevertheless, 10,000 people had lost their jobs with incomes totalling more than US\$56 million. The Government was trying to re-deploy these people, mainly rural indigenous groups, in other sectors, particularly in wood manufacturing, but unfortunately a more recent survey had shown the employment multiplier to be 2.5, greater than reported by the Minister in his address to the Thirteenth Session. Thus, more than 25,000 people, mainly employed in firms providing goods and services to the timber industry, had also been adversely affected. There was in addition a loss of revenue to the State Government of US\$50 million.

On the issue of ITTO projects in Sarawak, five were now operational and the remaining one would become operational in June 1993. In fact, one pre-project had just been completed, and the project to be developed from it would soon be submitted to the ITTO. Sarawak renewed her appeal to donors to support her project activities.

In conclusion, the Chief Minister reiterated the producers' position calling for a successor agreement which respected fair trade, market access, and remunerative prices for tropical timber products. The exchange of information on trade and marketing which emerged as a core issue during the first part of the Geneva negotiations was truly vital to the further development of ITTO and the attainment of its Target 2000. Transparency of forestry practices had been the spirit of Sarawak's invitation to the mission; this principle should apply to all forests and timber products.

To date, ITTO had made striking progress in promoting sustainable management, but little in the fields of marketing and forest industries. These must be pursued with equal vigour, otherwise there was no role for ITTO in the development of environmentally sound logging practices. Sustainable management was still dependent on economics for its viability.

The Chief Minister expressed Malaysian and especially Sarawak trust in the UNCED framework for cooperation. Despite the short-term hardships, Sarawak would continue to work with inter-governmental organizations, pragmatic non-governmental organizations, and individual countries to promote sustainable management programmes. Developing countries could only do so much; the global efforts of developed countries were essential too.

9. The Chairman thanked the Right Honourable Chief Minister and assured him that Council would continue to cooperate with Sarawak in support of its progressive forestry policies.

10. The Delegate of the Environmental NGOs, Mr. Someshwar Singh, informed Council that the issues of greatest moment to the NGOs included the negotiation of the successor agreement, the Market Discussions (including certification and labelling), and progress in the Sarawak forestry sector.

NGOs believed the scope of the ITTA should be broadened to cover all types of forest. This would eliminate the "double standard". But at present consumer countries were promising to report on their own trade and forests outside the framework of the ITTA. This would leave discrimination within the ITTA, and was a transparent ploy.

If Consumers were truly committed to eliminating the double standard, there would be evidence in the preparations for the June 1993 Helsinki Ministerial Conference on the Protection of Forests in Europe but in fact targets or timetables for sustainability were conspicuously absent from

the early preparatory meetings. Mr. Singh added that NGOs believed Target 2000 should be adopted by the new Agreement to apply to all forests.

The NGOs welcomed the LEEC report, which had addressed timber certification and labelling. However, they still felt it minimised the responsibility of international trade for forest degradation. Policy discussions were of great importance to the future of the Organization; an accurate report with positive recommendations should always result.

Mr. Singh said that NGOs welcomed the statement by the Chief Minister of Sarawak on the reduction in harvesting rates. They also approved of the Gazetting of two further National Parks in consultation with local communities, an increase in the Forest Department staff, and the initiation of ITTO projects. Nevertheless they believed these efforts should be hastened, especially the expansion of the PFE, and the reservation of two areas of natural forest for the Penan community. It would be useful to have a comprehensive action plan by which total progress to sustainable forest management could easily be judged.

Ascertainment of the Quorum {Item 2}

11. The Executive Director informed Council that a quorum existed.

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

12. The Chairman requested Council to devote some time to examining the joint text of the successor agreement produced by the ITTO and UNCTAD Secretariats with a view to making some progress on elimination of differences. With this proviso in mind, Council adopted the provisional agenda and agreed upon a schedule for the business in hand.

Report on Membership of the Council {Item 4}

13. 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}

14. The Executive Director drew Council's attention to the distribution of votes for 1993, as recorded in Document ITTC(XIV)/1 Add.1. Council had adopted this distribution for 1993.

Admission of Observers {Item 6}

15. The Chairman drew Council's attention to Document ITTC(XIV)/Info.3, 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 the final document ITTC(XIV)/Info.3 & Info.3/Add.1.

Appointment of the Credentials Committee {Item 7}

16. After discussion with the spokespersons for the Producers and Consumers, the Chairman proposed that the Credentials Committee should be composed of Australia, Brazil, Cameroon (Chairman), Colombia, Japan, The Netherlands, Papua New Guinea, and the U.S.A. Council accepted this Membership.

Statement by the Executive Director {Item 8}

17. In his opening statement, the Executive Director greeted the Council's distinguished guests, and expressed his pride, as a Malaysian, in the long-term commitment to ITTO displayed by his country. It was indeed natural that any Organization devoted to sustainable management of a resource should be welcomed in Malaysia. Long before the concept became a tenet of international belief the Prime Minister, Datuk Seri Dr. Mahathir Mohamad, had proclaimed a clear-sighted development programme termed "Vision 2020", which was to guide the nation through the industrial transition to economic and social well-being by the Year 2020.

Both the Prime Minister and the Minister of Primary Industries had provided strong leadership by diagnosing the problems of the forestry sector in the wider context of overall national development. Thus it was that Malaysia had earned her reputation as a champion of the aspirations of developing countries which sought to frame policies which safeguarded their sovereign rights over their natural resources and accorded with their development priorities. Indeed, a Malaysian, Ambassador Tan Sri Razali Ismail, Permanent Representative to the United Nations, had recently been appointed Chairman of the newly established U.N. Commission for Sustainable Development.

In recalling the Chairman's remarks on the subject, Dr. Freezailah stressed the need for optimism in approaching the Negotiations. He had himself been heartened by the good organization of work and the cordial atmosphere for dialogue established at the first part of the Negotiating Conference. There had been a strong exchange of views, and the concluding resolution proposed a composite text and liaison tasks for the heads of UNCTAD and ITTO to maintain producer-consumer contact.

Turning to the post-UNCED situation, the Executive Director said that ITTO had been invited to join FAO by the U.N. Inter-Agency Committee of Coordination to ensure inter-agency cooperation in promoting sustainable forest management. All international institutions had an obligation to sustain the momentum in both Member governments and in the independent sector. There were three important trends in the forestry sector:

Firstly, forests were now globalized, no longer merely national resources, but having a wide impact on the biosphere and human habitats. Secondly, an awareness had arisen that forests, if not managed sustainably, did not have an infinite capacity to provide resources for humanity, and thirdly, forestry issues were in the arena of public policy and even privatization of the forests would not be allowed to give rise to exploitation.

Dr. Freezailah continued by making a strong plea for the successor agreement to strengthen ITTO's role in policy development to enable it to work with Members on collective actions towards sustainable forest management. The special theme of the Market Discussions at this Session, "Policy Issue and Options Concerning Linkages between the Tropical Timber Trade and Sustainable Management of Tropical Forests" was a step in the right direction.

ITTO had, despite preoccupation with the negotiations, still maintained a high profile in the context of international forestry cooperation. It welcomed the establishment, in Bogor, Indonesia, of the Centre for International Forestry Research (CIFOR), headed by the first Director-General

Mr. Jeffrey Sayer. Also welcome was the appointment of Mr. Jean Clément of France as the new head of the FAO's TFAP Co-ordinating Unit in succession to Mr. Matt Heering of the Netherlands, who had successfully pioneered the position. As far as staffing allowed, ITTO had also sought to participate in the meetings of other international organizations.

The Executive Director drew the attention of Council to the serious economic difficulties faced by some Members in sending their delegations to Sessions. He understood the objection to financial assistance in principle, but pointed out that it was now generally accepted that those countries classified as Least Developed by the United Nations merited help. The position of many slightly more fortunate countries had declined due to the global economic malaise. Dr. Freezailah appealed on behalf of these countries and also on behalf of the conservation NGOs and trade associations in developing countries, since the latter two groups could be assisted by their more prosperous counterparts in the North.

Wide participation was of the essence in Council Sessions. Citing examples of private sector assistance to ITTO, Dr. Freezailah singled out the Asu Naro Kai in particular. This group of primary school children and their teachers had raised contributions for ITTO through the collection and recycling of aluminum cans. Substantial donations had also been made by the Japan Lumber Importers' Association, the Japan Association of Wood Laminating Technology, Ito Yokado Ltd., the Pilot Club of Yokohama (an association for professional ladies). Of course, the often unseen but generous benefactors of ITTO were the City of Yokohama and the Government of Japan, to whom, on behalf of ITTO, the Executive Director paid a testimony of gratitude.

The Executive Director reported the publication and circulation of the ITTO Manual for Project Formulation, soon to be followed by the ITTO Manual on Project Monitoring, Review and Evaluation. The manuals would be invaluable to the Work of the Expert Panel, and Dr. Freezailah renewed his thanks to the consultants and to those who had given financial support. In reference to projects, he appealed to the donor community not to allow the negotiations to cause any hiatus in the steady flow and increase of resources for projects.

Dr. Freezailah invited Delegates to see the many festivities organized by the Government of Malaysia as evidence of his country's sincere commitment to ITTO's objectives. The post-Session field visit to Sarawak should especially be viewed in this light, since the ITTO Mission to that State had been a landmark in the chronicle of ITTO's activities. He urged Members to obtain direct observational experience of the forests of Sarawak.

The Executive Director concluded his address by paying tribute to the Government and people of Austria, who had graciously repealed much of the controversial legislation relating to imports of tropical timber which had caused so much dissension at the last Council Session. He commended this conciliatory spirit to all Members during the U.N. Negotiating Conference and during the Sessions and called for high ideals to be adopted to promote international cooperation in sustainable development.

Projects:

a) Report of the Twelfth Sessions of the Permanent Committees

b) Consideration of Project and Pre-Project Proposals

{Items 9a) & 9b)}

18. The Chairman of one Permanent Committees, Mr. Arthur Morrell (PCM), and the Vice-Chairmen of the other two, Dato' Ismail Awang (PCF) and Mr. Franklin D. Moore (PCI) reported to Council on the work of their respective Committees. Their full reports {Documents PCM (XII)/10 Rev.1, PCF(XII)/17 Rev.2, & PCI(XII)/9 Rev.1} are incorporated in this document as Annex 5. Council adopted these reports, including the recommendations made for Council's approval of particular projects and pre-projects.

19. The Delegate of the Netherlands, Mr. Eric Lammerts van Bueren, drew Council's attention to several issues relating to the Annexes of the PCF report dealing with activities on demonstration areas which required no budget. He requested immediate implementation of activities a) and b), and for the Secretariat to seek funding for items c) and d).

20. The Chairman read out the list of projects and pre-projects recommended by the Permanent Committees, and Council approved these, as recorded in Decision 1(XIV). In addition, Council approved the Permanent Committee on Reforestation and Forest Management's recommendation to terminate PD 149/91 Rev.3 (F) forthwith and the Permanent Committee on Forest Industry's recommendation to extend PD 4/87 (I).

21. The Delegate for Brazil, Mr. Antonio Otávio Sá Ricarte, agreed with the Delegate for The Netherlands, but also requested the deletion of the pre-project proposal on biotechnology as this had not been approved by the Permanent Committee on Reforestation and Forest Management in the version presented to them. After hearing an explanation from the Secretariat the Chairman acceded to Brazil's request, and the final version of Decision 1(XIV) adopted by Council reproduced in this document duly omits this item.

Guidelines for the Employment of Consultants and Procurement of Goods and Services - Decision 6(XIII) {Item 10}

22. Council considered the recommendations of a small working group on this agenda item and authorized the Executive Director to publish and distribute both sets of Guidelines after incorporation of the amendments set out in the Annex to Decision 5(XIV).

Annual Review and Assessment of the World Tropical Timber Situation
{Item 11}

23. Following the usual practice, this item was considered as part of the Annual Market Discussions, and discussion thereon recorded in the Report of the Permanent Committee on Economic Information and Market Intelligence (Annex 5 to this document).

Sustainable Management of Tropical Forests

a) Report of the Expert Panel on the Methodology for Estimating Resources Needed by Producer Members to Achieve Target 2000 and Collation of Estimates Submitted by Members - Decision 3(XIII) {Item 12a}

24. Council established an Expert Panel consisting of Australia, Brazil, the European Community, Gabon, Ghana, Indonesia, Japan, Malaysia, Sweden, Thailand, and the U.S.A. The work of the Panel, re-titled as the Expert Panel on Resources/Information Sharing, was presented to Council by its Chairman, Mr. Don Banfield (Australia).

Mr. Banfield reported that the Panel had met several times and had finally succeeded in drawing up guidelines for estimating resources needed to achieve Target 2000. These were to be annexed to a recommendation to Council (approved by Council as Decision 3(XIV)).

The guidelines stressed national plans and sought to achieve consistency of approach among Members. They did not purport to be fully comprehensive but identified key areas and activities where resources might be required. In particular they drew attention to the possible need for a supplementary planted forest resource.

Sustainable management was, by definition, a concept of a permanent nature. It did not begin and end in the Year 2000. Nations would need resources beyond that date. Members should therefore present estimates on a net present value basis, taking into account future benefits as well as costs, and deducting assistance already being provided through all international cooperation agencies. As far as possible the information should be presented in a disaggregated form, showing each activity separately, and the contribution of each activity to achieving the target.

Mr. Banfield recorded four important areas to address, namely forest security (prevention of unplanned deforestation); sustainable management for an optimal mix of goods and services i.e. not merely timber; improving the efficiency of resource utilization; and raising the public status of the sustainable management ideal, both socially and politically.

Sustainable Management of Tropical Forests

b) Format for Target 2000 Reports - Decision 5(XIII) {Item 12b}

25. This matter was also addressed by the Expert Panel concerned with Item 12a). A format was proposed which would comprise details of the national institutional and policy framework, data on the forest resource base and on production of those products defined as "timber" in the ITTA, 1983, reports on international cooperation already in place, and also details of relevant environmental measures and assessment of social and economic effects. This format was attached as an annex to a recommendation to Council, which Council ultimately approved as Decision 4(XIV).

Sustainable Management of Tropical Forests

c) Reports by Members on their proposed Progress towards the Year 2000 Target - Decision 3(X) {Item 12c}

26. The Delegate of Malaysia, Dato' Ismail Awang, reported that of Malaysia's 19.6 million ha. 56% were national forests and 14.6 mill. ha. comprised the Permanent Forest Estate (PFE). To this must be added National Parks and Wildlife Reserves. Both volume and area controls were applied

according to silvicultural conditions, and minimum girth limits applied to harvesting, which was also controlled for reasons of conservation of biological diversity.

Dato' Ismail Awang noted that the National Forestry Council had been established in 1971 for 13 states to generate a common approach to forestry. A National Forestry Policy was promulgated in 1977, and followed by two Acts in 1984. Malaysia laid much emphasis on international cooperation and had both strong bilateral and multilateral programmes in forestry.

27. The Representative of Australia, Mr. Don Banfield, reported that his country had prepared a statement in the draft format of Decision 6(XIII). It summarised national forest policy and set out a vision into the twenty-first century.

28. The Delegate of Japan, Mr. Koshiro Koyanagi, reported that his country was active in promoting the ITTO's Target 2000. In addition to bilateral trade and domestic measures, she had made many contributions to projects, including fieldwork, workshops, research and development, and study tours. As a recent example, he cited Japan's submission of PD 10/93 Rev.1 (F), which, if approved, would follow in the strong tradition of the Senior Foresters' Conference. These contributions had increased year by year.

Report on the First Part of the U.N. Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1983, 13-16 April 1993, Geneva {Item 13}

29. The President of the Conference, Mr. Wisber Loeis (Indonesia), thanked the Council for allowing him to report on this agenda item.

Delegates had approached the First Part of the Conference with some anxiety because it was not clear whether there was common ground on which to begin negotiating. Mr. Loeis had at the outset invited all participants to view the negotiations against the general backdrop of global efforts to reduce distortions in the international commodity markets, and particularly to accord with the Spirit of Cartagena (UNCTAD VIII).

The Deputy to the Director-General of UNCTAD and Director of the Commodities Division, Mr. Carlos Fortin, and the Executive Director of the ITTO, Dr. Freezailah, and several delegations, however, shared the President's optimism in ultimate agreement. Mr. Loeis affirmed his intention to maintain a positive spirit without under-estimating the obstacles. The First Part was inevitably a learning experience, as delegates came to understand each other's views and also to comprehend the negotiating procedures followed at U.N. Conferences.

The Conference had evolved an Executive Committee, under which there were an Economic and Technical Committee and a Financial and Administrative Committee; moreover a Procedural Committee to aid the Credentials Committee was also established. Furthermore, it would soon be necessary to constitute a Legal Drafting Committee, which usually had the role to refine versions of the text produced by the substantive committees. The role of the last-named committee was not to re-negotiate, but to develop the legal language appropriate to such texts, and to ensure accurate translations.

The two substantive committees were each assigned a cluster of articles for consideration. On the clear understanding that "nothing is agreed until everything is settled" the committees commenced work. But before they could proceed very far, the Conference decided to open a free-wheeling dialogue on the main issues in contention. This exchange of views covered the scope of the Agreement, Target 2000, financial resources, trade discrimination, and the functioning of the Organization.

Mr. Loeis expressed his view that a good atmosphere for reflection and cooperative negotiations had been generated. In his capacity as President, he acknowledged a debt of gratitude to the other officers of the Bureau, namely the two Vice-Presidents, Mrs. Yolanda Hoopkoop-Van Opijheim (Netherlands), and Mr. Jorge Barba (Ecuador); the Chairman of the Economic and Technical Committee, Mr. David Boulter (Canada), and the Chairman of the Financial and Administrative Committee, H.E. Mr. Eugène Capito, the Minister of Forests, Fisheries, and Environment for Gabon.

The Bureau was extended to accommodate the two Spokespersons of the Consumer and Producer Groups, Mr. Milton Drucker (U.S.A.), and Mr. Amha Buang (Malaysia), respectively. With the assistance of the UNCTAD and ITTO Secretariats, the Bureau was able to move proceedings forward during the first part of the Conference, and finally the Secretariats were authorised to produce a joint composite text for the Successor Agreement. The Director-General of UNCTAD, and the Executive Director of ITTO were requested to maintain contact with Member countries to proceed forward from the joint text.

Mr. Loeis hoped that ample time would be allocated to an exchange of views on the text, under the Chairman's leadership. Still deeper insights could be developed into other viewpoints which would enable the elimination of as many brackets as possible from the composite text. He hoped the next part would be the final part of the Negotiating Conference. Time was limited, not merely from the point of view of the negotiations, but more importantly from the point of view of unbroken progress in the field of sustainable management of tropical forests. Intractable positions must loosen. A successor Agreement must provide adequate scope for action, realistic and achievable targets, and a flow of additional resources to demonstrate the spirit of partnership in development, and to help tropical forests, through project and policy work, to provide for the needs of present and future generations.

30. The Chairman thanked the President for his speech, and reported that his "Reconciliation Group" had made some progress, which was encouraging. The report of the group would be given to the President for use at the Second Part of the Conference in June.

31. The Spokesperson for the Consumers, Mr. Milton Drucker, pledged his group would seek to justify the President's confidence in them. In the spirit of cooperation, the Consumers wished to introduce as "elements for discussion", three issues of concern to the Producers, although the Consumers' draft text nevertheless remained intact:

Firstly, on the question of the "double standard" perceived by Producers (that is to say, the application of sustainable management dicta to tropical forests but not to temperate or boreal ones), the Consumers still did not believe it would be fruitful to include all forests in the successor

agreement, or to apply Target 2000 to these forests, but nevertheless they were prepared to re-consider the sustainability of their own forest practices, and to commit themselves accordingly.

Secondly, on the issue of trade discrimination, the Consumers were prepared to ensure nothing in the new agreement would allow such discrimination, and that no internationally traded timber should face discrimination on grounds of origin.

Thirdly, on the matter of finance, the Consumers would endeavour to make some unearmarked funds available to the Council, provided the decision-making process was transparent and the funds well-administered.

Mr. Drucker added that the effectiveness of all three proposals would depend on Producer participation and cooperation, in the sense of willingness to compromise.

32. The Spokesperson for the Producers, Mr. Amha Buang, welcomed the President to his country and gave him great credit for the degree of consolidation of the two texts which had already been accomplished. Key areas of contention had been debated. Furthermore, the Council Chairman's Reconciliation Group was a welcome initiative. The problems were not insurmountable given the search for common ground. Those Members present at the First Special Session in Quito had made testimony to the valuable example of international cooperation already constituted by the ITTA, 1983.

Addressing the Consumer proposals just put forward by their spokesperson, Mr. Amha said the Producers would need some time to consider their implications.

Review of Contributions to the Administrative Budgets {Item 14}

33. The Executive Director had already presented to the Finance Committee Document ITTC(XIV)/CRP/2 where he had highlighted the important features of this review of contributions to the Administrative Account. To date the Organization had received \$741,200 from Producers of the assessed amount of \$1.7 million. For Consumers the receipts totalled \$474,167. Expenditures totalled \$631,521 for January-March and the estimate of expenditure for the remainder of the year would bring the total to \$3.42 million, a saving of nearly \$200,000 in the approved budget. The expected shortfall, derived from anticipated receipts, would be \$259,334. Assets of the Organization included the Special Reserve Account of \$600,000 (only utilizable on Council's instructions) and the Working Capital Account of \$1.582 million.

34. After receiving the report of the Chairman of the Finance Committee, Mr. Yoichi Suzuki, Council authorised the Executive Director to utilise a sum of \$250,000 from the Working Capital Account to fund the operations of the Organization for the remainder of the financial year 1993.

Financial Resources of the Special Account:

a) Review of the Pre-Project Sub-Account

b) Review of the Project Sub-Account

{Items 15a) & 15b)}

35. The Chairman drew Council's attention to Document ITTC(XIII)/CRP/1. The Secretariat reported that this "CRP" document was prepared for every Council Session to inform Members on the status of voluntary contributions and expenditure relating to projects and pre-projects. The layout was

explained and queries which led to minor corrections were handled in the Finance Committee. On receiving the report of the Finance Committee Council adopted this document.

Financial Resources of the Special Account:

c) New Contributions to the Special Account
{Items 15c)}

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

37. The Representative of Japan, Mr. Yoichi Suzuki, renewed his Delegation's appreciation of the work of the Chairman, the Executive Director, and of the positive statements made by the two Spokespersons. Japan believed there could be no stagnation in progress towards sustainable management of the tropical forests, and she attached great importance to the work achieved by the ITTO over the past six years. To illustrate this support, Japan would pledge an increased contribution for the fiscal year 1993-4 of US\$12.3 million. This pledge would be for use in assisting global forest development, promotion of transparent tropical timber trade, and the Year 2000 Target.

38. The Representative of Denmark, Mr. Hans Schou, recalled his country's continuous support for ITTO projects and confirmed that this support for selected projects from the present session.

39. The Representative of Sweden, Prof. Nils-Erik Nilsson, expressed his country's interest in supporting a research and development logging project which might come forward and also in the pre-project to begin work on developing guidelines for the sustainable development of forest industries. Sweden hoped other donors would also be interested in these two enterprises.

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

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

Auditors' Report for 1992 {Item 16}

42. This report, Document ITTC(XIV)/5, was tabled before the Finance Committee. The Committee noted that this was the first time accounts had been prepared on an accrual rather than the previous cash basis. Questions on the impact of this on comparability between 1991 and 1992 from Malaysia and other delegations were addressed by the Secretariat during the course of the Finance Committee proceedings. On receipt of the Finance Committee's report, the Auditor's report was approved by Council.

43. Council also heard and accepted the Finance Committee's recommendation that the appointment of an independent consultant to assist with the Organization's financial management should be considered at the next Council Session, with a view to work commencing in Financial Year 1994. The Secretariat was requested to prepare draft terms of reference for consideration by Council at its next session.

Annual Report for 1992 {Item 17}

43. This report, Document ITTC(XIV)/3, was presented to Council by the Executive Director, who outlined the developments during 1992. Council then accepted this document.

Report of the Credentials Committee {Item 18}

44. The Chairman of the Credentials Committee, Mr. Engelbert Temgoua (Cameroon), reported that the Committee, consisting of Australia, Brazil, Cameroon, Colombia, Japan, The Netherlands, Papua New Guinea, and the U.S.A. had met on 14 May 1993.

The Committee recommended that the credentials of thirty-six countries applying to attend the Council Session and the Sessions of the Permanent Committees be approved.

The Credentials Committee, in their report [Document ITTC(XIV)/7], also requested Honduras and Thailand to submit their credentials as soon as possible to the Secretariat.

Dates and Venue of the Sixteenth Session of the Council and the Fourteenth Sessions of the Permanent Committees {Item 19}

45. The Representative of Colombia, Dra. Nancy Vallejo S., on behalf of her Government, invited Council to hold its Sixteenth Session in the historic World Heritage city of Cartagena de Indias.

46. Council decided that the dates of its Sixteenth Session, and by association the dates of the Fourteenth Sessions of the Permanent Committees would be 18-25 May 1994 and the venue Cartagena de Indias, Colombia.

Other Business {Item 20}

47. The Director of the Centre for International Forestry Research (CIFOR), Mr. Jeffrey Sayer, described how his organization has recently been established, as another arm of the CGIAR group, in Bogor, Indonesia. A sponsorship agreement had recently been signed with the Governments of Australia, Sweden, Switzerland, and the U.S.A. and deposited with the U.N. in New York.

More recently the Minister of Foreign Affairs of Indonesia and the President of the CIFOR Board of Trustees had signed the host country agreement. The Government of Indonesia agreed to make available a new building worth US\$2.8 million as CIFOR's headquarters. In addition they had made available \$500,000 to the CGIAR, this sum to be shared equally by CIFOR and IRRI (the International Rice Research Institute).

CIFOR's Board of Trustees had just agreed a medium-term plan which was closely related to the work of the ITTO. The five programme areas were:

- a) Research on policy, including work on adding value to forest products in or near forest areas to create employment. Another important feature would be investigatory work on the relationship between forest exploitation for timber and forest colonization for agriculture.
- b) Management and conservation of natural forests, including work on low-impact harvesting techniques and measures to conserve the biodiversity of tropical forests.
- c) Reforestation of degraded land, including consideration of the social problems and research on improved genotypes of tree species.

- d) Products and markets, in particular non-timber forest products and local community processing methods.
- e) Information services, to support the other programme areas and to assist partner institutions in developing countries.

The principal target of the CGIAR system was the alleviation of poverty. Therefore CIFOR would concern itself with research for sustainable management for the benefit of the poorer strata of society in developing countries. Rather little actual research would be carried out in Bogor itself, because the CGIAR system laid great stress on partnership with national research institutions through sub-contracting research. Such partnership arrangements would be made not only with traditional forestry research institutions but with those involved in other social and biological sciences. The highest priority for collaboration would be with African and South American institutions.

Mr. Sayer concluded by saying that CIFOR looked forward to close collaboration with ITTO, as many strategic areas of CIFOR's research were precisely those of greatest importance to ITTO.

48. The Delegate of Canada, Mr. David Boulter, referred to Document ITTC(XIV)/Info.5 and announced that Canada would contribute C\$50,000 to support up to six Delegates from Producer countries to attend the Conference on Security and Cooperation In Europe (CSCE) Seminar on Sustainable Management of Temperate and Boreal Forests scheduled to be held in Montreal in September 1993. The Producers' Spokesperson accepted the offer on behalf of his Group, who would nominate selected country experts to attend in due course.

Decisions and Report of the Session {Item 21}

49. Discussion on Decision 1(XIV) is reported under Item 9 of this report. The Chairman introduced Decision 2(XIV) and explained the nature of the Chairman's non-paper. In response to a query from the Delegate of Brazil, the Chairman confirmed that his "Non-Paper" was not part of Decision 2(XIV). Council also took note of the statement made by the Representative of Canada, Mr. David Drake, that Canada would nevertheless be re-tabling the contents of the Chairman's non-paper for consideration at the Second Part of the Negotiating Conference in June. Council decided that this non-paper might be submitted to the President of the U.N. Conference on Renegotiation of a Successor Agreement to the ITTA, 1983.

50. Council adopted the decisions recorded in Annex IV of this report of the Session, and required this Report to be prepared as soon as possible under its Rules of Procedure.

Closing Session

51. The Delegate of the NGOs, Mr. Grant Bryan Rosoman, presented their statement on behalf of Friends of the Earth (U.S.A.), National Wildlife Federation, the N.Z. Rainforests Coalition, Sierra Club, TRAFFIC Oceania, and the WWF.

These NGOs had evaluated the Consumers' Statement on the Renegotiation of the ITTA, 1983 had found it lacked substance. The Consumers had been vague about the sustainable management of their own forests with a notable absence of targets and timetables. The central issue of double standards had not been addressed. The side issues introduced such as the CSCE Seminar

were not relevant to solving the problems of the international trade in forest products, which could only be resolved by addressing directly the commodity agreement.

Mr. Rosoman said the NGOs believed that the Market Discussions at these Sessions had clearly demonstrated the link between the international tropical timber trade and the sustainable management of the forests. This link was so central to the Organization's future that all Members should commit themselves to sustainable management of their forests and agree to include Target 2000 in the Successor Agreement.

In the NGOs' view, the Successor Agreement must apply to all forests and timber and should include provisions for better market transparency and information sharing, further processing and value-added production, technology transfer, improved market access for products from sustainably managed sources, full internalization of social and environmental costs, and support for developing country Members.

52. The Delegate of the Trade Associations, Mr. Alle H. Stoit, speaking on behalf of the timber trade, reported that at the Tenth Session of the ITTC the trade had pledged its full support for Target 2000. This support was based on the plain fact that there could be no future in trade without sustainable management. There was a chain of many links between the forest and the consumer, and any chain was only as strong as its weakest link. Without customers, without demand, there was no incentive to manage forests sustainably.

Considerable progress had been made by producing countries, but the trade was very concerned that, at this session, there had been little or no technical discussion outside the LEEC Report during the market discussions. The LEEC report confirmed the trade's long-held belief that it was not a major cause of forest destruction. Therefore, sustainable forest management could never be encouraged through trade restrictions. The contrary case was the imperative i.e. the need for continuity of supply fostered sustainable management.

Fundamental in the view of the trade were firstly, access to markets, secondly, market improvement for added-value products and lesser-used species, and thirdly harmony between the ambitions of producers and the needs of consumers. At present consumers were being effectively manipulated by the anti-tropical hardwood campaigns of the environmental NGOs. The trade called upon these NGOs to use their knowledge in a positive way to ensure Target 2000 was attained. At the same time the trade called upon producer to give ample evidence of real progress towards this Target so that consumers might be convinced of tropical hardwood's environmentally-friendly nature.

Mr. Stoit concluded by pledging the association's support for ITTO.

53. The Representative of the European Community, Mr. Enzo Barattini, expressed the Community's appreciation of the excellent organization by the Malaysian authorities of the Session. The Council had witnessed some important discussions, particularly on the LEEC report. The E.C. and its Member States would like to see this debate continued at future Sessions in order to give the Organization a clear strategic direction.

The decision on the estimation of resources was valuable, because with this evidence it would be possible for donors to make better estimates of the cost of achieving Target 2000, and

to better identify policy changes needed. The settlement on format of reports would also assist this process.

There was a mutual desire to conclude the negotiations successfully. The Consumers' "Elements for Discussion" would receive further attention at home by the E.C. Members before the next Geneva meeting.

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

54. The Spokesperson for the Producers, Mr. Amha Buang, recalled a hard session which, despite the on-going consumer-producer dialogue, had nevertheless not neglected the regular programme of ITTC work. Indeed, a number of projects had been both approved and funded. Speaking as the Delegate of Malaysia he thanked the Delegation of Japan for having agreed to underwrite the first phase of PD 185/91 Rev.1 (F). Japan's performance as a voluntary contributor to fund ITTO projects was exemplary.

The Market Discussions were also exciting on this occasion. Finally a unified report did evolve, thanks to the unremitting efforts of the Chairman, Mr. Arthur Morrell.

The informal discussions at this Session would be useful at the next part of the Negotiating Conference. Other important decisions had covered several diverse issues. Producers had also contributed a draft decision on the subject of biotechnology appended to the PCF report and hoped for a full discussion of this matter at the next Session.

Mr. Amha thanked delegates for the kind compliments paid to his country on the facilities. It had simply been Malaysia's intention to provide the best for their honoured guests.

Mr. Amha noted that the preservation of goodwill was essential to progress in the negotiations, and he thanked the Chairman for his astute leadership and businesslike conduct of the agenda. The presence of Mr. Wisber Loeis, President of the U.N. Conference, was greatly esteemed. As always, the Executive Director and his staff had supported Council and its Committees, nor should the patient and efficient contribution of the interpreters and translators be forgotten. Among those who had helped to make the session a success, he wished to make special mention of his consumer counterpart, with whom he had maintained a good working relationship.

Mr. Amha concluded by wishing all delegates a safe journey home.

55. The Spokesperson for the Consumers, Mr. Milton Drucker, thanked the Government of Malaysia for the fine facilities and services, the Secretariat, and the interpreters and translators. He reviewed the achievements of the Session, in particular the intensive nature of this year's Market Discussions. Consumers were pleased with the agreement, enshrined in Decisions 3(XIV) and 4(XIV) on estimation of resources and report formats for Target 2000. He was confident that the Executive Director would compile the reports and supply them to the Council. These reports would be easier to compare and to amalgamate.

The Chairman's Reconciliation Group made good progress in harmonizing the two negotiating texts. The Consumers however were disappointed that they did not receive a consolidated

Producers' response to the Consumers' "Elements for Discussion". Nevertheless they were determined to conclude the negotiations as expeditiously as possible.

Mr. Drucker complimented the Chairman of the Finance Committee, Mr. Yoichi Suzuki, on his work, which had included a decision to examine, at the next Council Session, the contracting of a consultant to assist with the Organization's financial and administrative management. This was a sign of the growth of the Organization. Such expert assistance was necessary because most delegates could not expect to grasp the full complexity of management during the two weeks they attended the Sessions.

Mr. Drucker remarked that if a new Agreement was finalized in Geneva in June, then this present session would be the last of the "old-style ITTCs". If not, the next Session would still reflect the new Agreement in the offing.

The Spokesperson for the Consumers expressed his debt of gratitude to his Producer counterpart, whose willingness to listen and to seek progressive measures was admirable.

56. The Delegate of Indonesia, Mr. Toga Silitonga, thanked the host country, Malaysia, and expressed hope for a successful conclusion to the negotiations.

57. The Executive Director, in his closing speech, reminded Council that the ITTO's destination was sustainable development of forest resources for the welfare of all people under conditions of global environmental security. ITTO's destiny was to shoulder responsibility for this task in the spirit of common purpose so as to provide for the needs of present and future generations. This responsibility was at the core of the recent wave of ideas on global environmental development. It was not just ordinary ethics or political philosophy, but encompassed the whole gamut of relations among people on "Spaceship Earth".

Dr. Freezailah told his audience that every year the ITTC moved from country to country, spreading its message and inviting partnership in the sustainable development of forest resources. This work needed the support of all. As the donor community gave funds for ITTO projects, so too should the Producer country recipients give of their best in counterpart funds to indicate their commitment. Council Sessions hosted by Producer Members were another sign of this commitment, and the best of hospitality had been encountered in, successively, Brazil, Cote d'Ivoire, Indonesia, Ecuador, Cameroon, and now Malaysia. As a Malaysian, he was very proud that his country had excelled herself in these traditions of hospitality. The conditions and facilities had greatly assisted the work of the Sessions.

The Executive Director praised the Chairman for his exemplary conduct of the Sessions and for the informal consultations he had undertaken in his Reconciliation Group. His efforts had broken deadlocks, narrowed differences, built confidences, and forged a consensus. The spirit of Kuala Lumpur would be recalled in the progress towards a new treaty.

Dr. Freezailah concluded by thanking the interpreters and translators, all the Conference assistants, and the hotel management. He wished the Delegates "Bon Voyage".

58. The Chairman, in his closing remarks, recorded as a major achievement of the Session the strengthening of the spirit of cooperation between the Producer and Consumer Groups. Both

groups were more confident in facing the issues. He thanked the UNCTAD officials present for their assistance to the Reconciliation Group. The Bureau had also been a great help to his work. He complimented the NGOs and the trade associations for their interventions; although they might not be satisfied that all their concerns had been addressed. Yet, like the growth of trees, time was necessary. Mr. Appiah once more thanked the interpreters and translators.

The Council had been growing from strength to strength, but it should be recalled that it was composed of sovereign nations, each with their own agendas and priorities.

Mr. Appiah said that Delegates had been beneficiaries of the generosity of the Government of Malaysia but he wanted to single out for special mention of his gratitude the Minister of Primary Industries, the Chief Minister of Sarawak, MTIDC, and all those who had hosted individual functions.

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

Annex I

LIST OF PARTICIPANTS

{ Document: ITTC(XIV)/Info.2 Rev.1 }

Distr.
GENERAL

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FOURTEENTH SESSION
11-19 May 1993
Kuala Lumpur, Malaysia

LIST OF PARTICIPANTS

**FOURTEENTH SESSION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL
AND TWELFTH SESSIONS OF THE PERMANENT COMMITTEES**

Kuala Lumpur, 11-19 May 1993

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Annex II

AGENDA

{ Document: ITTC(XIV)/1 }

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ITTC(XIV)/1
30 March 1993

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FOURTEENTH SESSION
11-19 May 1993
Kuala Lumpur, Malaysia

AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of the Agenda and Organization of Work
4. Report on Membership of the Council
5. Distribution of Votes
6. Admission of Observers
7. Appointment of the Credentials Committee
8. Statement by the Executive Director
9. Projects:
 - a) Report of the Twelfth Sessions of the Permanent Committees
 - b) Consideration of Project and Pre-Project Proposals
10. Guidelines for the Employment of Consultants and Procurement of Goods and Services - Decision 6(XIII)
11. Annual Review and Assessment of the World Tropical Timber Situation
12. Sustainable Management of Tropical Forests
 - a) Report of the Expert Panel on the Methodology for Estimating Resources Needed by Producer Members to Achieve Target 2000 and Collation of Estimates Submitted by Members - Decision 3(XIII)
 - b) Format for Target 2000 Reports - Decision 5(XIII)
 - c) Reports by Members on their Proposed Progress towards the Year 2000 Target - Decision 3(X)

13. Report on the First Part of the U.N. Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1983, 13-16 April 1993, Geneva
14. Review of Contributions to the Administrative Budgets
15. Financial Resources of the Special Account
 - a) Review of the Pre-Project Sub-Account
 - b) Review of the Project Sub-Account
 - c) New Contributions to the Special Account
16. Auditors' Report for 1992
17. Annual Report for 1992
18. Report of the Credentials Committee
19. Dates and Venue of the Sixteenth Session of the Council and the Fourteenth Sessions of the Permanent Committees
20. Other Business
21. Decisions and Report of the Session

Annex III

**MEMBERSHIP OF COUNCIL AND DISTRIBUTION OF VOTES
FOR MEMBER STATES FOR 1993**

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

DISTRIBUTION OF VOTES

	<u>Number of Votes</u>	
	<u>1992</u>	<u>1993</u>
<u>PRODUCERS</u>		
Africa		
Cameroon	28	28
Congo	28	27
Côte d'Ivoire	28	28
Gabon	28	28
Ghana	28	27
Liberia	27	27
Togo	27	27
Zaire	28	28
Asia & Pacific		
India	38	38
Indonesia	174	178
Malaysia	147	147
Papua New Guinea	33	32
Philippines	35	32
Thailand	24	24
Latin America		
Bolivia	30	28
Brazil	155	151
Colombia	33	31
Ecuador	22	20
Guyana	-	20
Honduras	17	15
Panama	18	16
Peru	35	33
Trinidad & Tobago	17	15
	Total	
	1,000	1,000
<u>CONSUMERS</u>		
Australia	19	19
Austria	11	11
Canada	15	12
China	28	30
Egypt	14	15
European Community		
Belgium/Luxembourg	27	27
Denmark	12	11
France	49	47
Germany	41	37
Greece	13	13
Ireland	12	13
Italy	39	38
Netherlands	45	44
Portugal	17	18
Spain	25	26
United Kingdom	56	50
Finland	10	11
Japan	335	346
Nepal	10	10
New Zealand	-	10
Norway	11	11
Republic of Korea	89	95
Russian Federation	13	11
Sweden	11	14
Switzerland	11	11
United States of America	87	70
	Total:	
	1,000	1,000

Annex IV

**TEXT OF THE MAIN DECISIONS
ADOPTED BY THE COUNCIL AT ITS FOURTEENTH SESSION**

{ Documents: ITTC(XIV)/8
ITTC(XIV)/9
ITTC(XIV)/10
ITTC(XIV)/11
ITTC(XIV)/12
ITTC(XIV)/13 }

FOURTEENTH SESSION
11-19 May 1993
Kuala Lumpur, Malaysia

DECISION 1(XIV)

PROJECTS AND PRE-PROJECTS

The International Tropical Timber Council,

Having considered, at its Fourteenth Session, the recommendations of the three Permanent Committees on Projects and Pre-Projects as contained in documents PCM(XII)/10 Rev.1, PCF(XII)/17 Rev.3, and PCI(XII)/9 Rev.1

1. Decides:

i) To approve the following Projects:

PD 48/92 Rev.2 (F)	Biotechnology Development Using Forest Species in the Zulia Basin, Municipality of Zulia, North Santander Department, Cimitarigua Community (\$951,440.00)
PD 49/92 Rev.3 (F)	Biological Control of Pathogenic Micro-Organisms in Forest Plantations of the Pamplonita and Arauca Basins, North Santander Department, Negativa Community (\$1,132,730.00)
PD 50/92 Rev.3 (F)	Conservation and Integrated Development in the La Macarena Special Management Area (\$1,586,784.00)
PD 1/93 Rev.1 (M,F,I)	ITTO Fellowship Programme - Phase II (\$906,448.00)
PD 2/93 Rev.1 (F)	Integrated Pilot Management of the Ngoua II Forest North - Phase 1: Preparation of the Management Plan (\$756,762.00)
PD 3/93 Rev.1 (F)	Management and Conservation of the Forest of Bangou - Phase I: Development of the Management Plan (\$798,364.00)
PD 5/93 Rev.1 (F)	Ten-Year Production of Treated Residual Dipterocarp Forest Stands (\$11,664.00)
PD 6/93 Rev.1 (F)	Manual and a World Natural Mangrove Atlas for Mangrove Ecosystem Restoration (\$732,984.00)
PD 9/93 Rev.1 (M)	Market Intelligence: Tropical Timber Market Information System (\$396,585.00)

- PD 10/93 Rev.1 (M,F,I) Seminar and Study Tour on Sustainable Forestry Management Systems Practiced in Natural Forests of Japan (\$122,869.00)
- PD 11/93 Rev.1 (F) A Strategy for the Sustainable Management and Harvesting of Forest Resources and Strengthening of Indigenous Territories in the Colombian Amazon (\$338,643.00)
- PD 17/93 Rev.3 (M,F,I) Network for Information Sharing and Project Support
{Phase I} (\$913,000.00)
{Phase II} (\$913,000.00)

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

- PD 5/93 Rev.1 (F)
PD 6/93 Rev.2 (F)
PD 9/93 Rev.1 (M)
PD 10/93 Rev.1 (M,F,I)
PD 11/93 Rev.1 (F)
PD 17/93 Rev.3 (M,F,I) {Phase I}

iii) To authorize financing for immediate implementation of the following Projects approved at earlier Sessions, and re-designed with phased implementations at this Session:

- PD 185/91 Rev.1 (F) {Phase I} (\$1,056,789.00)
PD 42/92 Rev.1 (F) {Phase I} (\$199,500.00)

iv) To authorize financing for immediate implementation of the following Project approved at the Twelfth Session, re-designed with a phased implementation at the Thirteenth Session, and further re-designed with a modified phased implementation at this Session:

- PD 14/92 Rev.2 (F) {Phase I} (\$1,250,000.00)

v) To authorize financing for immediate implementation of the following projects approved at earlier Sessions,

- PD 171/91 Rev.1 (F) {Phase I}
PD 18/92 Rev.1 (F)
PD 26/92 Rev.1 (F,I)
PD 36/92 (M)

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

- PD 52/89 Rev.4 (F) (\$50,000.00)
PD 86/90 (F) {until 30 June 1994} (\$259,350.00)

vii) 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 185/91 Rev.1 (F) {Phase II} (\$1,004,289.00)
PD 48/92 Rev.2 (F)
PD 49/92 Rev.3 (F)
PD 50/92 Rev.3 (F)
PD 1/93 Rev.1 (M,F,I)
PD 2/93 Rev.1 (F)

PD 3/93 Rev.1 (F)
PD 17/93 Rev.3 (M,F,I) {Phase II} (\$913,000.00)

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

PD 14/92 Rev.2 (F) {Phase II} (\$1,000,000.00)
{Phase III} (\$750,000.00)
PD 42/92 Rev.1 (F) {Phase II} (\$977,550.00)

- ix) 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 69/89 Rev.1 (F) (\$29,400.00)
PD 119/91 Rev.1 (F) (\$42,000.00)

2. Decides:

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

PPD 1/93 Rev.1 (F) Feasibility Study for the Preparation of a Management Plan for the Souanke-Sembe-Kelle Area in North-West Congo (\$174,090.00)

PPD 4/93 Rev.1 (F) Physical and Socio-Economic Evaluation of the Integrated Watershed Rehabilitation Project (PRIDECU) (\$168,625.00)

PPD 5/93 Rev.1 (F) Preparation of an Integrated Management Plan for District No.1 of the Kuna Yala Indian Region, Aimed at the Development of Agroforestry (18,000 ha.), Production Forests (22,000 ha.), and Watershed Protection (60,000 ha.) (\$222,000.00)

PPD 6/93 Rev.1 (F) The Development of Guidelines for the Protection of Tropical Forests against Fire (\$89,320.00)

PPD 7/93 (M) Assessment of the Market News Service for Tropical Timbers (\$39,050.00)

PPD 8/93 (F) Demonstration Areas for Sustainable Management of Production Forests (\$110,000.00)

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

PPD 1/93 Rev.1 (F)
PPD 5/93 Rev.1 (F)
PPD 6/93 Rev.1 (F)
PPD 7/93 (M)

- iii) To authorize financing for immediate implementation of the following Pre-Projects, approved at earlier sessions:

PPD 3/92 Rev.1 (F)
PPD 8/92 Rev.2 (I)
PPD 11/92 (I)
PPD 12/92 (F)

- iv) 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 4/93 Rev.1 (F)
PPD 8/93 (F)

- v) To authorize extended implementation, as soon as funds are available in the Special Account, of the following Pre-Project which was approved at the Twelfth Session:

PPD 5/91 (I) (\$37,675.00)

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

Sixth Expert Panel for Technical Appraisal of Project Proposals
23-28 August 1993 (\$121,000.00)

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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FOURTEENTH SESSION
11-19 May 1993
Kuala Lumpur, Malaysia

DECISION 2(XIV)

**UNITED NATIONS CONFERENCE FOR THE NEGOTIATION
OF A SUCCESSOR AGREEMENT TO THE ITTA, 1983**

The International Tropical Timber Council,

Recalling the resolution adopted on 16 April 1993 at the first part of the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1983;

Taking note of the Report of the Executive Director on the first part of the Conference;

Taking note also of the statement by the President of the Conference to the Council;

Considering the informal consultations held by the Chairman of the Council regarding the negotiation of a successor agreement to the ITTA, 1983;

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

Invites the Executive Director to transmit to the President of the Conference the outcome of the informal consultations by the Chairman of the Council for consideration by the Conference;

Requests the Executive Director to seek financial assistance from members and private sector organizations to support the participation in the Conference of technical experts from developing member countries of the International Tropical Timber Organization;

Welcomes the willingness of members to redouble their efforts to bring the negotiations to a successful conclusion.

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19 May 1993

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FOURTEENTH SESSION
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DECISION 3(XIV)

ESTIMATING RESOURCES NEEDED TO ACHIEVE THE YEAR 2000 TARGET

The International Tropical Timber Council,

Recalling Decision 3(X) which adopted a strategy by which, through international collaboration and national policies and programmes, ITTO Members will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed resources by the Year 2000;

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

Further recalling decisions taken at the XI, XII and XIII Sessions of Council relating to sustainable forest management and the resources required to achieve the Year 2000 Target; in particular Decision 3(XIII) to reconvene a Panel of Experts at its XIV Session to recommend an approach and methodology for estimating resources needed and to collate estimates submitted by Members;

Acknowledging that resources may be required beyond the Year 2000 to maintain the sustainable management of forest resources in producing countries;

Reiterating the sovereignty of Members over their natural resources;

Taking into account the need for producing Members to submit their respective estimates for consideration by the Council as soon as possible;

Urges Members to develop their plans and priorities for achieving the Year 2000 Target;

Commends the guidelines outlined in the Annex to Members with a view to ensuring consistency in approach to the estimation of resources needed to achieve the Year 2000 Target, so far as possible;

Encourages those Members requiring assistance in the estimation of resources needed, to request such assistance from the ITTO;

Recognises that market share and market access for tropical timber will have a bearing on the achievement of the Year 2000 Target;

Agrees to undertake an assessment of international market trends in tropical timber, including market share and conditions of market access;

Requests the Executive Director to convene a Panel of Experts to prepare a proposal for such a study for consideration by the Council at the XV Session.

ANNEX

GUIDELINES FOR
ESTIMATING RESOURCES NEEDED TO ACHIEVE THE YEAR 2000 TARGET

The following guidelines have been provided by the Council to assist Members in estimating the resources needed to achieve the Year 2000 Target based on national plans for achieving sustainable forest management. These guidelines have been developed with a view to ensuring consistency in approach between Members so far as possible. It should be noted that they do not purport to be fully comprehensive but rather to outline Council's suggested approach and to identify some key areas and activities for which resources may be required.

1. Estimates should be provided to the Council of the resources needed to promote the sustainable management of each Member's forest resources to achieve the Year 2000 Target.
2. The establishment of plantations may be necessary to ensure the sustainable management of each Member's forest resources and could be included in the estimates of resources needed to achieve the Target.
3. Members should include information on present and expected future benefits and costs of sustainable tropical timber production.
4. Members should provide information on resources currently being provided to achieve sustainable management of forest resources and, separately, those additional resources required to achieve the Target. Members should deduct assistance already being provided through international cooperation from the estimate of resources required.
5. Projected resources required for future years should be included based on the net present values.
6. Estimates should include disaggregated information to the maximum extent practicable, including quantities and expected resources required to undertake each activity proposed, possible sources, and the nature of the relationship of each activity to the Year 2000 Target.
7. Document ITTC(XII)/7 Rev.1 and the Annexes to the consultants' report attached to document ITTC(XI)/6 identify some key activities within the context of Decision 3(X) for which resources may be required and may provide a useful guide. These are outlined below and divided into the four components as suggested in document ITTC(XII)/7 Rev.1:
 - (a) Security of forest resources and prevention of unplanned deforestation;
 - development and integration of national forest information and monitoring systems, including:
 - mapping;
 - inventory;
 - forest production and consumption studies;
 - land use planning;

- policy and legislation;
 - legislation to protect the forest resources;
 - prescription of harvesting and silvicultural measures;
 - establishment of model or pilot projects to facilitate training.

- (b) Implementing sustainable forest management in order to produce the optimum sustainable mix of goods and services;
 - development and implementation of codes of practice and training personnel;
 - establishment of plantations;
 - rehabilitation of degraded forests.

- (c) Improving the utilization of the resource to give the greatest possible social net benefit;
 - more efficient utilisation of logs;
 - further processing and value adding;
 - improving market access for tropical timber;
 - promoting the use of tropical timber.

- (d) Improving the social and political environment concerning sustainable management;
 - social development;
 - research and training;
 - social development programs;
 - political and consumer awareness;
 - public awareness programs.

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11-19 May 1993
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DECISION 4(XIV)

INFORMATION SHARING

The International Tropical Timber Council,

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

Further recalling Decision 3(X) which adopted a strategy by which, through international collaboration and national policies and programmes, ITTO Members will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed resources by the Year 2000, and invited Members to confer annually on the progress towards the Year 2000 Target;

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

Noting also Decision 5(XIII) which commended a draft format to Members for their consideration and for decision at ITTC(XIV);

Reiterating the benefits to be gained from information sharing to individual Members, in promoting the activities of the Organization and in assisting the achievement of the objectives of the ITTA;

Mindful of the desirability of rationalising the provision of information by Members;

Decides to adopt the format as outlined in the Annex for the preparation of information to be provided to the Organization;

Requests the Executive Director to modify the present format in which information is sought from Members to reflect the contents of the Annex and to introduce this format as soon as practicable.

ANNEX

INFORMATION SHARING

The following format has been agreed by the Council to assist Members in the preparation of information as required under Articles 27 and 28 and for informing the Council of progress towards meeting the Year 2000 Target.

In agreeing to this format, Council sought to rationalise the various statistical and other returns which are requested by the Organization into one which would be completed annually. However, Members would continue to be encouraged to provide updated data to the Organization as soon as possible.

The Council would expect Members to provide information only on those aspects relevant to their own specific circumstances and which are within the scope of the Agreement. At the same time Council recognised the benefits to be gained from information sharing for individual Members, in promoting the activities of the Organization and objectives of the ITTA and encouraged Members to provide as comprehensive information as possible.

Council recognises that the availability of data is presently limited for some Members and that this will affect their ability to prepare this information.

FORMAT

1. INTRODUCTION/SUMMARY

2. INSTITUTIONAL AND POLICY FRAMEWORK

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

3. FOREST RESOURCE BASE

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

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

(where possible, trade data should be based on the internationally agreed harmonised tariff schedule)

- Production level, capacity and efficiency by major products by species groups (where possible) and estimates of future production.

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

5. INTERNATIONAL CO-OPERATION

- Relevant international financial and technical co-operation.
- Relevant Research and Development in forest resource conservation, management and development.
- Measures to increase production and utilisation efficiency including measures to increase value adding in producer countries.
- Measures to promote international trade in tropical timber derived from sustainably managed forests.

6. RELEVANT ENVIRONMENTAL MEASURES

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

7. RELEVANT SOCIO-ECONOMIC EFFECTS

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

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DECISION 5(XIV)

**GUIDELINES FOR THE EMPLOYMENT OF CONSULTANTS AND
GUIDELINES FOR THE PROCUREMENT AND PAYMENT
OF GOODS AND SERVICES FINANCED FROM THE SPECIAL ACCOUNT**

The International Tropical Timber Council,

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

Reaffirming the Financial Rules and Rules relating to Projects as set forth by the Council at its Third Session in document ITTC(III)/17;

Recalling Decisions 2(X), 2(XI), 5(XII) and 6(XIII), which introduced important improvements to the Project Cycle;

Decides to adopt the recommendations of the Independent Consultants on guidelines for the employment of consultants and guidelines for the procurement of goods and services, as set out in documents ITTC(XII)/6 Add.1 and ITTC(XII)/6 Add.2, as amended by ITTC(XII)/6 Rev.1 and Add.1/Amend.1, and as further amended by the Annex to this Decision.

ANNEX

AMENDMENTS TO THE GUIDELINES

1. Guidelines for the Employment of Consultants

Referring to Document ITTC(XII)/6 Add.1,

Section 4 of the Explanatory Note, line 4, shall read "...at the lowest cost), but that preference shall be given, other things being equal,...."

P.2 of the text, Section A. paragraph 5 iii), line 4, shall read "...on nationality; but preference shall be given, if all.."

On p.3 of the text, after paragraph 5 vii), the following sub-paragraph shall be inserted:

- "viii) For ITTO-implemented projects, in case the amount of the contract exceeds US\$50,000, an internal selection panel will be established to carry out evaluation of the proposals submitted. The panel will include the Assistant Director and Project Managers of the Division in charge of the project, the Assistant Director of Management Services and other professional staff of the Organization as appropriate.

A report will be prepared on each evaluation."

2. Guidelines for the Procurement and Payment of Goods and Services Financed from the Special Account

Referring to Document ITTC(XII)/6 Add.2,

Section 5, line 3 of the Explanatory Note shall read "...that below US\$25,000 fully competitive bidding is not likely to..."

P.2, Section 4, line 2, of the text shall read "...the value of not less than US\$25,000 will be financed by..."

P.7, Section 26 b., line 2, of the text shall read "less than 60 days from.....", and line 4 of the same sub-section shall read "...not less than 120 days from such date..."

P.8, Section 27, line 1, shall read "For contracts costing less than US\$25,000, or where..."

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DECISION 6(XIV)

FINANCIAL MANAGEMENT OF THE ADMINISTRATIVE BUDGET FOR 1993

The International Tropical Timber Council,

Recalling Chapter 1 of the Financial Rules and Rules Relating to Projects,

Further recalling Decision 7(XIII) which established the Working Capital Account,

Noting with concern the current total receipts of Members' contributions to the Administrative Budget for 1993,

Acknowledging that, despite the savings achieved, estimated expenditure for the current financial year exceeds total projected income,

Authorises the Executive Director to use the sum of \$250,000 from the Working Capital Account to meet the anticipated shortfall of funds required to implement the annual work programme in 1993,

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

Annex V

**REPORTS OF THE TWELFTH SESSIONS OF THE
THREE PERMANENT COMMITTEES**

{ Documents: PCM(XII)/10 Rev.1
 PCF(XII)/17 Rev.3
 PCI(XII)/9 Rev.1 }

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11-19 May 1993
Kuala Lumpur, Malaysia

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

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Report

Appendix A Schedule of 1993 Market Discussions

Appendix B Report on Market Discussions

Appendix C General Market Statement

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

REPORT

1. Opening of the Session

The Twelfth Session of the Committee was opened on 11 May 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(XIV)/Info.2. Rev.1

2. Adoption of Agenda and Organization of Work

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

3. Admission of Observers

The List of Observers admitted by the Committee is reproduced in documents ITTC(XIV)/Info.3 and ITTC(XIV)/Info.3. Add.1

4. Market Discussions (Joint Session of Permanent Committees)

The 1993 Market Discussions structured into two parts took place on 12 and 13 May 1993. The schedule of the Market Discussions is attached to this Report as Appendix A.

Part I "Policy Issues and Options Concerning Linkages Between the Tropical Timber Trade and Sustainable Forest Management"

The background documentation for this part of the discussion was the Report prepared for ITTO by the London Environmental Economics Centre entitled "The Economic Linkages Between the International Trade in Tropical Timber and the Sustainable Management of Tropical Forests." The key presentation on the subject was made by Dr. Ed Barbier of LEEC, Consultant for the Report. The deliberations on the theme were focused on presentations made from various regional geographical perspectives from Japan, Indonesia, Ghana, Brazil, Malaysia (represented by MTIB), USA and from the point of view of environmental NGOs (represented by TRAFFIC) and Timber Trade Associations (represented by UCBT).

A summary report on the discussions is reproduced as Appendix B to this report. Attention of the Committee and Council is drawn to the conclusion of the Report :

"The importance of the authoritative open and vigorous exchange of views is recognised in the desire of many members for the full text of the expert speakers' presentation and the numerous interventions from the floor. It is recommended that these texts together with a Secretariat's Note be circulated to all participants.

It is recommended that the Executive Director at his discretion is authorized to gather appropriate information on labelling and certification schemes for timber, and report to Council.

It is further recommended that after due and careful consideration by members the subject be raised at the next meeting of Council to be held in Yokohama."

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

The working documents for the discussion were the following :

- The Elements for the 1992 Annual Review and Assessment of the World Tropical Timber Situation (document ITTC(XIV)/3);

- The Country Market Statements submitted by members and the Worksheets compiled from responses to the ITTO Forecasting and Statistical Enquiry.

The Secretariat reported that 41 of ITTO Member States had provided data, in response to the Annual Forecasting and Statistical Enquiry. However, Bolivia's response was not received in time to be incorporated in the Annual Review. The following countries did not transmit any responses to the Enquiry : Egypt, India, Liberia, Nepal, Spain, Sweden, Switzerland, and Trinidad & Tobago. India informed the Committee that given the size of the country and the many states and union territories from which data would have to be collated to be transmitted, it would always be difficult to send in their responses before July of every year.

There was still the overall problem of data being deficient in terms of quality and timeliness. An appeal was made for the respective ITTO national correspondents to be assisted in providing data in time and of requisite quality to the Secretariat. The Chairman urged all members to respond promptly to the Annual Forecasting Enquiry.

The question of timeliness in submitting responses raised the wider question of whether the scheduled Annual Review of the Council should take place at the first or second of its bi-annual sessions. New Zealand supported the view that the second bi-annual session would be preferable for such a review since this would allow for enough time to enable all countries to provide complete data for the previous year under review. This opinion was confirmed in informal discussions between the Chairman and other delegates.

The Chairman also urged member countries to take a more active interest in the Customs Cooperation Council's Harmonized System and in any future revisions to the relevant chapters of the Harmonized System.

Concern was expressed by Malaysia that the Annual Review was not balanced and comprehensive in its coverage of statistical information and market developments in producer member countries on the one side and in consumer member countries on the other. The Chairman promised to take this matter up at the consumer group meeting to ensure that consumer members' responses to the ITTO Enquiry met their obligations under the ITTA. The Secretariat also reiterated its commitment to improve, to the best of its ability, responses to the Enquiry by all members. It was further agreed that more effective cooperation with other organizations such as FAO will continue to be promoted.

The Australian delegate presented a full report of his country's approach to rain forest conservation, the problems arising when production is restricted, and gave details of efforts to alleviate unemployment caused by such restrictions on timber production in rain forest areas. Australia is unique in being a major consumer with significant areas of tropical rain forest and offered to share its experiences with others. The Australian delegate also outlined the development of a national forest policy statement for the long term sustainable management of Australia's forest resources.

The observer representative from Myanmar, attending for the first time, gave details of his country's efforts to maintain sustainability. The Chairman welcomed the representative from Myanmar and expressed the hope that in due course his country would become a member of ITTO.

A synthesis of the Market Review and Outlook is contained in the text of the General Market Statement reproduced as Appendix C to this report. Attention of the Committee was drawn to the summary tables of the Tropical Timber Market Forecast Worksheets from 1991-1993 contained in the Secretariat document ITTC(XIV)/4 circulated to delegations.

5. Report on Completed Project

The Committee had for consideration a Report (document PCM(XII)/3) prepared by the Secretariat on one completed project.

- (i) PD 12/92 Rev.2 (M) **Seminar and Study Tours on "Integration of Forest Management and Processing for the Rational Utilization of Forest Resources"**

The Committee took note of the report.

6. Report on Completed Pre-Project

- (i) PPD 9/92 (M) **ITTO Workshop "Methodologies for Assessment of the Commercial and Biological Conservation Status of Timber Trees"**

The Committee considered the above report and heard statements from the representatives of U.K., Netherlands, Malaysia, Japan, Indonesia and the Secretariat. The Chairman drew the attention of the Committee to the set of recommendations made at the workshop and urged interested members to indicate at the appropriate time their willingness to participate in the follow-up project in cooperation with the WCMC and/or other appropriate organizations.

Brazil, Indonesia, Ghana and Cameroon had indicated their willingness to co-operate. Other delegates, including Malaysia, promised to consult their governments on this matter. The Secretariat is requested to draw the attention of all members to this matter.

7. Review of ITTO Activities in Progress

The Committee reviewed and took note of the reports on work proceeding in the following ITTO Activities :

- (i) The Economic Linkages between the International Trade in Tropical Timber and the Sustainable Management of Tropical Forests

The Report on this activity has been completed and was the subject of the Market Discussions. The outcome of the discussions on this Report appear under item 4 of this 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

The representative of Ghana confirmed the details of work proceeding under this activity.

- (ii) Forest Resource Accounting: Monitoring Forest Condition and Management

The representative of IIED, Mr. Stephen Bass gave further account of work proceeding on this activity.

8. Report of Project Work in Progress

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

- (i) PD 42/88 Rev.1 (M) **The Structure of China's Tropical Timber Market, the Current Situation of International Cooperation of the PRC and Prospects to the Year 2000.**

The Chinese delegate gave a detailed report of the current status of this project and indicated that it would be completed by the end of the year.

- (ii) PD 118/90 (M) **Training Workshop on Tropical Forestry and Timber Trade Statistics.**

The Committee further took note of the statement by the FAO representative in which he indicated FAO Secretariat's readiness to cooperate with ITTO Secretariat in organizing the third of the training workshops to be held in the Asia-Pacific region, in the last quarter of this year.

- (iii) PD 124/91 Rev.1 (M) **Study of the Substitution of Bamboo for Tropical Timber as Raw Materials in China.**

The Chairman of the Committee congratulated China on what was reported as a successful "International Symposium on Industrial Use of Bamboo" held in Beijing from 7 to 11 December 1992, followed by a post-symposium study tour to Bamboo areas and institutions in China.

- (iv) PD 173/91 Rev.1 (M) **Market News Service for Tropical Timber and Timber Products, Phase II**

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

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

The Representative of Brazil informed the Committee of the state of progress on this item.

- (vi) 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**

Following consultations with Indonesia, the Chairman proposed the following amendment to a section of the report on this project concerning the Consultant's work in Indonesia :

The Committee took note of a letter to the Secretariat from Indonesia dated December 1992. It was reported that on arrival in Indonesia the Consultants had not received details of the adjustment to their brief on the Study, which was to cover the re-location of wood processing industries from consuming countries. This had delayed progress. The Secretariat apologised for this error which had now been rectified.

The amendments were agreed by the Committee.

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

The Secretariat reported that consultations were taking place on concluding the relevant project agreement and on the receipt of funds for the project start-up.

- (viii) PD 31/92 Rev.1 (M) **Selection and Introduction of Lesser-known and Lesser-used Species for Specific End-uses - Phase 3**

The Secretariat reported that consultations were taking place on concluding the relevant project agreement and on the receipt of funds for the project start-up.

- (ix) PD 36/92 (M) **Collection and Computer Processing of Forest Statistics with a view to improving the Management of the Forest Resources of Gabon.**

The Committee decided to recommend that Council allocate funds for the implementation of this project.

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

The Committee decided to recommend that Council allocate funds for the implementation of this project.

9. Consideration of Project Proposals

The Committee had before them two 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 D.

- (i) PD 9/93 Rev.1 (M) **Market Intelligence: Tropical Timber Market Information System**

The Committee agreed to recommend this project for immediate implementation.

- (ii) PD 16/93 (M) **Market News Service for Tropical Timber and Timber Products, Phase III**

The Committee took note of the recommendations of the Expert Panel and the clarifications made to the Project Document in response to the Panel's request. The Committee also heard verbal explanations from the representatives of the ITC who also answered queries raised during the assessment of the project. The Committee however, accepted the recommendation of the Expert Panel which requested that a pre-project be approved by the Permanent Committee to undertake an assessment of the project and to reformulate the proposal based on this assessment.

The pre-project activity, to be undertaken by two independent consultants (one each from a producer and consumer member country), has the following objectives and outputs:

1. A comprehensive evaluation of the current ITC MNS, incorporating an evaluation of current subscribers, costs/benefits and consequences of transfer of location to Yokohama of such a service, and an analysis of possible subscription systems. Consultants will travel to Yokohama (2-3 days) and to Geneva (1 week), with work in Geneva to be completed promptly.

2. An evaluation of the Market Data Input Service envisaged under PPD 3/93 (M) and its relevance to the MNS.
3. An analysis of the prospects of institutionalizing funding for the MNS to ensure continuity of operation. A report on the first three activities will be submitted by the consultants to the ITTO Secretariat by the end of July 1993.
4. A reformulated project proposal, incorporating the findings of the first three activities, to be submitted in time for consideration of the next Expert Panel and the 13th Session of PCM. In view of the time constraints and the submission deadline for the Expert Panel of June 23, work should begin immediately. The Committee may wish to recommend an extension of the submission deadline for the reformulated proposal given the concerns raised regarding disrupting the service.

10. Decision on Pre-Project Work

The Committee considered a Pre-Project Activity contained in document PPD 3/93 (M) "Market Data Input Service for African Timbers and Timber Products". The Committee decided to accept the recommendation of the Expert Panel that a feasibility study of the establishment of an African market data input service be carried out under the pre-project proposed in its assessment of PD 16/93 (M). A new project proposal, based on this feasibility study and on the reformulation of PD 16/93 (M) and PD 51/92 (F) should be submitted for consideration of the Panel.

The Committee also considered and approved for implementation a pre-project arising from its consideration of PD 16/93 (M). The details of this pre-project [PPD 7/93 (M)] are covered under Item 9 (ii).

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

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

12. Dates and Venue of the Thirteenth Session

The Thirteenth Session of the Committee will be held in conjunction with the Fifteenth Session of the International Tropical Timber Council scheduled for Yokohama from 10 to 17 November 1993.

13. Any Other Business

No matters were raised for discussion under this item.

14. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations :

- (i) That Project PD 9/93 Rev.1 (M) be approved for immediate implementation.
- (ii) That funds be allocated for the implementation of Projects PD 36/92 (M) and PD 40/92 Rev.1 (M).
- (iii) That funds (US\$ 39,050) be allocated to implement the pre-project activity PPD 7/93 (M) "Assessment of the Market News Service for Tropical Timbers". In view of the special

circumstances of this pre-project, that the deadline for submission of the resulting project proposal to the Expert Panel be postponed to July 31 1993.

- (iv) That Council take note of the report on the discussions "Policy Issues and Options Concerning Linkages Between the Tropical Timber Trade and Sustainable Forest Management" and resume its consideration of the subject at its Fifteenth Session in Yokohama.
- (v) That Council take note of the following reports, and the recommendations contained therein, of two workshops :
 - a. PD 12/92 Rev.2 (M) - Seminar and Study Tours on "Integration of Forest Management and Processing for the Rational Utilization of Forest Resources"
 - b. PPD 9/92 (M) - "Methodologies for Assessment of the Commercial and Biological Conservation Status of Timber Trees"
- (vi) In view of the difficulties faced by many countries in responding comprehensively to the Annual Forecasting and Statistical Enquiry, that consideration of the Annual Review be re-scheduled for the second bi-annual session of the Council. It is understood, however, that the Annual Market Discussions will continue to take place at the first bi-annual session of the Council.

APPENDIX A

SCHEDULE OF 1993 MARKET DISCUSSIONS

Wednesday 12 - Thursday 13 May 1993

Kuala Lumpur, Malaysia

- Theme : Policy Issues and Options Concerning Linkages Between Tropical Timber Trade and Sustainable Management of Tropical Forests
- Chairman : Mr. Arthur V. Morrell (United Kingdom), Chairman of the Permanent Committee on Economic Information and Market Intelligence
- Rapporteur : Dr. Geoffrey Elliott (United Kingdom)

Schedule of Activities for the Market Discussion

Tuesday, 11 May 1993

- a.m. - p.m. - Opening Session of the Council and Permanent Committees.
- Country Market Statements to be collected, distributed and collated by the Secretariat.
- Worksheets to be prepared and displayed on boards by the Secretariat.

Wednesday, 12 May 1993

Part I

- 10:00 - 10:05 - Introductory Statement by the Chairman
10:05 - 10:15 - Introductory Statement by the Executive Director
10:15 - 11:00 - Presentation by Dr. E. Barbier (LEEC): Policy Issues and Options and Implications for ITTO.
11:00 - 11:30 - Coffee Break
11:30 - 13:00 - General Discussion - with 3 Discussion Leaders (Japan, Indonesia and Ghana)
13:00 - 14:30 - Lunch Break
14:30 - 16:00 - General Discussion - with 3 Discussion Leaders (UCBT, MTIB and TRAFFIC)
16:00 - 16:15 - Coffee Break
16:15 - 18:00 - General Discussion - with 2 Discussion Leaders (Brazil and USA)
18:00 - Drafting Committee Meeting

Thursday, 13 May 1993

Part II

- 09:00 - 10:30 - Annual Review and Assessment of the World Tropical Timber Situation
- Introductory Statement by Secretariat
- Brief Presentation of Country Market Statements
- General Discussion
10:30 - 11:00 - Coffee Break
11:00 - 12:00 - Drafting Committee on General Market Statement.
12:00 - 13:00 - Consideration and Adoption of the General Market Statement prepared by the Drafting Committee
13:00 - 14:30 - Lunch Break

Part I

- 14:30 - 16:15 - Presentation by Rapporteur and General Discussion on Summary of Findings and Recommendations
16:15 - 16:30 - Coffee Break
16:30 - 18:00 - Adoption of Summary of Findings and Recommendations to ITTC

APPENDIX B

Summary of Market Discussions to consider "Policy Issues and Options Concerning Linkages between the Tropical Timber Trade and Sustainable Forest Management"

Dr. E. Barbier of the London Environmental Economics Centre (LEEC) introduced the topic by a presentation of his report on "Policy Issues and Options Concerning Linkages Between the Tropical Timber Trade and Sustainable Forest Management" document Final Report ITTO Activity PCM(XI)/4 as approved by the ITTC decision 3 (X), Tenth Session, Quito, Ecuador.

This was followed by expert presentations from producer countries (Brazil, Ghana, Indonesia and Malaysia, represented by MTIB), Consumer countries (Japan and USA) and NGOs (TRAFFIC and UCBT). The expert presentations were complemented by more than 40 interventions from the floor from a wide representation of Member countries and Observers.

Dr. Barbier highlighted a number of principles and conclusions drawn from his Report. These included the following :

- * The International Tropical Timber Trade is not a major cause of tropical deforestation.
- * Trade policies must lead to trade related incentives and not trade restrictions if they are to have a role in fostering sustainable forest management.
- * Trade policy interventions alone cannot be expected to meet the full costs required to implement Target 2000.
- * Given that trade interventions presently in operation have had a limited impact on encouraging sustainable forest management, maintaining the "status quo" is not a viable option.

Dr. Barbier argued that new trade policies will be most effective when :

- * They support and complement national policies and regulations for sustainable forest management within producer countries.
- * They improve rather than restrict market access to import markets for tropical wood products and so ensure maximum value added for sustainably produced tropical exports.
- * They assist producer countries in obtaining additional financial resources required to implement national forest plans in the drive towards sustainability by the Year 2000.

General Discussion

The discussion which followed developed around three major themes :

- * Measures to alter the pattern of trade.
- * Measures to raise revenues for sustainable forest management.
- * Certification and labelling.

The discussion was characterised by a full and frank exchange of views and by the desire of some members for recommendations to follow from this important trade focused meeting.

Measures to alter the pattern of trade

The role of trade interventions to optimise the ability of producer countries to meet the requirements of Target 2000 was discussed.

The principal elements identified were :

- * Progress towards more remunerative price structures.
- * Improved and unimpeded access to international markets, especially for value added products.
- * Appropriate mechanisms for the transfer of technology and management practises.
- * Recognition of the burden placed mainly on producer countries for progress towards sustainable forest management.

On the other hand it was also recognised that trade instruments must operate in the international market place and tropical timber must be placed in the proper perspective in this respect.

The principal elements identified were :

- * The relatively small share of the international timber market held by tropical timber.
- * The decreasing proportion of the industrial harvest from tropical forests entering the international timber market.
- * The competitive nature of this market with increasing emphasis on quality, substitution and customer preference.

The most favourable interpretation of trade interventions were :

- * That they should increase real revenue flows and that these increases should be made available for sustainable forest management programmes.
- * Price distortions are not likely to occur and that the costs of such interventions are likely to be low.

Multilateral trade agreements (e.g., GATT) and international concern for the protection of endangered species expressed through CITES were also shown to influence the pattern of trade in tropical timber products. Innovative proposals would have to be consistent with international trade law.

Measures to raise revenues for Sustainable Forest Management

Divergent viewpoints were expressed on measures to raise revenue from the trade in tropical wood, and finance from external sources to provide necessary funding for Target 2000. The latter was considered more effective and would not distort trade. Trade related mechanisms proposed were considered second best and should not be given priority.

Certification and Labelling

It was noticed that there has been a growing consumer desire for information on the environmental effect of all goods purchased. This desire is reflected in some instances in the demand for product labelling and certification. Certain labelling and certification schemes are being introduced in the timber market. These include country, concession and product labelling and certification. The

proliferation of such schemes may be causing confusion in the market and care must be exercised in the adoption of any proposed labelling and certification.

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

In order to be workable and effective it was said that 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.
- * not be used as a non-tariff barrier against producer countries and should apply equally to all types of timber.

Conclusion

The importance of the authoritative open and vigorous exchange of views is recognised in the desire of many members for the full text of the expert speakers presentation and the numerous interventions from the floor.

It is recommended that these texts together with a Secretariat's Note be circulated to all participants.

It is recommended that the Executive Director at his discretion is authorised to gather appropriate information on labelling and certification schemes for timber, and report to Council.

It is further recommended that after due and careful consideration by members the subject be raised at the next meeting of Council [ITTC (XV)] to be held in Yokohama.

APPENDIX C

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ITTO 1993 MARKET DISCUSSIONS
Kuala Lumpur, Malaysia, 13 May 1993

GENERAL MARKET STATEMENT

The nominal value of exports of primary timber products from ITTO producer member countries rose by 2.6 percent in 1991 to \$7.51 billion. This increase was due to increased exports of veneer and plywood (primarily from Indonesia and Malaysia) and came in spite of a decline of 5.7 percent in the volume of log exports from ITTO producers. Although comprehensive statistics are not available, it appears that increasing veneer and plywood exports continued to offset losses from a further 10 percent decrease in 1992 log exports. The total value of exports looks certain to drop in 1993, however, with producers predicting a massive drop of more than one-quarter in log exports to just under 15.7 million m³.

Production of tropical saw and veneer logs in ITTO producing countries totalled almost 122.5 million m³ in 1991, an 11 percent decrease from revised 1990 levels. The proportion of log production being utilized domestically in Africa and Asia (Latin America consumes virtually all logs produced) fell slightly in 1991, to 61 and 81 percent respectively. These figures will increase by 1-3 percent in 1992, reflecting increasing populations, growing economies and the desire to export value-added products. Sawnwood production totalled almost 32.9 million m³ in 1991, down 16.5 percent from revised 1990 levels. The large decreases in logs and sawnwood reported here are almost entirely due to the major decrease in sawnwood production reported by Indonesia for 1991. In 1992 both log and sawnwood production are expected to have rebounded in aggregate. Tropical hardwood veneer production totalled slightly over 1.5 million m³ in 1991, a 12.7 percent increase from revised 1990 levels. This increase was largely due to new capacity in Malaysia, with further increases expected in 1992-93. Plywood production rose by 3.7 percent in 1991, to 12.8 million m³. This increase was primarily due to growth in both Indonesian and Malaysian plywood production, although the rate of growth of the Malaysian industry now exceeds that of Indonesia. Both countries will continue to increase production in 1992-93, Indonesia slowly as limits on plant capacities and annual allowable cuts are reached, and Malaysia more quickly as new plants to process logs from Sabah and Sarawak are built.

ITTO consumer countries also produced substantial quantities of tropical timber products in 1991. Consumers produced just over 2.4 million m³ of sawnwood, almost 0.6 million m³ of veneer and nearly 8.5 million m³ of plywood, nearly all from imported tropical logs. These production levels, particularly for plywood, will drop in 1992-93 as the supply of tropical logs dwindles.

ITTO producers exported 23.9 million m³ of logs in 1991, with Malaysia providing 81 percent of this amount. This figure, a decrease of 5.7 percent from 1990 levels, will continue to decline with a major drop in log exports projected for 1993 as Malaysia begins to restrict log exports due to the combined pressures of domestic demand, value-added policies and environmental concern. Sawnwood exports remained steady at 7.3 million m³ in 1991. Exports are projected to have increased by 7.6 percent in 1992 but will return to 1990-91 levels in 1993. Indonesian sawnwood exports have stabilized and (in spite of the large decrease in production) have begun to increase as international market prices have

appreciated. Malaysia remains the largest sawnwood exporter, accounting for 67 percent of the total volume of ITTO exports in 1991. Veneer exports, also led by Malaysia, increased by almost 23 percent over the 1990 level to almost 0.83 million m³. Plywood exports from ITTO producing nations increased by 7.5 percent over 1990 levels, to 10.5 million m³. This increase was due to continuing expansion in both Malaysian and Indonesian exports which together constituted almost 95 percent of the ITTO total in 1991. ITTO consumers also exported or re-exported substantial quantities of tropical timber in 1991, led by plywood exports of 0.49 million m³. This trade is largely centred in Europe and is expected to gradually decline in magnitude through 1993.

Tropical hardwood log imports by ITTO consumers fell 1 percent to just over 22.9 million m³ in 1991. If imports by producing members are taken into account, however, total 1991 tropical log imports reached 26.5 million m³. This figure is 2.5 million m³ greater than total exports, with the shortfall presumably made up by non-ITTO suppliers (including Myanmar, Vietnam, Laos, Solomon Islands and several relatively minor African log exporters). As this shortfall is probably approaching the limit of what these non-member countries can provide, the gap between projected total tropical log imports and exports in 1992 (5.2 million m³) and 1993 (9.8 million m³) will increasingly need to be filled by substitute materials. Japan maintained its position as the dominant importer of tropical logs in 1991, accounting for almost 45 percent of all consumer country log imports. Japanese demand for tropical logs softened by 8 percent in 1991, with similar decreases forecast for 1992 and 1993. Amongst consumer countries, only China (including Taiwan Province of China) will substantially increase tropical log imports in 1992-93. India, Thailand and the Philippines are the major producing country log importers; the latter two predict increasing imports through 1993.

Japan's imports of 1.0 million m³ of tropical sawnwood in 1991 fell by over 26 percent from 1990 levels, following a similar percentage decrease in 1989-90. Japan still remained the main importer amongst ITTO consumers, accounting for 19 percent of aggregate consumer imports of 5.5 million m³ in 1991. Thailand remained the largest ITTO importer of tropical sawnwood in 1991 at 1.5 million m³. Thailand will continue to be the major market for tropical sawnwood in the foreseeable future, with imports expected to grow to 1.8 million m³ in 1993. In contrast all consuming countries but Korea predict relatively stable or decreasing imports of tropical sawnwood through 1993. The drop in total ITTO tropical sawnwood imports of nearly 0.6 million m³ in 1991 is primarily attributable to the large drop in Japanese imports, together with a steady decline in European imports.

Japan consolidated its position as the dominant tropical hardwood veneer importer in 1991, absorbing an estimated 677 000 m³ (57 percent of all consumer imports and 55 percent of total ITTO imports). Japan significantly revised upwards its tropical veneer import figures this year and expects veneer imports to continue to grow. Tropical plywood importers also continue to be led by Japan which absorbed over 2.9 million m³ in 1991, up almost 5 percent from 1990. Tropical plywood imports continue to grow in almost all consuming countries, reaching 8.1 million m³ in 1991.

Prices for primary tropical hardwood products appear to have firmed somewhat during 1991-92 for Asian producers, while falling slightly for African exporters and remaining more or less constant for the Latin American region. Asian log and sawnwood prices began to increase significantly at the end of 1992 in response to tighter supply. This trend is predicted to continue and intensify during 1993 as wood shortages become apparent. Average nominal prices for logs, sawnwood and plywood (Asian exporters only) have, in general, firmed for all regions in 1991-92, with fluctuations due to exchange rate variation, large consumer stock-piles and general economic conditions.

In opening the meeting to discuss the Annual Review, the Chairman urged all members to complete the Forecasting and Statistical Enquiry at an early date. This obviously causes problems for many countries as was exemplified by the intervention from India who informed the assembly that India was a vast country consisting of many states and union territories and that it would be difficult to complete the 1992 Enquiry before July 1993.

This raised the question as to whether May is the appropriate time to consider the Annual Review, and New Zealand supported the view that the November Council Session would be preferable as it would enable all countries to provide complete data for the year under review. This opinion was confirmed in informal discussions between the Chairman and other delegates.

The Chairman also urged member countries to take a more active interest in the Customs Cooperation Council's Harmonized System and in any future revisions to the relevant chapters of the Harmonized System.

Concern was expressed by Malaysia that the Annual Review was not balanced and comprehensive in its coverage of statistical information and market developments in producer and consumer member countries. The Chairman promised to take this matter up at the consumer group meeting to ensure that consumer members' responses to the ITTO Enquiry met their obligations under the ITTA. The Secretariat also reiterated its commitment to improve, to the best of its ability, responses to the Enquiry by all members. It was further agreed that more effective cooperation with other organizations such as FAO will continue to be promoted.

The Australian delegate presented a full report of his country's approach to rain forest conservation, the problems arising when production is restricted, and gave details of efforts to alleviate unemployment caused by such restrictions on timber production in rain forest areas. Australia is unique in being a major consumer with significant areas of tropical rain forest and offered to share its experiences with others. The Australian delegate also outlined the development of a national forest policy statement for the long term sustainable management of Australia's forest resources.

The representative from Myanmar, attending for the first time, gave details of his country's efforts to maintain sustainability. The Chairman welcomed the representative from Myanmar and hoped in due course his country would become a member of ITTO.

APPENDIX D

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

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

Summary

This Project is a follow-up to Projects PD 14/87 (M) "Market intelligence: analysis of wood flow as a basis for an early warning system for the tropical timber market" and PD 158/91 Rev.1 (M) "Market intelligence: analysis of wood flow as a basis for an early warning system for the tropical timber market - phase II: Testing the system". The latter project, which has just been completed, tested the blueprint of the market information system, as developed under the former project, in various European countries. The results, gleaned from data collected for 1991, clearly show that the system provides unique information that had never been available in the past - such as current trading information from the moment of import through to end-use.

The present project, to be implemented over a two-year period, envisages the following activities and outputs:

- To extend the market information system, tested under PD 158/91 Rev.1 (M), to 1992 and 1993.
- To expand the geographical coverage to two major European consuming countries: Spain and Italy.
- To establish whether this system can be applied to the Japanese market.

The project meets the objectives outlined under Programme Area 4 (Situation Trends and Prospects 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 information provided by the precursor to this project (PD 158/91 (M)) was useful. The value of the information would be enhanced, however, by the inclusion of summary tables showing the statistics used to generate the import/export trend charts and by also showing trends in production and consumption. A more in-depth analysis of the factors driving these trends in each country and a summary of trends and results for all countries considered would also be useful.

The Panel stressed that the project document should explicitly deal with the transfer of market information to producing countries on an on-going basis. Producer countries should also be encouraged to provide details of the type of information they would find useful, with such comments incorporated into the project structure in so far as is possible. Effort should also be made to collect data on average prices for the major products in trade in each target country, to complement the FOB prices currently reported by the Market News Service. Regarding geographic coverage, the Panel felt it was essential foremost to ensure that all the target governments and agencies lend their full cooperation in consonance with the provisions of the ITTA, 1983. In particular, before expanding the geographic coverage it was an important pre-requisite to solicit the firm support of the target member governments and agencies in any new countries before their inclusion in the project.

The Panel also felt that the main focus of the work should remain on Europe, with special efforts made to increase coverage in southern European countries. In this regard, in addition to the proposed inclusion of Spain and Italy, both Greece and Portugal were thought to be worthy of inclusion due to their relatively large imports of primary tropical timber products. The inclusion of Japanese data was

felt to be important, but the feasibility study on including Japan should not consume substantial project resources due to the reasonably good availability of official statistics and sources and the possibility of liaising with ITTO headquarters to determine appropriate contacts. Finally, the Panel queried the high cost of Expert A at \$34,400 for 51 days (\$674 per day) and requested justification and/or modification of this figure.

Recommendations of the Expert Panel

The Panel concluded that subject to the above substantial modifications necessary for success that the project be commended to the Permanent Committee for appraisal.

Assessment by the Committee

The Committee assessed the project in the light of the recommendations of the expert panel. The Committee recommended that the project be approved for immediate implementation.

PD 16/93 (M) Market News Service for Tropical Timber and Timber Products - Phase III

Summary

The project proposes to continue and improve the Market News Service for Tropical Timber (MNS), implemented since January 1990 first under PD 7c/87 (M) and currently under PD 173/91 Rev.2 (M). The project provides for the continuation of the fortnightly publication of the MNS for a further 4-year period (January 1994 - December 1997). Over this extended period further developments envisaged as outputs are:

- (i) improved network of correspondents in all regions, but in particular an established network of correspondents in the importing countries of North America, Europe, Southeast Asia and Japan,
- (ii) improved dissemination/distribution system, utilizing an increased number of sub-contractor organizations and individuals where possible in order to widen the circle of users,
- (iii) improved data base linkages with the ITTO Secretariat,
- (iv) wider scope, incorporating some economic information and developments in producing countries towards achieving Target 2000,
- (v) a fully-developed paying subscription system by which certain users will be made to contribute towards the operational costs of the Project.

Comments of the Expert Panel

The Panel, while expressing initial support for the work being carried out by the Market News Service, had strong reservations about the cost of the proposed extension. The Panel expressed a strong desire for some assessment of the strengths and weaknesses of the current MNS before considering any new proposal. The Panel also expressed the view that it would be preferable to implement the MNS project from the ITTO headquarters to improve in house capability, as was the intention in the initial phases of the project. The Panel also questioned the lack of any income from subscriptions in the proposed budget, despite the inclusion of a "fully developed paying subscription system" as one of the project outputs.

The Panel felt that the proposal should be reformulated, incorporating the results of a thorough evaluation of the current MNS. This evaluation should include a survey of existing recipients of the MNS as to perceived strengths and weaknesses, an assessment of the implications of transferring the project to the ITTO headquarters, and an economic analysis of the potential income to be derived from subscriptions to the service. The Panel felt that this evaluation could best be carried out as a pre-project under which a consultant would be employed to carry out the evaluation of the current service and to reformulate the proposal based on this evaluation.

The Panel further felt that due to the inter-linkages between the MNS and the proposed Market Data Input Service for African Timbers and Timber Products that it would be logical to incorporate a feasibility study of the work proposed under PPD 3/93 (M) into the overall review of the MNS and accompanying reformulation of PD 16/93 (M) pre-project proposal.

Recommendations of the Expert Panel

1. The Panel recommends that a thorough assessment of the current MNS be undertaken, including a user survey, implications of transferring the project to ITTO headquarters and analysis of the proposed subscription system.
2. The Panel recommends that a pre-project be approved by the Permanent Committee at its next session to facilitate the assessment of the project and to reformulate the proposal based on this assessment. This pre-project should be implemented immediately so that the reformulated proposal would be ready for the 15th Council Session, thus avoiding any disruption to the service.
3. The Panel recommends that a feasibility study of the type of Market Data Input Service envisaged under PPD 3/93 (M) be included in the pre-project to assess the MNS and reformulate PD 16/93 (M).

Conclusion

The Panel felt that complete reformulation of the proposal in line with the above recommendations is still essential and that it would have to reassess the reformulated proposal before it can be commended to the Permanent Committee.

Assessment by the Committee

The Committee adopted the conclusion and recommendations of the Expert Panel, adding that the pre-project should also investigate the institutionalizing of funding for the MNS to ensure continuity of operations. The relevant pre-project, approved by the Committee, is contained in document PPD 7/93 (M).

PPD 3/93 (M) Market Data Input Service for African Timbers and Timber Products

Summary

This one-year Pre-project proposes to establish the nucleus of a regional market information and dissemination centre for West and Central Africa at the Forest Research Institute of Ghana (FORIG). The centre's main objective will be to improve the sources and quality of market information by providing a consistent and orderly collection of tropical timber market data from Cameroon, Ivory Coast, Ghana and Zaire to the ITTO Secretariat and the ongoing Project PD 173/91 Rev.2 (M) "Market news service for tropical timber and timber products" (MNS). The Pre-project's specific objectives are:

1. To establish a network of correspondents in the West and Central African tropical timber producing countries.
2. To establish a system for the collation of market and economic information and develop a suitable database for processing, storage and retrieval.
3. To provide current and timely reports of consolidated export and other price and volume data for transmission to MNS and ITTO.
4. To assist in developing the collection systems for market and statistical data in the tropical timber producing and exporting countries of the region.

The Pre-project meets objectives a, b, d and g of Article 1 of the ITTA.

Comments and Recommendations of Expert Panel

The Panel considered that the overall output of the proposal was good and would serve, as indicated, to fill the gap in information from the producing member countries of West and Central Africa. However, it was important to ensure coordination with the outputs of PD 51/92 (F) through the African Timber Organization and PD 16/93 (M) through ITC/ITTO. As the Panel has recommended that both of these projects be reformulated for resubmission, this coordination will be difficult to achieve at this stage and that a logical approach would be to incorporate a feasibility study of the establishment of a market data input service into the pre-project proposed to assess and reformulate PD 16/93 (M).

The Panel requested that such a feasibility study clarify the terms of reference for the proposed consultants; provide a detailed work-plan and annotated budget, particularly with respect to lines 4 and 5 in the current budget (cost of salaries and travel for personnel in and outside Ghana).

The Panel further requested that the feasibility of collecting data on inter-regional trade, domestic markets and forest areas and exploitation in the region be assessed, as well as the potential for political commitment to be secured from all target countries in order to ensure cooperation for the various national correspondents in their sourcing of information.

The Panel requested that a new project proposal be submitted to its next session based on the feasibility study recommended here and incorporating developments in the reformulation of PD 16/93 (M) and PD 51/92 (F).

Conclusion

The Panel concluded that a feasibility study of the establishment of an African market data input service be carried out under the pre-project proposed in its assessment of PD 16/93 (M). A new project proposal, based on this feasibility study and on the reformulation of PD 16/93 (M) and PD 51/92 (F) should be submitted for consideration of the Panel.

Assessment by the Committee

The Committee assessed the pre-project and adopted the conclusion of the Expert Panel's conclusion as above.

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 9/93 Rev.1 (M)	a,b,c,d,e,g				396,585	2 years	Europe	4
PD 16/93 (M)	a,b,c,d,e,g				1,682,000	4 years	Global	3

- (*)
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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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL
TWELFTH SESSION OF THE PERMANENT COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT
11 - 19 MAY 1993

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REPORT

1. Introduction

The Twelfth Session of the Committee was opened, on 11 May 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(XIV)/Info.2 Rev.1.

2. Adoption of Agenda and Organization of Work

At the first meeting on 11 May 1993, the Committee formally adopted the Agenda of its Twelfth Session as contained in document PCF(XII)/1.

3. Admission of Observers

A list of observers admitted by the Committee to attend its Twelfth Session is contained in document ITTC(XIV)/Info.3 and ITTC(XIV)/Info.3 Add.1.

4. Market Discussions (Joint Session of the Permanent Committees)

The Market Discussions were held on 12-13 May 1993 under the Chairmanship of Mr. Arthur Morrell (UK), Chairman of the Permanent Committee of Economic Information and Market Intelligence.

The Discussions were focused on:

Part I: "Policy Issues and Options Concerning Linkages Between the Tropical Timber Trade and Sustainable Forest Management"

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

5. Report on Completed Projects

The Committee noted that Project PD 76/90 (F) "Project Formulation Workshop for Establishing a Network of Genetic Resources Center for Adapting to Sea Level Rise" which was previously reported as having finished with its field activities has now submitted an audited financial report. This project is now considered complete.

6. Review of Activities in Progress

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

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

There was discussion regarding reasons behind the lack of response from member countries in nominating candidate areas. The Secretariat mentioned that the lack of detailed nomination process and the absence of nomination forms maybe the reason for slow progress in this area. The Committee noted that the Commonwealth Secretariat has undertaken initiatives in this area and that it may be willing to share information with ITTO. A recommendation to set-up a working group to develop a nomination process was endorsed by Austria, Denmark, Netherlands, France, Indonesia, Ghana, Malaysia, U.K. and Switzerland. An informal working group lead by Malaysia was formed to determine the most appropriate action for pursuing this activity.

The informal working group drafted Terms of Reference for the continued implementation of the Activity on demonstration Areas for Sustainable Management of Production Forests found in Appendix IV of this report. The Committee reviewed the terms of Reference and made various modifications. Consequently, Rev.4 was adopted by the Committee and requested the Executive Director to take action according to the Terms of Reference for the implementation of this activity. The Committee also requested the Secretariat to develop a budget under the headings found in Annex 2 of Appendix IV to support activities and fund this from the Special Account.

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

The Committee noted the progress that has been undertaken on the development of the Economic Case for Natural Forest Management. A workshop was held in December 1992 in Malaysia to give participating countries opportunity to discuss progress and coordinate activities. This was attended by delegates from Malaysia, Thailand, Papua New Guinea and Indonesia. During the Workshop, a decision was made by the participants to omit the Philippines in future activities because it did not send a representative or submit sufficient data to meet requirements for participation. During the session, the executing agency (FRIM) stated that reports had already been received from Thailand and Papua New Guinea and Indonesia's submission was still pending.

- (iii) The committee welcomed the publication of the Guidelines for Sustainable Management of Planted Tropical Forests in English. The Spanish and French versions should be available in the near future.

- (iv) The Permanent Committee decided at its Eighth Session in June 1991 to establish a "Working Group to establish the Guidelines for the Conservation of Biological Diversity in Tropical Production Forests". These guidelines were adopted during the thirteenth session of the Council. At the same time, a Pre-project for the publication of the Guidelines was submitted without a budget and approved for implementation as soon as funds became available. This pre-project is presented and discussed in detail in PCF(XII)/5. Therefore, this activity is considered complete.

- (v) At its Eleventh Session, the Council decided to approve an ITTO Activity on the "Protection of Tropical Forests Against Fire" as outlined in document ITTC(XI)/13 Rev.1 which was jointly submitted by the Governments of Japan, Indonesia and the United States of America. In this document it was envisaged that the activity would consist of a program of field activities on forest fire protection in Indonesia and an Expert Panel to develop general guidelines on the protection of tropical forests against fire.

As an outcome of the consultative visit, the government of Indonesia submitted a project proposal PD 12/93 (F) "Integrated Forest Fire Management - Phase I: Guidelines on Forest Fire Prevention and Control in the Tropical Forest" to the project cycle leading to the Fourteenth Council Session. The Committee noted that the Fifth Panel recommended this project proposal be reformulated and resubmitted to the Sixth Panel for a second technical evaluation.

Furthermore, during its Eleventh Session, the Committee recalled its adoption of the draft terms of reference for the ITTO Expert Panel on the Protection of Tropical Forests Against Fire at its Tenth Session. It also recalled its recommendations at that Session to commission a consultancy report and following the receipt of the report, an Expert Panel be constituted, provided that voluntary contributions were available in the ITTO Special Account to support this activity.

In response to the Committee's wishes, a Pre-project was formulated to guide the work of the consultants and Expert Panel in the formulation of Guidelines for the Protection of Tropical Forests Against Fire.

This Pre-project, PPD 6/93 (F) was reviewed by the Committee which recommended that the number of Experts on the Panel be reduced from a total of eight down to a total of six members. The Committee felt that this number would be sufficient provided that the Expert Panel members have the appropriate experience and expertise. Consequently, the total budget was reduced from \$102,060 down to \$91,140. The Committee commended this Pre-project for approval and immediate financing.

7. Review of Project Work in Progress

The Committee took note of a status report (document PCF(XII)/4) by the Secretariat on the sixty-nine 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.

A) Projects under implementation

- 1) PD 2/87 (F) Rehabilitation of Logged-over Forests in Asia/Pacific Region,
- 2) PD 10/87 (F) Forest Management of Natural Forests in Malaysia,
- 3) PD 15/87 (F) The Biology of Okoume in Gabon,
- 4) PD 34/88 Rev.1(F,I) Conservation, Management, Utilization and Integrated and Sustained Use of the Forests in the Chimanés Region, Beni Department, Bolivia,
- 5) PD 52/89 Rev.4 (F) Forestry Treatment by Thinning-out in the Context of a Pilot Forest Development Scheme in the Reserved Forest of Sud-Bakundu,
- 6) PD 53/89 Rev.1 (F) Preparation of a Master Land-Use Plan for Forest Areas, Cameroon,
- 7) PD 68/89 Rev.1 (F) Management of the Tapajós National Forest for Sustainable Production of Industrial Timber,
- 8) PD 69/90 Rev.1 (F) Workshop on Sustainable Tropical Forest Management with Special Reference to the Atlantic Forest,
- 9) PD 71/89 Rev.1 (F) The Economic and Environmental Value of Mangrove Forests and Present State of Conservation,
- 10) PD 74/90 Rev.1 (F,I) Better Utilization of Tropical Timber Resources in Order to Improve Sustainability and Reduce Negative Ecological Impacts,
- 11) PD 75/90 (F) Development of Genetic Resistance in the Tropical Hardwood Iroko to the Damaging Insect Pest: Phytolyma lata,
- 12) PD 77/90 (F) Establishment of A Pilot Area for Silviculture in Closed Forests in Congo,
- 13) 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)],
- 14) PD 86/90 (F) International Network for Developing Human Resources in Tropical Forest Management (Phase I),
- 15) PD 88/90 (F) Sustainable Selective Harvesting of Mahogany in Bolivia,

- 16) PD 89/90 (F) Sustainable Forest Management and Human Resources Development in Indonesia,
- 17) PD 95/90 (F) Forest Management in the Alexander von Humboldt National Forest, Phase I, II, III,
- 18) PD 97/90 Rev.1 (F) Multi Stage Survey of Tapajós National Forest,
- 19) PD 99/90 Rev.1 (F) Establishment of the Rio Preto National Forest (Espírito Santo State),
- 20) PD 103/90 Rev.1 (F) Training and Manpower Development in Community Forest Management,
- 21) PD 104/90 Rev.2 (F) Studies of the Management Standards of Hill Dipterocarp Forests in Sarawak from Watershed Management Points of View,
- 22) PD 105/90 Rev.1 (F) Model Forest Management Areas,
- 23) PD 106/90 Rev.1 (F) Development of the Lanjak-Entimau Wildlife Sanctuary as A Totally Protected Area, Phase I,
- 24) PD 114/90 (F) Workshop on Conservation and Sustainable Utilization of Mangrove Forests in the Latin American/Caribbean and African Regions,
- 25) PD 115/90 Rev.1 (F) Rehabilitation of Natural Forest,
- 26) PD 116/90 (F) Appropriate Forest Technologies,
- 27) PD 119/91 Rev.1 (F) Workshop on Women and Forestry - A Look at African Experiences,
- 28) PD 120/91 Rev.4 (F,I) Development of Operational Model for Sustainable Management of Natural Tropical Forest,
- 29) PD 128/91 Rev.1 (F) Management, Conservation and Development of the Mangrove Forests in Panama,
- 30) PD 131/91 Rev.1 (F) Pilot Project for the Sustained Management of the So'olala Forest,
- 31) PD 132/91 Rev.1 (F) Training Forestry Workers in Carrying Certain Tasks Related to Forestry,
- 32) PD 138/91 Rev.2 (F) Program for Sustainable Forest Management in the Ecuadorian Forest Institute,
- 33) PD 148/91 Rev.3 (M,F,I) Seminar on Economic Case of Sustainable Tropical Forest Management,
- 34) PD 149/91 Rev.3 (F) Technical Workshop to Explore Options for Global Forest Management,
- 35) PD 156/91 Rev.2 (F) Establishment of Two Model Forest Nurseries and Forest Management Project,
- 36) PD 157/91 Rev.2 (F) The Establishment of an International Network for the Conservation and Sustainable Utilization of Mangrove Forest Genetic Resources,

- 37) PD 162/91 Rev.1 (F) Intensification of Growth and Yield Studies in Previously Logged Forest,
- 38) PD 164/91 Rev.1 (F) Native Species Reforestation as an Alternative for Conserving the Panama Canal Watershed,
- 39) PD 170/91 Rev.1 (F) Modernization and Development of Egyptian Forest Nurseries,
- 40) PD 176/91 Rev.1 (F) Sustainable Management for Production, Conservation, Demonstration, Diffusion and Promotion Activities in Moist Tropical Forests in Ecuador's Northwest,
- 41) PD 184/91 Rev.1 (F) Multipurpose Tree Planting in Egypt,
- 42) PD 186/92 Rev.2 (F) Tree Flora of Sabah and Sarawak,
- 43) PD 188/91 Rev.1 (F) Reforestation of Rioja,
- 44) PD 189/91 Rev.1 (M,F,I) Publication of an Andean Forestry Journal,
- 45) 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,

B) Projects awaiting implementation agreement

- 1) PD 130/91 Rev.1 (F) Plantation Establishment Methods (First Phase),
- 2) PD 172/91 Rev.2 (F) The Recovery of Natural systems of the Hillside of Caqueta,
- 3) PD 202/91 Rev.1 (F) Sustainable Forest Management through Collaborative Efforts,
- 4) 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),
- 5) PD 9/92 Rev.1 (F) Forest Development in Islas de la Bahia, Honduras, Central America,
- 6) PD 11/92 Rev.1 (F) Development and Dissemination of Re-afforestation Techniques of Mangrove Forests.
- 7) PD 39/92 Rev.1 (F) Dissemination and Training on ITTO Guidelines and Criteria for the Sustainable Management of Natural Tropical Forests,

C) Projects awaiting financing

- 1) PD 171/91 Rev.1 (F) Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps,
- 2) PD 174/91 Rev.2 (F,I) Rehabilitation of the Forest in the South-Central Region of Côte d'Ivoire Around the Tene Forest,
- 3) PD 185/91 Rev.1 (F) Sustainable Forest Management and Development in Peninsular Malaysia,
- 4) PD 194/91 Rev.1 (F) Recuperation and Demonstration Management of Secondary Forests in the Peruvian Amazon,

- 5) PD 203/91 Rev.1 (F) Study Relating to Forest Management in the Fazao-Sud Region,
- 6) PD 8/92 Rev.2 (F) Study on the Growth of Native Species of Commercial Interest in Honduras,
- 7) PD 14/92 Rev.1 (F) A Demonstration Program of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China,
- 8) PD 15/92 Rev.3 (F) Establishment of a Germ Plasm Bank and Pilot Reforestation Units,
- 9) PD 16/92 Rev.2 (F) Timber Logging in Rondonia - Phase I: Socio-economic and Environmental Diagnosis,
- 10) 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,
- 11) PD 26/92 Rev.1 (F,I) Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon,
- 12) PD 32/92 Rev.1 (F) Agroforestry Systems for the Communities of Nova California and Extrema, Rondonia, Brazil,
- 13) PD 37/92 Rev.1 (F) Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest (Forestier de la Bokoue),
- 14) PD 42/92 Rev.1 (F,I) Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio,
- 15) PD 43/92 Rev.1 (F) Strengthening of the Amazon Forest Development Center for the Sustainable Management of Tropical Forests,
- 16) PD 45/92 Rev.1 (F) Agroforestry Systems for the Communities of Medicilandia-Para, Brazil, and
- 17) PD 47/92 Rev.1 (F) Project on Sustainable Forest Management, Production and Regulation in an Area of the Colombian Andes.

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

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

The Committee accepted the final report for this project reproduced as PCF(XII)/7 and distributed during this session. The desk reviews carried out for this report were also distributed as PCF(XII)/12. Delegations were encouraged to provide comments and recommendations to JOFCA (implementing Agency of the project) or to the Japanese delegation regarding the formulation of Sub-Project III.

- 2) PD 10/87 (F) Forest Management of Natural Forests in Malaysia

The consultant working to develop the data management system presented an update on the project implementation and supported the idea for holding a workshop to disseminate the experiences gained as a result of the project. The Committee noted that financing has not yet been allocated for the workshop and therefore recommends to the Council that the \$150,000 previously approved be made available for the workshop.

- 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

The Committee noted that a workshop was recently held to formulate a proposal for Phase II. In this regard the Committee appealed to member countries to provide advice on the formulation of the second phase based on their review of the ITTO mission report presented in PCF(XII)/16.

- 4) PD 52/89 Rev.4 (F) Forestry Treatment by Thinning-out in the Context of a Pilot Forest Development Scheme in the Reserved Forest of Sud-Bakundu

The Committee concurred with the request from the Steering Committee to modify the workplan and increase the budget for boundary demarcation. To this end the Committee also approved the increase in the project budget by \$50,000 and recommended to the Council to make these funds available. They also supported the modification of consultancy allocation as well as supported the motion to re-allocate \$80,000 from the purchase of a truck to support local participation in the project.

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

The Brazilian delegation mentioned that IBAMA's budget has been approved by the legislature and that its counterpart contribution to the project as stated in the project document is now available. The U.K. raised its concern over potential problems regarding community participation in the project. This was addressed however by the progress report received by the Secretariat which included activities to select local leaders and organize communities. The Secretariat further mentioned that a consultative committee had been established during the first steering committee meeting. This consultative committee was due to meet in March 1993, however, the progress report did not mention whether this meeting has taken place or not.

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

Draft workshop report was submitted to the Secretariat in Portuguese. The report emphasized the importance of this workshop on the establishment of policies regarding the sustainable management of Atlantic forests. In this regard, the Secretariat suggested that the Committee consider extending the project and increasing the budget to publish the proceedings. The Secretariat presented a budget of \$24,000 for English and Spanish translations and publication. The Brazilian delegation, however, mentioned that the final version of the proceedings will be presented in English and Portuguese, and requested the Committee to request the Secretariat to provide a revised budget for translating the document from English to Spanish and French and publish it in the three working languages of the Organization. Subsequently, the Committee approved that the project be extended and the budget increased by \$28,000 for this purpose.

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

The Committee noted that the executing agency has submitted the final report in PCF(XII)/14. The Secretariat stated ISME's intention for publishing a technical series paper which would include Malaysia, Indonesia, Thailand and Philippines. The Committee questioned the exclusion of Fiji in ISME's report which is planned to be published as part of ITTO's technical series report. After discussing this matter, the Committee recommended that the one remaining country, Fiji, be included in ISME's report.

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

The committee acknowledged and endorsed the request from the implementing agency to extend the project until December 1993 at no extra cost to allow completion of field studies, project reports and the compilation of workshop proceedings.

- 9) PD 77/90 (F) Establishment of A Pilot Area for Silviculture in Closed Forests in Congo

There was some discussion regarding the modification of the design of research plots and management of project funds resulting from the closing of the "Bank Congolaise Commerciale". The Committee endorsed the decision of the project Steering Committee to allow the implementing agency to modify the design of project research plots. This will result in savings of project funds utilized for this purpose and enhance the quality of research activities. It also urged the Government of Congo to ensure that funds previously transferred in BCC be transferred to the new project bank account.

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

The Committee noted that during the last Council Session, an extension of this project was approved until June 1993. The Secretariat also explained that the Harmonization Working Group met in February 1993 to harmonize proposed projects PD 171/91 (I) and PD 41/92 (M,F,I). As a result, a new project proposal incorporating both the newsletter and the establishment of regional offices was presented to the Permanent Committee of Forest Industries as PD 17/93 (M,F,I). The Committee welcomed the statement from the Japanese delegation that Japan is keen to support the continuation of the newsletter.

After discussing the merits of PD 17/93 (M,F,I), Permanent Committee of Industries made the following recommendations to the Permanent Committee on Reforestation and Forest Management:

"The Committee on Forest Industry recommends to the Committee on Reforestation and Forest Management that it extend project PD 86/90 (F) for an additional period of twelve months to allow for the continuation of a Newsletter as currently published in Spanish, French and English. However, the Committee also recommends that during this interim period, relevant action should be undertaken within the project to expand its scope to all three main areas of ITTO activities and all three producing regions. Therefore, these actions shall be implemented and supervised by the Executive Director as part of the further development of PD 17/93 (M,F,I)."

The editor of the Newsletter commented that in the April issue of the *Update*, its contents were expanded to include a section on Marketing and Forest Industries. The editor also mentioned that the newsletter is largely dependent upon contributors from producer member countries in Latin America and Africa to expand its geographical scope. The Committee encouraged the producer countries in these regions to provide more input in order to strengthen the Newsletter in this regard.

The Committee considered the recommendations made by PCI and discussed the implications of the last sentence. The editor explained the current procedure of preparing the newsletter where approval from the Executive Director is obtained prior to publication. Furthermore, some delegations that had attended the discussions in PCI also contributed to the clarification of this last sentence. Therefore, the Committee approved the extension of PD 86/90 until June 1994, with an increased budget of \$259,350 interpreting the last sentence in the following manner:

"The editor will prepare the newsletter and a draft form as currently practised and submit it to the Executive Director for approval. The Executive Director will review and approve each issue paying particular attention to geographic coverage, and the expansion of the Newsletter's scope to incorporate information from ITTO's three main fields of activities."

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

The Committee recalled that during its last session, the project was extended and the budget was increased by \$500 for a desk review of the draft final report. Two independent consultants were hired to do the desk review and one of these reviewers, Svend Korsgaard was present to provide insights on the revisions needed in the final report. The Committee recommended the Secretariat to

work closely with FUNATURA to determine which modifications would be most appropriate to finalize the report.

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

The Committee gave an opportunity to the Indonesian delegation to present its intentions for developing a project to complement the conservation efforts initiated by Malaysia under PD 106/90 Rev.1 (F). In this regard the delegate of Indonesia made the following statement:

"With regard to the Malaysian on-going project PD 106/90 Rev.1 (F) entitled "Development of the Lanjak-Entimau Wildlife Sanctuary as a Totally Protected Area, Phase I", the Indonesian delegation would like to convey its intention to put forward a new proposal to the Committee.

In PD 106/90, the Government of Malaysia stated its willingness to cooperate with Indonesian Government to launch a transnational conservation efforts with ITTO sponsorship.

We welcome the idea of the Government of Malaysia to have a joint project with Indonesia, since the Lanjak-Entimau Sanctuary is adjacent to Indonesia Bentuang Karimun Nature Reserve.

In line with this, my delegation, the Indonesia delegation, informs the Committee that currently, Indonesia is planning to upgrade the status of the Bentuang Karimun Nature Reserve to a National Park to facilitate education and research as well as ecotourism.

In this juncture, the Indonesia delegation recommends further assessment by ITTO to find out the best arrangement for a joint project.

Indonesia prepared a draft project document and in a short time, is going to submit a project proposal to the ITTO Secretariat for consideration. The Indonesian delegation hopes that this proposal will be considered and approved in the Fifteenth ITTC Session in Yokohama in November 1993."

The Committee took note and welcomed this invitation on the part of the Indonesian government.

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

The Committee acknowledged the receipt of the report and noted that workshop evaluation is presented in PCF(XII)/11. The Secretariat called to the Committee's attention that although the financial report has not yet been submitted, funds are unavailable for translating and publishing the proceedings. The Secretariat presented an estimated cost of \$25,000 to translate the document into French and publish 250 copies in English and French. The Committee discussed the merits of the workshop and recommended that it also be translated and published in Spanish. To this end, a revised budget of \$40,000 was presented by the Secretariat. The Committee recommended that the project be extended and the budget be increased by \$40,000 for this purpose.

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

The Secretariat informed the Committee of recent developments for organizing this workshop as a result of recent consultations between the Secretariat, the implementing agency (DENR-Philippines) and the Asian Development Bank. A provisional list of topics and a program was presented as PCF (XII)/13. The Secretariat also provided the current status of the project's financial resources. The Committee recalled that during its last Session it approved the use of residual funds

from the Bangkok workshop in addition to the \$100,000 made available from ADB to increase the budget to the required levels (\$250,000). The Secretariat pointed out the need of additional funds of \$19,555.84 to make-up the shortfall and cover ITTO's monitoring/evaluation and program support costs.

The Japanese delegation pointed out the need to carefully review the objectives of the workshop as well as the topics and dates. Furthermore, the Committee expressed its concern over the continuation of the project and its appropriateness in light of recent developments stemming from UNCED. The Committee decided to form an informal working group composed of delegates from Japan, Philippines, Norway, Brazil, U.K. and Sierra Club to discuss and make recommendations to the Committee on needed actions.

The chairman of the informal working group presented the outcome of its deliberations.

The working group participants agreed upon five areas of consensus as noted below:

1. Need for reviewing and revising PCF(XII)/13
2. The workshop should focus on post UNCED issues at the global level
3. Most agreed to focus on one specific topic of technical nature
4. All participants agree that a final decision need to be made on the future of this project during this Council Session.
5. There are no objections for having DENR continue as the implementing agency and to hold the workshop in the Philippines.

The working group considered the following three options:

1. To hold a technical workshop on a specific agreed upon topic to follow-up initiatives generated by UNCED
2. To plan workshop which would take place after the successor agreement had been negotiated and to address issues related to coordinating forestry activities at the international level.
3. To terminate this project and submit a new project proposal for holding a workshop to discuss ITTO's role in the follow-up on UNCED decisions.

The working group chairman explained that the majority of delegates determined option three, to terminate the project as most appropriate. In this light, the Committee decided to adopt the conclusion of the informal working group and recommended to the Council that this project be terminated as described in option 3. In this regard, the delegate from the Philippines requested suggestions on possible specific topics for a new workshop. The chairman of the Committee urged delegations to present their ideas to the Philippines for inclusion in a new proposal which will be considered in the next project cycle.

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

The Committee took note that during its last session in Yokohama, this project was extended till June 1993 with a budgetary increase of \$210,000. The Committee further noted that financing were not pledged and therefore the project was not able to hold a workshop as originally planned.

The Committee discussed the need for holding a second training workshop in light of project objectives. The Committee felt that it would benefit from a review of the final report to see how the project might fit with in the framework of the Biological Diversity Convention. Consequently, the Committee decided to grant the project an additional six months extension in order to look more specifically at project objectives and the final report to see how the second training workshop would fit within the framework of the new Biological Diversity Convention.

- 16) PD 162/91 Rev.1 (F) Intensification of Growth and Yield Studies in Previously Logged Forest,

The project Steering Committee sought guidance from the Committee for approval of changes in the project design. The Committee discussed and approved the Steering Committee's request to proceed with the development of permanent plots rather than Timber Stand Improvement activities. The Committee also noted that the project will not address the socio-economic aspects as outlined in the original project document. It further noted that research on ecological changes will now be undertaken in conjunction with permanent plot studies at no extra cost. Finally, the Committee approved of the change in the second objective as proposed by the Steering Committee.

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

The Committee welcomed the final evaluation report of this project. The Chairman invited delegations to share their comments on the final report with the Panamanian delegation.

- 18) PD 130/91 Rev.1 (F) Plantation Establishment Methods (First Phase),

The Secretariat brought to the attention of the Committee that this project will fall under the sunset provision if an agreement on implementation is not negotiated within the next two months. The Japanese delegation explained that negotiations were being held with the implementing agency (DENR-Philippines) and if an agreement was not reached, then the funds will be reallocated.

- 19) PD 185/91 Rev.1 (F) Sustainable Forest Management and Development in Peninsular Malaysia,

The Committee noted the submission of a reformulated proposal for a phased implementation of this project as outlined in document PCF(XII)/9. The Committee agreed with the changes entailing the breakdown of project implementation into two phases and a reduction in the overall budget from \$5,533,711 to \$3,120,108. The Committee recommended to the Council to endorse these changes and approve the associated ITTO contribution amounting to \$2,061,078 and the financing of Phase I requiring an ITTO contribution of \$1,056,789, and Phase II requiring an ITTO contribution of \$1,004,289.

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

The Committee recalled that this project was approved during the Twelfth Council Session in Yaoundé. the Committee further recalled that during its last Session in Yokohama, in November 1992, it approved of the reformulation of the project into three two-year phases with budgetary allocations of \$1,500,000, \$1,000,000, and \$500,000 for Phase I, Phase II and Phase III respectively. In addition, work on the bio-diversity study would be passed from the second to the third phase. The Committee noted that these changes would entail a reallocation in budgetary requirements of \$250,000 passed from Phase I to Phase III, and that the total project budget would remain the same. The Committee felt that these changes would facilitate funding and subsequently approve the revised project document which would be referred to as Revision 3. The Committee requested the Council to approve these changes and allocate \$1,250,000 for the implementation of Phase I, \$1,000,000 for Phase II, and \$750,000 for Phase III.

8. Review of Pre-project Work in Progress

The following ten Pre-projects have been approved by the Committee and are under implementation.

- (i) Management of Natural Tropical Moist Forests to Obtain a Sustainable Production of Wood and Other Forest Products and Maintain the Ecological Balance in Ecuador,

- (ii) Coordinated Natural Forest Management and Sustainable Rural Development in Areas Adjoining Sapo National Park, Liberia,
- (iii) Sustainable Development in the Amazon Region,
- (iv) Realistic Strategies for the Conservation of Biological Diversity in Tropical Moist Forest,
- (v) Sustainable Multiple Use,
- (vi) PPD 43/91 Rev.1 (F) Rehabilitation of Degraded Forest Land in the Amazon - A Case the Carajas Mineral Province,
- (vii) PPD 44/91 Rev.1 (F) Review of the National Forest Situation so as to Establish a National Policy for this Sector in Colombia,
- (viii) PPD 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,
- (ix) PPD 6/92 Rev.1 (F) Study of the Stratification of the First Forest Zone of Gabon for the Purpose of Forest Management.
- (x) PPD 12/92 (F) Publication and Dissemination of the ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests

The Committee took note of a status report by the Secretariat contained in document PCF(XII)/5. The Committee welcomed the distribution of additional copies of the publication "Conserving Biological Diversity in Managed Tropical Forests." The Committee also noted that progress had been made in translating and publishing companion editions in French and Spanish and that these publications should be available during the next Council Session in Yokohama.

The Committee recalled that the pre-project PPD 12/92 "Publication and Dissemination of the ITTO Guidelines on the Conservation of Biological Diversity" was approved without a budget. The Committee reviewed and approved the pre-project document contained in Appendix I of PCF(XII)/5 with a budget requirement of \$25,000 and requested the Council to provide financing for its immediate implementation.

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

9. Consideration of Project Proposals

Eighteen Project Proposals entered the Project Cycle leading up to the Twelfth 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, eight project proposals were not considered by the Committee, and these are:

Project List

Project Number	Submitting Country	Project Title
PD 197/91 Rev.3 (F)	PHILIPPINES	Development and Management of Lesser-Used Timber Species in the Philippines

PD 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
PD 44/92 Rev.2 (F)	PERU	Reforestation with Participation of Settlers in the Oxapampa Micro-region
PD 51/92 (M,F,I)	GABON	Support for the Sustainable Management and Utilization of Timber Resources in Tropical Africa
PD 7/93 Rev.1 (F)	PHILIPPINES	Improved Seed and Propagule Production Project for the Reforestation and Industrial Tree Plantation Programmes of the Philippines
PD 12/93 Rev.1 (F)	INDONESIA	Integrated Forest Fire Management in Indonesia
PD 13/93 (F)	ECUADOR	Production of High Quality Plants for the Establishment of Forest Plantations
PD 15/93 (F)	GABON	Information and Training Seminar/Workshop on Sustainable Management of Tropical Forests in Central Africa

The Fifth Panel of Experts commended nine project proposals to the Committee for appraisal. These project proposals are:

Project List

Project Number	Submitting Country	Project Title
PD 48/92 Rev.2 (F)	COLOMBIA	Biotechnological Development of Forest Species in the Zulia Basin in the Zulia Municipality, North Santander Department, Cimitarigua Community
PD 49/92 Rev.3 (F)	COLOMBIA	Biological Control of Pathogenic Micro-organisms in Forest Plantations of the Pamplonita and Arauca Basins, North Santander Department, Negavita Community
PD 50/92 Rev.3 (F)	COLOMBIA	Conservation and Integrated Development in La Macarena Special Management Area
PD 2/93 Rev.1 (F)	CONGO	Integrated Pilot Management of the Ngoua II Forest North - Phase I: Preparation of the Management Plan
PD 3/93 Rev.1 (F)	CONGO	Management and Conservation of the Forest of Bangou - Phase 1: Development of the Management Plan
PD 5/93 Rev.1 (F)	PHILIPPINES	Ten-Year Production of Treated Residual Dipterocarp Forest Stands
PD 6/93 Rev.1 (F)	JAPAN	Manual for Rational Mangrove Ecosystem
PD 10/93 Rev.1 (M,F,I)	JAPAN	Seminar and Study Tour on Sustainable Forestry Management System Practised in Natural Forests of Japan

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

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

10. Decision on Pre-project Work

Four Pre-project proposals entered the Project Cycle leading up to the Twelfth 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, one pre-project proposal was not considered by the Committee, and this was:

PPD 2/93 (F) PERU Forest Development Master Plan in the Peruvian Amazon Region

Three Pre-project Proposals were submitted to the Committee for consideration by member countries, in addition to two prepared by the Secretariat in response to the Committee's request. Furthermore, the Secretariat developed a budget for a pre-project approved during the Fourteenth Session of the Council without a budget. These six pre-project proposals include:

Pre-Project List

Project Number	Submitting Country	Project Title
PPD 12/92 (F)	ITTO	Publication and Dissemination of the ITTO Guidelines on the Conservation of Biological Diversity,
PPD 1/93 Rev.1 (F)	CONGO	Feasibility Study for the Preparation of a Management Study for the Souanke-Sembre-Kelle Zone in Northwest Congo,
PPD 4/93 Rev.1 (F)	COLOMBIA	Physical and Socio-Economic Evaluation for the Reformulation of an Integrated Project for Watershed Rehabilitation Project (Pridecu),
PPD 5/93 Rev.1 (F)	PANAMA	Preparation of an Integrated Management Plan for District No.1 of the Kuna Yala Indian Region, Aimed at the Development of Agroforestry (18,000 ha), Production Forests (22,000 ha), and Watershed Protection (80,000 ha),
PPD 6/93 Rev.1 (F)	ITTO	The Development of Guidelines for the Protection of Tropical Forest Against Fire,
PPD 8/93 (F)	ITTO	ITTO demonstration Areas for Sustainable Management of Production Forests,

The Committee decided to approve all of the above Pre-projects.

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

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

12. Dates and Venue of the Twelfth Session

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

13. Other Business

Project Ideas

The Secretariat presented an overview of four project ideas that were submitted by the Government of Congo for consideration of the Committee. These project ideas are found in PCF(XII)/15. The Committee noted that out of four project ideas presented, one is directly related to the Committee's work, while two fall within the area of Forest Industries and the other is more oriented towards marketing information. The Secretariat requested delegates to provide suggestions and recommendations on how the Government of Congo might proceed with developing these ideas into projects. The Committee agreed that delegates should forward their comments to the Secretariat or directly to the Government of Congo and suggested that PCI and PCM consider providing comments on project ideas in their areas of concern.

14. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations:

1. The Committee requests the Executive Director to take action according to the Terms of Reference found in Appendix IV of this report for the implementation of the activity "Demonstration Areas for Sustainable Management of Production Forests" as adopted by the Council in Decision 2(VI) at its Sixth Session in May 1989.
2. The Committee reviewed Pre-project, PPD 6/93 (F) "The Development of Guidelines for the Protection of Forest Against Fire" and recommended that the number of Experts on the Panel be reduced from a total of eight down to a total of six members. The Committee felt that this number would be sufficient provided that the Expert Panel members have the appropriate experience and expertise. Consequently, the total budget was reduced from \$102,060 down to \$91,140. The Committee commended this Pre-project as found in Appendix III of the report, for approval and immediate financing.
3. The Committee noted that financing has not yet been allocated for the workshop presented in PD 10/87 (F) Forest Management of Natural Forests in Malaysia and therefore recommended to the Council that the \$150,000 previously approved be made available for this purpose.
4. The Committee concurred with the request from the Steering Committee of PD 52/89 Rev.4 (F) "Forestry Treatment by Thinning-out in the Context of a Pilot Forest Development Scheme in the Reserved Forest of Sud-Bakundu", to modify the workplan and increase the budget for boundary demarcation. To this end the Committee also approved the increase in the project budget by \$50,000 and recommended the Council make these funds available.
5. The Committee recommended that the Project PD 69/89 Rev.1 (F) "Workshop on Sustainable Tropical Forest Management with Special Reference to Atlantic Forest" be extended and the budget increased by \$28,000 for the translation and publication of the proceedings in all three languages of ITTO.

6. Permanent Committee of Industries made the following recommendations to the Permanent Committee on Reforestation and Forest Management as a result of the former's discussion on PD 17/93 (M,F,I):

"The Committee on Forest Industry recommends to the Committee on Reforestation and Forest Management that it extend project PD 86/90 (F) for an additional period of twelve months to allow for the continuation of a Newsletter as currently published in Spanish, French and English. However, the Committee also recommends that during this interim period, relevant action should be undertaken within the project to expand its scope to all three main areas of ITTO activities and all three producing regions. Therefore, these actions shall be implemented and supervised by the Executive Director as part of the further development of PD 17/93 (M,F,I)."

In light of this recommendation, Committee approved and recommended the extension of PD 86/90 (F) "International Network for Developing Human Resources in Tropical Forest Management (Phase I) until June 1994, with an increased budget of \$259,350, interpreting the last sentence in the following manner:

"The editor will prepare the newsletter and a draft form as currently practised and submit it to the Executive Director for approval. The Executive Director will review and approve each issue paying particular attention to geographic coverage, and the expansion of the Newsletter's scope to incorporate information from ITTO's three main fields of activities."

7. The Committee recommended that project PD 119/91 Rev.1 (F) "Workshop on Women and Forestry - A Look at African Experiences" be extended and the budget increased by \$40,000 to translate the document into French and Spanish and publish 250 copies in the three working languages of ITTO
8. In light of the recommendations of the informal working group formed to discuss needed actions for PD 149/91 Rev.3 (F) Technical Workshop to Explore Options for Global Forest Management", the Committee decided to adopt the conclusion of the informal working group and recommended to the Council that this project be terminated and further recommended the Government of the Philippines to submit a new proposal.
9. The Committee decided to grant project PD 157/91 Rev.2 (F) "The Establishment of an International Network for the Conservation and Sustainable Utilization of Mangrove Forest Genetic Resources", an additional six months extension in order to look more specifically at project objectives and the final report to see how the second training workshop would fit within the framework of the new Biological Diversity Convention with a budgetary increase of \$200,000.
10. The Committee recommended to the Council to endorse the changes on project PD 185/91 Rev.1 (F) "Sustainable Forest Management and Development in Peninsular Malaysia", and approve the associated ITTO contribution amounting to \$2,061,078 and the financing of Phase I which requiring an ITTO contribution of \$1,056,789, and an ITTO contribution of \$1,004,209 for Phase II.
11. The Committee requested the Council to approve the changes in PD 14/92 Rev.1 (F) "A Demonstration Program of Sustainable Utilization of Tropical Forests by means of Differentiated Management in Hainan Island, China" and allocate \$1,250,000 for the implementation of Phase I, \$1,000,000 for Phase II and \$750,000 for Phase III.
12. The Committee recommended that the Council approve PD 48/92 Rev.2 (F) and allocate \$951,439 for its implementation.

13. The Committee recommended that the Council approve PD 49/92 Rev.3 (F) and allocate \$1,132,730 for its implementation.
14. The Committee recommended that the Council approve PD 50/92 Rev.3 (F) and allocate \$1,586,784 for its implementation.
15. The Committee recommended that the Council approve PD 2/93 Rev.1 (F) and allocate \$756,762 for its implementation.
16. The Committee recommended that the Council approve PD 3/93 Rev.1 (F) and allocate \$730,347 for its implementation.
17. The Committee recommended that the Council approve PD 5/93 Rev.1 (F) and allocate \$11,663 for its implementation.
18. The Committee recommended that the Council approve PD 6/93 Rev.2 (F) and allocate \$732,984 for its implementation.
19. The Committee recommended that the Council approve PD 10/93 Rev.1 (M,F,I) and allocate \$122,869 for its implementation.
20. The Committee recommended that the Council approve PD 11/93 Rev.1 (F) and allocate \$338,643 for its implementation.
21. The Committee recommended that the Council approve PPD 1/93 Rev.1 (F) and allocate \$174,090 for its implementation.
22. The Committee recommended that the Council approve PPD 4/93 Rev.1 (F,I) and allocate \$168,625 for its implementation.
23. The Committee recommended that the Council approve PPD 5/93 Rev.1 (F) and allocate \$222,000 for its implementation.
24. The Committee recommended that the Council approve PPD 6/93 Rev.1 (F) and allocate \$91,140 for its implementation.
25. The Committee recommended that the Council approve PPD 8/93 (F) and allocate \$110,000 for its implementation.
26. The Committee recommended that the Council approve PPD 12/92 (F) and allocate \$25,000 for its implementation.
27. The Committee recommends the Council to adopt the Draft Decision for commissioning a study on Biotechnology as outlined in Appendix V provided that a detailed Terms of Reference is developed for this purpose.
28. 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 171/91 Rev.1 (F) Conservation and Management for Multiple Use and Development of Colombian Mangrove Swamps
 - (2) PD 174/91 Rev.2 (F) Rehabilitation of the Forest in the South Central Region of Côte d'Ivoire around the Tene Forest.

- (3) PD 194/91 Rev.1 (F) Recuperation and Demonstration Management of Secondary Forests in the Peruvian Amazon
- (4) PD 203/91 Rev.1 (F) Study Relating to Forest Management in the Fazao-Sud Region
- (5) PD 8/92 Rev.2 (F) Study on the Growth of Native Species of Commercial Interest in Honduras
- (6) PD 14/92 Rev.1 (F) A Demonstration Programme of Sustainable Utilization of Tropical Forests by Means of Differentiated Management in Hainan Island, China (Phase I)
- (7) PD 15/92 Rev.3 (F) Establishment of a Germ Plasm Bank and Pilot Reforestation Units
- (8) PD 16/92 Rev.2 (F) Timber Logging in Rondonia - Phase I: Socio-Economic and Environmental Diagnosis
- (9) 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
- (10) PD 26/92 Rev.1 (F,I) Development of Methods and Strategies for Sustained Management of Moist Tropical Forests in Cameroon
- (11) PD 32/92 Rev.1 (F) Agroforestry Systems for the Communities of Nova California and Extrema, Rondonia, Brazil
- (12) PD 37/92 Rev.1 (F) Preliminary Studies and Preparation of a Management Plan for the Bokoue Forest
- (13) PD 42/92 Rev.1 (F) Reforestation and Sustainable Management and Utilization in the Natural Cloud Forests of Jaen-San Ignacio
- (14) PD 43/92 Rev.1 (F) Strengthening of the Amazon Forest Development Center for the Sustainable Management of Tropical Forests
- (15) PD 45/92 Rev.1 (F) Agroforestry Systems for the Communities of Medicilandia, Para, Brazil
- (16) PD 47/92 Rev.1 (F) Project on Sustainable Forest Management, Production and Regulation in an Area of the Colombian Andes

15. Report of the Session

The Committee accepted this Report for submission to the Council.

Appendix I

TECHNICAL ASSESSMENT OF PROJECT PROPOSALS

1. PD 48/92 Rev.2 (F) **Biotechnological Development Using Forest Species in the Zulia Basin, Municipality of Zulia, North Santander Department, Cimitarigua Community**

This proposal was originally submitted to ITTO for consideration at the XIII Session of the ITTC. It was reviewed by the Fourth Session of the Panel of Experts in August 1992, who concluded that the original proposal was not sufficiently relevant to the core objectives of ITTO. It could, therefore, not commend the proposal to the Committee for consideration during the XI Session of the PFC. Subsequently, the Committee took notice of the Panel's recommendations and felt that if such a program were closely tied to reforestation and forest management it might be relevant. The Colombian Delegate explained that the proposal would be reformulated for consideration in the May 1993 project cycle.

This summary a description of the original project proposal and the Fourth Panel's observations. Subsequently, a summary is provided of the reformulated proposal to lead up to discussions during the Fifth Panel Session.

Summary of the Original Proposal

Studies have been carried in Colombia regarding the problems related to the preservation and appropriate utilization of forests and forest resources with economic and social benefits. According to the Colombian Forest Action Plan (CFAP), such problems are related to four factors: imbalance in the utilization of forests due to over exploitation of some resources and under-utilization of others, indiscriminate destruction of ecosystems of great biological value which has resulted in the extinction of many fauna and flora species (genetic erosion), low level of participation by the forest industry sector in the national economy and the social development of communities and limited capacity of the state to intervene effectively in the methodology used for the utilization and conservation of these resources. The development of modern biological technologies and training of researchers in these areas is thought to constitute an important support mechanism in achieving the objectives set by the CFAP since such can directly or indirectly contribute to the resolution of constraints on production, conservation and sustainable utilization of national forest resources.

In 1986, a joint research plan on Forest Biotechnology between the Javeriana University and INDERENA was initiated with funds from CIID (Canada) with the aim of adopting and developing culture techniques for plant tissue and microbial associations in four forest species of commercial interest in the country: Eucalyptus globulus, E. teraticornis (eucalypto), Tectona grandis (teak) and Tabebuia rosea (ocobo, robleflormorado, guayacan rosado). Such species were chosen in view of the fact that they have phytopathological problems which may be solved through the use of plant tissue cultures. Other species of commercial interest or suitable for the preservation of watersheds and erosion control have been simultaneously studied: pine (Pinus patula, P. caribaea), cedar (Cedrela odorata, C. montana), aliso (Alnus acuminata), coffee walnut tree (Cordia alliodora), Colombian pine (Podocarpus guatemalensis, Decussocarpus rospigliossi), tortolito (Didymopanax morototoni), encenillo (Weinmania tomentosa).

This project is proposed mainly to continue the development of a scientific, technological and industrial management capacity in the forestry sector and at the same time propose viable solutions to the production restricting problems and the conservation and management of resources. More specifically, this project aims to develop model systems for the use of biotechnology in the conservation, rehabilitation and management of natural forest resources. Four immediate objectives are envisioned:

1. To develop of model systems for the micro propagation and conservation of forest species of economic and ecological significance,
2. To study beneficial micro-organisms associated with forest species, which promote the development and growth of trees, and to generate or adapt technologies for the management of plant-micro-organism interactions,
3. To adapt molecular biology techniques for the study of molecular markers in Eucalyptus globulus Labill, and
4. To generate or adapt and transfer technologies to support forest development programs in the country, train researchers in the scientific and technological fields, promote strengthening of institutional and human resources and develop forest biotechnology as a public asset.

Comments by the Fourth Panel

The Panel felt that the proposal outlined a potentially good basic research and development project, though a number of members cautioned against the adoption of such an approach in the absence of a sound parallel forest genetics program. However, the Panel did not feel that this type of research could make any immediate contribution to the pressing socio-economic and resource problems that the project document indicated were facing the forest sector in Colombia. As a result, the Panel felt that the project had little relevance to ITTO's priority concerns such as Target 2000 and that proposals more directly related to these immediate problems should be encouraged rather than the more speculative areas of research outlined in the proposal.

Conclusions of the Fourth Panel

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

Comments of the XI Committee

The Committee noted the Panel's comment and there was considerable discussion on the relevance of the proposal to ITTO. The consensus of the Committee was that biotechnology research programs could be relevant to ITTO where they were explicitly linked to reforestation and forest management activities designed to promote sustainable management. The Delegate from Colombia indicated that the proposal would be reformulated for consideration in future project cycles.

Summary of Rev.1

The reformulated project is based on the same rationale as the original proposal, however, the project has been modified considerably to strengthen the linkage between research and extension. The Rev.1 document explains a case study will be undertaken in a community currently involved in reforestation activities in the Zulia River watershed. Community participants would work closely with researchers to identify biotechnological limitations.

Researchers would then carry out investigations to develop "in vitro" propagation techniques for selected native and exotic species economic, ecological and cultural importance in the watershed. A system would be developed for the establishment of seed orchards and clone banks for the supply, propagation and support of genetic improvement programs. The program would include the use of inoculants on selected species which would be tested in nurseries and in the field.

The results of the program would be evaluated and refined, in which community participants would be trained to participate. They would be responsible for follow-up in the field, and form part of the extension program. The results would be disseminated at the local, national and international levels.

Fifth Panel's Comments

The Panel concluded that the project is indeed relevant to the objectives of ITTO, but felt that the area of biotechnology as suggested in the project is not necessarily a priority to achieve ITTO's immediate goals. The Panel recognized the value of research programs but felt that the proposal did not adequately describe the project's position in the overall forest genetics program for Colombia. The proposal lacks details on the level of expertise developed in Javeriana University, and the research facilities available, in terms of specialists trained and the outputs of past research activities, particularly in the area of forest genetics.

The Panel noted that a profound reformulation of the project proposal was not done, and that the project is basically a research project with a minor component on community participation. In addition, the budget contribution on the part of ITTO had almost doubled from that of the original proposal from US\$ 341,000 to US\$ 749,888. Most of the expanded budget was programmed to support research activities as opposed to those of extension.

The Panel was mentioned that the results from eight years or so of Canadian support was not adequately detailed in the proposal. However, it felt that ITTO should not be used as a bridge to gap funding for long term research efforts, but instead should focus on a particular aspect. The Panel concluded that the proposal should:

- a) Clearly describe the position and importance of the biotechnology activities proposed in the project in Colombia's overall forest genetics program, and
- b) That changes made to the proposal would better reflect the application of results from research already undertaken with Canadian support. A project with a principle focus on community involvement and extension, but with a research component, would be of greater importance to achieving ITTO's objectives and immediate priorities.

Conclusions by the Fifth Panel

The Panel was not able to conclude on the relevance of the project towards the core priorities of ITTO as presented.

Addressing the Fifth Panel's Comments

Objectives:

The Project now has nine specific objectives instead of the previous five. The new objectives include:

1. Develop policies for Colombia's Forestry Action Plan in reference to conservation, protection and reforestation of forestry species through research in the areas of genetic improvement, biotechnology and associated microbiological relationships.
2. Adapt and develop systems for "in vitro" propagation of ecologically and economically important forest species.
3. Develop systems for a wide propagation of genotypes selected for their traits favoring the rehabilitation of degraded watersheds and provide reproductive material for sustaining commercial production based on the outcome of plant protection studies.
4. Involve rural communities in the development of field activities in each stage of project implementation.
5. Evaluate the level of community adoption of the technologies developed in the project with the aim of making the necessary adjustments.

Clarifying Information:

The revised proposal now provides detailed background on activities undertaken in the previous program supported by the Canadian Government. In this regard, information presented includes:

- * Advances made to date in the development of "in vitro" propagation technologies.
- * Preliminary results of collection and storage of parent material.
- * The names of eleven species that have been targeted in the propagation program, including Alnus, Cedrela, Eucalyptus, Tectona, Tabebuia, Passiflora, and others.
- * Work carried out in soil microbiotic relationships, including symbiosis between various types of micro-organisms.
- * A list of equipment and material, including costs, purchase under the Canadian sponsored program.
- * Lessons learned from activities in the previous program.
- * The proposal now has an extensive reference list including publications from the previous project.

The proposal clearly describes the importance of the project in Colombia's Forestry Action Plan, and it goes into detail explaining how the proposed project supports other activities in the forestry sector. Furthermore, the proposal explains how exactly where the project fits in with regards to the development of an overall forest genetics program. The Government of Colombia regards this project as the cornerstone for making advancements in forest genetics.

New Activities:

The project now focuses on a greater number of activities with participating communities:

- * Community level surveys are proposed to help determine which species are more economically attractive to villagers, as well as determining local use.
- * More emphasis is placed on organizing communities and training local farmers to test technologies developed by the project.

Budget:

The revised proposal now has a revised budget of \$1,362,502 compared to the \$1,034,417 previously requested in Rev.1. The ITTO contribution has now increased to \$951,439 in contrast to \$749,888. Reasons for budgetary increases are attributed to the inclusion of ITTO monitoring and evaluation costs, and to support a greater number of training and extension activities at the community level.

Conclusions of the Twelfth Committee

The Committee noted that the Government of Colombia had complied with the technical points raised by the Fifth Expert Panel. The Committee further noted that the Expert Panel was unable to determine the relevance of this project towards the core priorities of ITTO, and was seeking the Committee's guidance in this regard. The Committee recalled its comments on this project from the previous Session in Yokohama where it concluded that biotechnology research programs could be relevant to ITTO where they were explicitly linked to reforestation and forest management activities designed to promote sustainable management. Since the revised proposal was reformulated to address the Expert Panel's concerns, the Committee recommended that the Council approve the proposal and allocate \$951,439 for its implementation.

After discussing the issue again, the Committee concluded that biotechnology within the framework of ITTO. However, in order to avoid continuous discussion on this issue, the Committee decided to convene an informal working group to provide guidance on the formulation of proposals involving biotechnology. As a result of informal consultations between interested delegates, the Brazilian Delegation prepared a Draft Decision on "Biotechnology and Sustainable Production of Tropical Timber" which was recommended to the Council for approval by this Committee.

2. PD 49/92 Rev.3 (F) Biological Control of Pathogenic Micro-organisms in Forest Species

The original proposal was reviewed by the Expert Panel during its Fourth Session in August 1992. The Panel concluded that the project was not sufficiently relevant to be commended to the Permanent Committee as originally conceived. Subsequently, the Government of Colombia completely reformulated the project and submitted the Rev.1 version to the XIII Session of the PFC in November 1992. The Committee reviewed Rev.1 and concluded that the project might be of potential importance to ITTO, however, it felt that the reformulated project required another technical evaluation on the part of the Expert Panel. The Government of Colombia therefore submitted Rev.2 for consideration, which is exactly identical to the Rev.1 version.

Summary of the Original Version

The discovery of residual action pesticides in the last 40 years has provided a tool for fighting against pest diseases in many areas of the tropics. In Colombia, pest and disease control has been based mainly on the application of chemical products. However, this approach has a number of consequences such as the development of resistance to chemical products, environmental pollution caused by their use, depletion of the soil microflora and the persistence of this product in the soil and in harvested products which may be toxic for both animals and human consumption.

Because of the above problems, a new approach to forest research is suggested to seek appropriate, easily manageable and low-cost methods for the control of micro-organisms without causing ecological imbalances. This research project will seek:

- * To adapt and develop techniques for the biological control of pathogenic micro-organisms of forest species in order to reduce the use of chemical pesticides and to avoid the disturbance of ecosystems,
- * To control phytopathogenic fungi with fungi and bacteria of mycotoxic action so as to make maximum use of the effect of these substances in controlling plant diseases,
- * To control phytopathogenic bacteria with the use of antagonistic micro-organisms so as to reduce the incidence of phytosanitary disturbances and environmental pollution,
- * To establish protocols of biological control of pathogenic micro-organisms of plant species so as to use them as tools in integrated control programs and
- * To develop simple and low-cost biological methods to control pathogens with minimum environmental pollution and maximum safety for human beings.

The immediate objective is to adapt and develop native antagonistic micro-organisms management systems for the prevention and control of Agrobacterium tumefaciens in Eucalyptus globulus; to produce antagonistic stocks to control Erwinia amylovora in forest species and Phoma sp. which causes dumping-off in forest nurseries; to develop biological control techniques for Phytophthora cinnamoni in forest species, Botrytis cynnerea in forest nurseries and Fusarium oxysporum which is causing vascular necrosis in forest nurseries.

Comments on the Original Version by the Fourth Panel

The Panel felt that the proposal outlined a basic research project that experience elsewhere had suggested would prove to have a low probability of success. The Panel also felt that the proposal was not directly relevant to priority ITTO concerns such as Target 2000 and suggested that the experience of other country's research investments in similar areas needed to be carefully evaluated before applying limited funds to such ventures.

Conclusion of the Fourth Panel

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

Response to the Panel's Comments in Rev.1

The project was completely reformulated following a strategy linking basic research with participatory applied research and extension/training for the intended beneficiaries. The revision justifies the project on the grounds that it contributes to ITTO's Action Plan by 'maximizing the use of biological resources, without environmental degradation, preventing damage to the ecosystem and maintaining biodiversity, and contributing towards sustainable development through the reduction of agrochemicals use and its accompanying risks to humans and living organisms'.

The proposed project will complement an on-going watershed management project supported by the Government of Colombia. Under this project, small holders produce forest tree seedlings to establish plantations on their land. The purpose of these plantations are primarily to 1) serve as an alternative source of wood and income, 2) to help rehabilitate degraded watersheds, and 3) alleviate pressure on natural forests being cut to fulfill basic needs.

Seedling production has been hampered by diseases in the nursery. Participants have unsuccessfully used chemical pesticides to control diseases, thereby placing the environment and themselves at risk. The productivity of the plantations is also in doubt because diseases have caused deformation and mortality of planted trees.

This project will provide an essential link, utilizing biological control methods to reduce and eliminate damage caused by disease. The project will take a participatory approach, where small holders will assist scientists to identify problems and strategies for solution. Participants will then experiment with biological methods to test their effectiveness. Successful biological control methods will be disseminated to other communities through an extension and training program.

According to the proposal, the project will address problems directly related to the deterioration of Colombia's natural resources on the grounds that:

- * The project will help resolve environmental degradation and loss of agroecosystem biodiversity by offering to control pest agents through biological means.
- * INDERENA has been supporting a program to rehabilitate degraded watersheds. Activities in tree seedling production and reforestation are undertaken by affected communities.
- * Nursery production is hampered by disease problems in community nurseries. Farmers use heavy applications of pesticides to combat diseases, placing pesticide users, farm families, livestock and the environment at risk. So far, agrochemicals have proved to be ineffective.
- * Diseases have spread to plantations of Eucalyptus and Pinus, causing deformation, low productivity and a significant loss in biomass.
- * Principles and technologies will be applicable not only to forest nurseries and plantations, but also to native tree species. Furthermore, the proposal argues that by stopping diseases,

plantations will be more productive thereby increasing their effectiveness to 1) halt soil erosion and 2) serving as a substitute to cutting natural forests.

Objectives:

The Development Objective is to *promote Integrated Pest Management (IPM) to resolve the disease problems of economically important forest species through an appropriate case study in the Tropical Andes Forest, by developing biological control methods to be used in rural communities, with an aim of contributing towards sustainable development.*

The five immediate objectives are:

1. To control fungal and bacterial diseases of economically important forest species using beneficial micro-organisms.
2. To establish a precedence for biological control of forest pathogens with an aim of developing it as a tool for IPM.
3. Transfer the technology to all possible users residing in communities affected by the disease problems researched.
4. Develop a system of massive production for biological control agents researched with the aim of distributing needed inoculants to affected communities to prevent and control diseases.
5. Share lessons learned through a mass media campaign, to encourage the adoption of the new technologies.

The project's strategy is to use a case study approach, working in selected communities within one watershed area. Four stages have been identified for this four-year project:

Stage 1:

- Watershed and community selection
- Field study of disease problems
- Isolation and identification of diseases
- Identification of controlling biological agents
- Laboratory testing of control measures

Stage 2:

- Testing effectiveness of biological control agents in greenhouse nurseries
- Field testing effectiveness of biological control agents in nurseries and plantations

Stage 3:

- Transfer of IPM technologies to communities through training and technical assistance

Stage 4:

- Production and distribution of biological control agents on a wider scale.
- Extension of IPM technologies through a mass media and focused training program.

Monitoring & Evaluation:

The proposal calls for the establishment of a Steering Committee, to meet twice annually, with the participation of ITTO representatives. Biannual updates will be presented at Council Sessions.

Other Items:

The project is now a four year effort with a larger overall budget of \$1,012,500 and a request of \$742,370 from ITTO.

This project has been completely reformulated and appears much more relevant to ITTO's objectives and strategies because it now clearly provides:

- * A solid linkage between basic research and extension with potential for practical use.
- * Research being done to resolve a problem identified in the field.
- * There is some degree of community participation in research.
- * IPM (integrated pest management with biological control methods) is a topical and relatively new field, with a great deal of support amongst donors and governments. This could potentially be a model practical application of the policy expressed on ITTO's Guidelines on the cautious use of agrochemicals in forest management and contribute to the conservation of biodiversity (especially at the micro-organism level).

Conclusions of the Eleventh Committee on Rev.1

Considerable discussion centered around the potential relevance of the project. The Committee concluded that this project, and others of this type, may be very important to the future of tropical forestry. The Committee commended the fact that the proposal had been substantially reformulated to address the comments of the Panel. However, due to the technical nature of the subject, the Committee felt that it would need the technical evaluation of the Expert Panel before it could give the revised proposal a full and proper appraisal. The Committee therefore recommended that the revised proposal should be reviewed by the Panel and, if deemed appropriate, commended to the Committee for final appraisal and approval.

Comments by the Fifth Panel

The same version, Rev.1 was reviewed by the Panel as recommended by the XI Session of the Committee. The Panel thought that the project has a laudable goal, but perhaps the proposed technologies for biological control of pathogens requires more basic research before it is a viable pest control method. There was some question concerning the tight time frame, on whether biological control agents could be identified within the one year proposed in the workplan.

The panel highlighted that projects of this nature are often slow in showing concrete results. Therefore, the Panel surmised that there may be a considerable amount of risk for the project to be successful within the time frame proposed. The Panel also noted although the proposal presented experiences in using biological control to combat pests in agricultural programs, there was little information provided on experience in forestry. Furthermore, there was a question on whether the disease problems experienced were associated with the lack of mycorrhizae.

Recommendations by the Fifth Panel

The Panel thought that the following clarifications should be made:

- a) Provide more information on the progress made at the Javeriana University in carrying out basic research related to the technologies proposed in the project.
- b) Present additional details on experiences in other forestry programs of this nature in controlling pests through biological agents.

Conclusions by the Fifth Panel

The Panel concluded that, subject to the incorporation of the above additional information, the project should be commended to the Committee for appraisal, taking into account that the project may be technically feasible but there could be a high amount of risk involved.

Addressing the Fifth Panel's Comments

Objectives:

The project's objectives have remained the same except with the inclusion of one additional one.

- * To study the risks associated with selected antagonistic micro-organisms on the beneficial microflora (including micorrhizae) and soil nutrients.

Project Duration:

In response to the Panel's concerns of the project being on a short time frame, the revised project has been extended from four years to five.

Additional Information on Biological Control in Forestry

The Panel noted that most of the experiences in biological control presented in the previous revision were related to agriculture. In response to this comment, Rev.3 has incorporated an 11 page section (No. 4) of literature review. This section is broken down into two areas, *World Experiences in Biological Control* and *National Experiences in Biological Control*. Results on research utilizing biological control mechanisms to halt damage caused by pathogens is presented for agriculture, ornamental, fruit and forest trees. A number of forestry cases refer to the use of Trichoderma to control attacks caused by various species of Fusarium. A great deal of information is also presented for controlling damping off in forest nurseries.

Research experiences at the national level focus on the use of Bacillus thuringensis to control defoliation caused by Oiketicus spp. on trees such as Tectona grandis. Advances in research carried out at the University of Javeriana are also presented. The annex contains two summaries of research results utilizing biological control in forestry applications. The first is concerned with the biological control of the disease, Botrytis cinerea on Eucalyptus globulus in nurseries using Bacillus and Pseudomonas as control agents. Statistical analysis has shown the results to be statistically significant. The second is related to the control of Fusarium oxysporum as a cause of damping off of Pinus patula in nurseries. Researchers were able to isolate Fusarium and identify it as the cause of this disease, and confirmed that Bacillus and Pseudomonas were potential control agents.

Activities:

The activities in Rev.3 are basically the same as those in the previous version.

Budget:

The overall budget has increased to \$1,519,730 as opposed to the previous budget in Rev.2 of \$1,012,500. The contribution requested from ITTO has also increased to \$1,132,730 as opposed to the \$742,370 previously stated. The combined contributions of the Colombian Government and the Javeriana University have also increased in Rev.3. Reasons for budgetary increases are due to:

- * An addition of one more year in project duration.
- * The inclusion of ITTO monitoring and evaluation costs.

Conclusions of the Twelfth Committee

During its discussions, the Committee recognized that projects dealing with the biological control of pests and diseases have merit, and that little work has been carried out in the tropics in this technical area. The Committee felt that activities proposed in this project may have wide applications in tropical forestry. However, the Committee was concerned with potential activities dealing with problems outside the scope of ITTO, such as working with biological control of pathogens affecting pine and eucalyptus, which may be used for purposes other than timber.

The Committee approved the project and recommended the Council to allocate \$1,132,730 for its implementation with the understanding that the project would focus on problems associated with tropical timber production.

3. PD 50/92 Rev.3 (F) Conservation and Integrated Development in La Macarena Special Management Area

This project was first submitted to ITTO for inclusion in the project cycle leading up to the XIII Session of the ITTC in November 1992. The project was reviewed by the Fourth Panel of Experts who noted the Project's importance towards the achievement of Target 2000 and addressing ITTO's priority objectives. The Panel recommended that the project be reformulated to address its concerns and recommendations and suggested that perhaps through a Pre-Project the reformulated process could be best achieved.

Subsequently, the project was substantially reformulated and presented to the Eleventh Session of the PFC. To help provide further background to the project, the Colombian Delegate presented a short video on La Macarena Special Management Area. The Committee noted that the revised proposal had addressed most of the Panel's concerns, and the Colombian delegate clarified a number of issues raised in the following discussions. However, the Committee expressed its concern at the lack of a detailed workplan, and felt that the proposal required further refinement. In order to save time, and permit the proposal to be considered in the project cycle leading up to the XIV Session of the ITTC, the committee recommended that the Executive Director make funds available for the use of a consultant to assist with project reformulation.

In January 1993, a consultant provided INDERENA with assistance to reformulate the project following the draft project formulation manual. The Rev.2 version was submitted to ITTO by the end of January. In interest of retaining the experiences in the development of this project, a description of the original project is provided along with the comments and recommendations provided by the Fourth Panel and Eleventh PCF sessions. Following, a summary is provided of the reformulated proposal to lead up to discussions during the Fifth Panel Session.

Summary of the Original Proposal

This three year project aims firstly to contribute to the protection and rehabilitation of forest ecosystems that are of great biological diversity and are strategically located for regional development, and secondly to generate alternatives based on forest resources so as to obtain social and economic benefits for the rural communities in the region. Five immediate goals are envisioned namely:

1. to increase the institutional capacity in La Macarena Special Management Area by developing basic infrastructure and increasing the number of qualified personnel,
2. to generate participatory action/research and training processes with the rural communities settled in the Special Management Area and neighboring areas with a view to improve their quality of life through the preservation, integrated management and sustainable development of renewable natural resources, and the restitution of local knowledge.
3. to promote the application and adjustment of appropriate techniques and technologies for the management of flora and wildlife resources in the region, through the linking of research in both the natural and the social sciences.
4. to rehabilitate the most degraded areas in the selected districts and conserve totally protected areas thus strengthening the planning capacity and local action of the community with a view to proper management of the area and
5. to ensure the protection and preservation of existing ecosystems in the "Sierra de la Macarena" and "Tinigua" Natural National Parks.

Comments of the Fourth Panel on the Original Proposal

The Panel felt that the proposal was potentially highly relevant to Target 2000 and ITTO's priority objectives. However, the Panel also felt that considerably more detail needed to be provided on many aspects of the proposal. Indeed, as written, the Panel felt that the proposal was essentially a Project Idea presenting a series of headlines for major objectives and activities, each of which needed elaboration in more detail. The Panel was unsure of the relationship between the Project and the national forestry action plan in Colombia and questioned whether the stated objectives could be met within the specified project duration of three years.

Recommendations of the Fourth Panel

The Panel recommended that the proposal be completely reformulated to:

1. Clarify the relationships between the forest protection, forest production and agricultural sectors and outline specifically how the project will provide linkages between these sectors.
2. Clarify the security situation in the proposed project area given the political violence and drug trafficking activities outlined on page 3 of the current proposal. In this regard, an assessment should be given of the likely impact of these activities on the success of the project.
3. Clarify what work has already been done in the project area and indicate how the project will build on any previous work or local institutions.
4. Review the duration and possible phasing of the project to ensure that stated objectives can be met. Measures that will be taken to ensure the continuity and institutional sustainability of forest management after the period of international assistance ceases should also be outlined.
5. Provide detailed outlines of time-lines and budget requirements for all major activities together with terms of reference for key staff positions.
6. Review the budget to avoid confusion between items in Colombian Pesos and US dollars.

Conclusions of the Fourth Panel

The Panel concluded that a complete reformulation of the proposal was essential and felt that it would need to see such a reformulated proposal before it could commend the proposal to the Permanent Committee for its appraisal. However, in the light of the potential importance of the project and the wide range of issues raised by the Panel's review, the Panel recommended that a Pre-project be considered to help in this reformulation process.

Response of Rev.1 to the Fourth Panel's Comments

This proposal was substantially reformulated to address the Panel's comments and recommendations as noted point by point below:

1. Pages 1-18 defines the institutional framework for coordinating the project with rural organizations, including considerable detail on institutional arrangements. There are four objectives for the Integrated Management Districts (IMD) which form the legal and institutional basis for La Macarena Special Management Area. This section on the history of the area clarifies the relationship between the forest protection, forest production and agriculture sectors.

The proposal defines land use categories and their respective objectives within the IMDs. Subsequently, regions within La Macarena Special Management area are classified according to this system, indicating whether the areas should be oriented towards production or protection.

2. The revised proposal does not attempt to clarify the problems associated with drug trafficking, political and social violence. However, in a video presentation to the Committee, it was indicated that in the past, coca growing had been widespread. However, this situation had changed and people were now turning towards exploiting timber to fulfill their financial needs.
3. Pages 9-16 summarize the development of the legal framework for integrated management, and past institutional arrangements. This section gives an overview of significant changes in natural resources policies and their implication for resolving problems. Past and on-going programs are described in some detail to demonstrate where the proposed project fits into the sustainable development strategies defined for Macarena.
4. The details required in the Panel's fourth and fifth recommendations were not provided in sufficient detail. The revised proposal indicated that the phasing and activities will be established in a detailed operational plan which will be completed within 60 days of project commencement. Furthermore, in section 8, the implementing agency simply restated its position that the objectives, as presented on pages 17-21 could be completed within the three-year time frame if activities are done concurrently. However, some activities need to be completed in a sequential basis to achieve the stated outputs.
5. There have not been any changes made in the budget worksheets included in the annex. The Panel was evidently confused by the dollar signs used in budget calculations. The Colombian Peso uses the same dollar sign as the U.S. However, to keep this clear, the budget uses the straight \$ for Pesos, and US\$ for United States Dollars.

Conclusions of the Eleventh Committee on Rev.1

As background information, the Colombian delegation presented a short, 10 minute video on the Macarena Special Management Area during the informal session. This video highlighted the unique characteristics of the area's natural resources, and provided an encapsulated history of the socio-economic development. In summary, the video illustrated the rich biological diversity and majestic topography of Macarena, and the problems of environmental degradation and over-exploitation of the area's forest and soil resources. Rural inhabitants were interviewed in order to learn of their impressions and interest in taking action to overcome problems.

Subsequently, the Committee sought clarification from the Colombian delegation on a number of points in the proposal. The Committee noted that a great deal of work had been done in reformulating the proposal and that the revision had, in fact, addressed most of the Panel's recommendations. However, in the light of the continued uncertainty about the detailed operational plan, some of the delegations felt that the proposal should be referred back the Panel before commending it for approval as had been originally suggested by the Panel.

The Colombian delegation was concerned with the impact of delays in the area if the proposal was deferred back to the Panel. However, the Committee noted that the Panel recommended that a Pre-project be considered to help in the reformulation, and to expedite matters the Committee recommended that the Council urge the Executive Director to immediately constitute a Project Formulation Mission under PD 73/89 (M,F,I) to assist the Government of Colombia to formulate the detailed operational plan to complete the PD 50/92 Rev.1 (F) proposal in time for consideration by the Expert Panel in the Project Cycle leading to the Fourteenth Session of the Council.

Summary of Rev.2

The reformulated project will concentrate on developing methodologies in tropical forest protection and management by involving local communities. The project will concentrate on forest production in areas set aside for production purposes, and will further promote the rehabilitation of degraded areas for both production purposes, and for areas identified for protection.

The *Development Objective* is to contribute towards the sustainable development of existing rural communities in La Macarena Special Management Area through improved management and harvesting of forest resources. Rev.2 now has two *Specific Objectives*:

1. Establish and promote models for sustainable forest management in areas identified as *production areas* and areas identified as requiring rehabilitation for production purposes.
2. Rehabilitate selected areas in *protection areas*.

In order to complete these two objectives, the project will train organizations operating in the area, community groups and residents in activities contributing to sustainable forest management practices. Management plans will be developed for both productive and protected areas and the project will provide infrastructure and equipment required to implement it. Activities will be undertaken in environmental education, research, community organization leading to the following outputs:

- * 2,000 ha under sustainable forest management;
- * 60 community members trained in forest management;
- * 4 outposts constructed for forest management and protection;
- * 2,600,000 seedling produced and planted;
- * 36 ha of research plots established and monitored;
- * 60 community members trained in protected area management;
- * 6 publications as a result of the extension component;
- * 6 extension courses given;
- * Data collected on fauna and flora; and
- * Management plans for production and protected areas.

Comments by the Fifth Panel

The Panel noted that the project had been completely reformulated and addressed all of the concerns raised in the Fourth Panel. It also felt that the proposal had been very well written and presented, following closely the format utilized in the Project Formulation Manual approved in the XIII Council Session.

There was some doubt as to the project's role in the resettlement of people outside protected areas. There was further discussion regarding some details on the outputs and the budget. It was not clear the total area to be reforested by the project, either through plantation establishment or rehabilitation of degraded areas. Furthermore, the cost of reforestation was thought to be high. The cost of forming associations was also considered excessive, and the role of the associations in training should be clarified.

Recommendations by the Fifth Panel

The Panel recommended that the proposal clarify:

- a) The total area and location of reforestation activities.
- b) Review project reforestation costs and explain how reforestation may be an economically viable activity.
- c) Details concerning the costs attributed to the formation of associations, and how this would be tied to training activities.
- d) The amount of money allocated for ITTO monitoring and evaluation is not sufficient nor adequately distributed in the budget. There should be about \$12,000/year allocated to support ITTO monitoring and evaluation activities.
- e) The project's role in the resettlement process needs to be clearly defined.

Conclusions by the Fifth Panel

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

Title: Conservation and Integrated Development in La Macarena Special Management Area

Addressing the Fifth Panel's Comments

Area and Location of Reforestation Activities:

The Panel requested clarification on the total area and location of the reforestation activities. The Addendum to the proposal (Rev.3) explains that the reforestation activities will be undertaken to establish community plantations in two zones:

- * Recuperation Zone for Production where 1,000 ha will be replanted with native species as requested by the community.
- * Recuperation Zone for Preservation where 300 ha will be reforested through enrichment planting in areas degraded by former agriculture and livestock grazing activities.

Reforestation Costs:

The Panel requested a review of reforestation costs and explanation of how reforestation may be an economically viable activity. The Addendum to the proposal (Rev.3) presents a detailed breakdown of all costs associated with tree planting and plantation establishment, including calculations for labor, transportation, fertilization and technical assistance and supervision. The total cost per hectare is \$200, not including the cost of the plants produced in nurseries. The revision also provides potential market prices of native species that will be planted in the area to give an indication of the financial viability of the project's reforestation practices.

Formation of Associations:

The Panel requested details concerning the costs attributed to the formation of associations, and how this would be tied to training activities. The Addendum to the proposal (Rev.3) the role of the Macarena Association in training, and how it will participate in the preparation of training programs, organizing training events and working closely with communities groups to oversee the development and strengthening of associated groups. The revision clarifies the need for professionals to be contracted by the project, to work closely with the associations and community groups.

Monitoring and Evaluation Costs:

The Panel noted that the original budget did not contain sufficient nor adequately distributed money assigned to ITTO monitoring and evaluation activities. The revision has now allocated \$24,000 to ITTO monitoring and evaluation, distributed evenly throughout the project.

Resettlement:

The Panel requested a clarification of the project's role in resettlement of people outside the protected areas. The Addendum to the proposal (Rev.3) explains that the project will not have resettle people, but will coordinate with other institutions working in this area to ensure that agrarian reform efforts are soundly based.

Phases:

The revision now breaks this three-year project down into two 18-month phases to facilitate implementation.

Budget:

The total budget has now been reduced from \$2,505,374 down to \$2,345,858 and consequently, the requested ITTO contribution has been lowered from \$1,746,300 down to \$1,586,784. The contribution on the part of the Government of Colombia remains unchanged at \$759,074.

Conclusions of the Twelfth Committee

The Committee expressed its satisfaction with the adjustments made to the proposal and recommended that the Council approve the project and allocate \$1,586,784 for its immediate implementation.

4. PD 2/93 Rev.1 (F) Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan

To enforce the 1974 Forest Code, management plans on an area of over 1,747,610 ha have been developed in the Congo, especially in the southern forest zone. However, these forest management plans present serious deficiencies in their design as well as in their implementation, and if they are applied as they have been developed will lead to an over-exploitation of forests. Management plans designs have principally focused on timber production, little consideration being given to social and environmental aspects of the forests concerned. In addition, specific silvicultural prescriptions have not been made to ensure the sustained regeneration of forest resources. With regard to the implementation of management plans, there is an insufficient number of local staff trained in forest management activities, and therefore, they lack the means to implement forest management activities.

The proposal has the objective to address the above mentioned issues in developing a pilot forest management plan integrating biophysical, economic, social and environmental considerations of the forest concerned. This management plan could then serve as a model in updating or developing management plans for other forest zones in Congo. It could also provide training support, functioning as a demonstration area for local forest staff in forest management activities.

Project's activities include detailed mapping of the Ngoua II forest which covers 44,080 ha, forest inventory highlighting the potential of forest regeneration, and assessment of social and environmental conditions of this zone. The end result of the process will be to develop an integrated forest management plan for this forest zone, in such a way as to achieve the self-financing of all related activities.

Comments by the Fifth Panel

The Panel felt that overall, the project design is feasible, and that the project is highly relevant to ITTO's goals and priorities. The project is adequately researched and the background information is sufficiently developed.

The Panel also expressed its concern over the timing of consultants during project implementation. In light of the social and environmental importance of the area, the panel believed that the international experts in sociology and ecology as planned will be made available too late in the project, and were employed for only a short duration. There was further discussion regarding the equipment budget because some items such as electronic typewriter and computer facilities appeared to be quite high.

The Panel agreed with the total amount of budget allocated to the use of international experts. However, the Panel believes that the experts should focus on the training of local staff. In order to make the training more effective, the consultants might be employed at two different periods: first to initiate activities in their area of expertise, and then return after their national counterparts have had an opportunity to apply what they learned on their own.

The Panel also discussed the role of the international program expert and felt that this person should ensure that the data analysis process be compatible and useful with commonly used data processing programs.

Recommendations by the Fifth Panel

The panel recommended that the proposal be revised to:

- a) The sociologist and ecologist experts be employed early on in the project and for a longer duration.
- b) The costs of equipment be given a clearer description and the cost be justified.
- c) Reduce the number of months employing the international program expert, perhaps from 16 down to 8 months, and use the money saved to increase the budget for additional months of sociologist and ecologist specialists referred to in point (a) above.

Conclusions by the Fifth 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 makes provisions to increase the duration of the sociologist and ecologist experts in the project from three months to nine months and from two months to six months, respectively. The revised proposal stipulates that these experts will be utilized earlier during project implementation, while the budget allocated for employing international experts was internally reviewed to respond to the Panel's requests. The submitting government informed the Secretariat that due to a limited number of distributors for computer equipment, local prices were relatively high.

Conclusions of the Twelfth Committee

The Committee requested clarification on the linkages between the proposed project and the previous research project focussed on silvicultural treatment implemented in the same area. The Secretariat responded that because the same institution will implement the proposed project, these research results will be utilized if they are available. The Committee took note of the Panel's favorable review, along with the response of the implementing agency to its comments and recommended the Council to approve the project and allocate \$756,762 for its implementation.

5. PD 3/93 Rev.1 (F) Management and Conservation of the Forest of Bangou - Phase I: Development of the Management Plan

The Bangou forest reserve accounts for 26,048 ha of productive forest in the Congo. It is the remaining transitional forest between the tropical rain forest of Chaillu forest area and the mesophile forest of Center of Congo. This forest supports the livelihood of the riparian local populations, estimated at 10,000 people. It is currently under high pressure due to an intense forest exploitation, shifting cultivation, grazing and bush fires. This uncontrolled exploitation is the result of a lack of an adequate framework which should be developed within a forest management plan. If not promptly addressed, it will yield to the total destruction of the forest.

The proposal aims at suspending all industrial timber harvesting activities in this reserve and at developing an integrated forest management plan to reconcile the different interests involved and restore the productivity of the area. This exercise would also benefit the local forest staff by enhancing their ability to develop management plans for forest areas under high pressure and subject to different interests. Project activities include: 1) a detailed mapping of the area; 2) a comprehensive multipurpose forest inventory providing information on forest by-products; 3) timber species with

multiple utilizations; 4) data necessary for wildlife and forest protection management and the assessment of social and environmental situation of the area. All the activities will lead to the development of an integrated forest management of the area.

Comments by the Fifth Panel

The Panel noted that the project has a similar design to PD 2/93 (F) *Integrated Pilot Management of the Ngoua II Forest-North, Phase I: Preparation of the Management Plan* and confirmed that most of its recommendations provided may also be applied to this proposal. The Panel also emphasized that the local population be deeply involved in the development of the project, especially women who make up the majority of the population in the project area.

Recommendations by the Fifth Panel

- a) There is a need to employ a rural sociologist specialist.
- b) The costs of equipment be given a clearer description and the cost be justified, especially the computer and typewriter.
- c) Reduce the number of months employing the international program expert, and use the money saved to increase the budget for employing the rural sociologist referred to in point (a) above.
- d) Make provisions to ensure a more active participation of women in the socio-economic aspects of the project.

Conclusions by the Fifth 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 made provisions to secure the services of a rural sociologist specialist for four months and the budget allocated for employing international experts was internally reviewed to accommodate the Panel's recommendations. The Terms of Reference of the rural sociologist specialists have been developed to ensure the active participation of women in the socio-economic aspects of the project. The submitting government informed the Secretariat that due to a limited number of distributors for computer equipment, local prices were relatively high.

Conclusions of the Twelfth Committee

The Committee took note of the importance of this project because the forest area is located near the capital, and if management plans are not drawn up in the near future, the forest may disappear. The Committee noted that the minor amendments recommended by the Panel were taken, and recommended that the project be approved by the Council and \$730,347 be allocated for its immediate implementation.

6. PD 5/93 Rev.1 (F) Ten-Year Production of Treated Residual Dipterocarp Forest Stands

The extent of natural forest in the Philippines is decreasing at an alarming rate. With the ban of commercial logging operations in virgin forests in January 1992, the local wood industries are dependent upon sources of wood from already logged-over forests. The productivity of logged-over forests needs to be greatly improved to meet the increasing local wood demand.

The prevailing procedures for Timber Stand Improvement (TSI) make provisions for only one major series of TSI operations within the cutting cycle. The effects of such operations on wood

production are rather limited and will unlikely prevent a possible wood shortage in the future. Therefore, it is of utmost importance that improved silvicultural prescriptions for secondary forest be developed. It is anticipated that a second series of TSI operations before the end of the cutting cycle would improve the situation.

The objective of this project is two fold:

- * to assess the effect of TSI treatments on such parameters as tree diameter, height, stand composition, structure, etc. of residual dipterocarp stands after ten years observation period;
- * to determine the economic profitability of a second series of TSI operations before the end of the cutting cycle.

This study will report on the analysis of a ten-year growth and yield data from the four TSI study sites established by the Philippines-German project in four important regions where dipterocarp forests are still intact. The project will re-establish and remeasure plots treated with TSI practices. Data analysis will incorporate both the biological responses to the various treatments, as well as the economic viability of TSI as a forest management tool. The methodology of establishing the plots, collecting and analyzing the data has been thoroughly outlined in the Project Document.

Comments by the Fifth Panel

The Panel felt that this project is highly relevant to the objectives and core priorities of ITTO. The proposal is well research and presented and is very worthwhile because lessons learned may be applicable throughout the Asia region. In addition, the budget is quite reasonable in comparison to potential outputs.

Recommendations by the Fifth Panel

The Panel noted some minor changes that could be made to strengthen the proposal:

- a) The proposal should present its budget in US Dollars to avoid problems and confusion over exchange rates.
- b) In view of the previous involvement of the GTZ in the establishment of the sample plots, this organization should be contacted to ensure conformity with the previous experimental design.
- c) The project should include provisions for the dissemination of the results in the Philippines and interested neighboring countries.

Conclusions by the Fifth Panel

While these minor amendments were 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

The Expert Panel recommended this project for final appraisal and approval with minor amendments to strengthen the proposal. The changes needed in the original document include 1) converting the budget from Philippine Pesos to US Dollars, 2) ensuring conformity with the plot design established in the previous GTZ program, and 3) to make provisions for a wide dissemination of project results.

In the revised proposal, all items in the budget have been quoted in US Dollars. The revision also explains that the analyses of growth and yield measurements will be done to continue the study initiated by the Philippine-German Project. However, specific reference is not made on whether stand inventory and data analysis will adopt the previous experimental design conducted in cooperation with

GTZ. The revised document clearly describes that the results of this project will be published through appropriate manuals or journals for the benefit of interested parties in the Asian Region.

Other elements added to the revised document include a framework for effective staff participation, a Terms of Reference for the project leader, and institutional arrangements covering the role of the Executing Agency.

Clarification is needed on periodic evaluations which should be undertaken by the ITTO Secretariat because monitoring and evaluation costs are not included in the budget. However, since project cost is low, monitoring requirements may be minimal.

Conclusion of the Twelfth Committee

The Committee requested more clarification on how sustainability, biodiversity and local participation aspects would be addressed by the project. The representative of the Philippines explained that the project is consistent with the forestry policies of the Philippines which place emphasis on sustainability, biodiversity and local participation. The Committee considered the project to be of significant relevance to the region. It also took note that there are similar projects in Indonesia supported by the Governments of the Netherlands and the United Kingdom. The project may therefore contribute in sharing experiences in the treatment of residual dipterocarp forest stands in the region.

The Committee advised the delegation of the Philippines that the project could improve its results if a better coverage of the forest types by the research plots were ensured. It concluded that the project should be commended to the ITTC for approval and that an amount of \$11,663 be allocated for its immediate implementation.

7. PD 6/93 Rev.2 (F) Manual and a World Natural Mangrove Atlas for Mangrove Ecosystem Restoration

The total world-wide mangrove area is estimated at approximately 16 million ha. Mangroves support a diversity of terrestrial and aquatic fauna and flora which are of direct and indirect environmental, economical and social value to human societies concerned. However, mangroves ecosystems are being progressively depleted by uncontrolled exploitation, and some areas are in great need of restoration.

The objective of the project is to compile relevant information and to produce two volumes in order to 1) enhance the public awareness of the importance of mangrove ecosystem and 2) provide the know-how on planting techniques, restoration and rational management of mangrove communities. Project activities include:

- * collection of practical methods for restoration of mangrove systems,
- * development of data-base established in projects PD 71/89 Rev.1 (F) and PD 114/90 (F), and
- * compilation of relevance information and production of 2 volumes to meet the project objectives mentioned above.

Comments by the Fifth Panel

The concept of the project is sound and relevant to past and current ITTO objectives and priorities. In particular, it was noted that the proposal also builds upon the experiences of two previously approved and financed ITTO projects, PD 71/89 Rev.1 (F) and PD 114/90 (F). The Panel expressed a view that the project might benefit from the experiences of on-going and approved projects including PD 157/91 Rev.2 (F), PD 138/91 Rev.2 (F) and PD 171/91 Rev.1 (F).

The Panel was concerned with the possible duplication of the manual to be produced with previous work completed by other organizations such as FAO, UNESCO, IUCN and UNEP. As such, the Panel thought the proposal should refer to previous publications and point out how the project will complement instead of duplicate this work such as FAO, UNESCO, IUCN and UNEP.

There was also considerable discussion about how this project might lead to the development of ITTO Guidelines for mangrove management. It was felt that the first volume might focus a bit more on carrying out the type of analysis that would be a first step for developing Guidelines.

The Panel also noted that only 1,000 copies were to be published and distributed in English. The Panel thought that a project such as this with a world-wide focus should publish the manuals in all three official languages. In addition, it felt that 1,000 copies were too few and that a greater number of editions should be published. The Panel noted that Volume I of the manual, which focusses on public awareness, would have to be distributed on a wider basis, while the second volume, which is technical in nature, might have a more limited distribution.

During the discussions on PD 14/93 (F) *An Atlas of World Natural Mangroves*, the Panel noted a similarity in the objectives of Volume I of the manual and the Atlas. The Panel believed that in some way the Atlas might be combined with Volume I. In this light, the Panel felt that this project could be reformulated and integrated with PD 14/93 (F).

Recommendations by the Fifth Panel

- a) The proposal should be revised so that the manuals are published in all three official languages.
- b) The target population for each of the two volumes should be specified, along with the number of issues that would be published and disseminated. If the cost is significant, then perhaps alternatives might be explored such as selling publications instead of distributing the free of charge.
- c) The project might plan for a strategy that could lead up to the formulation of ITTO Guidelines for Sustainable Management of Mangrove Ecosystems.
- d) The manual should incorporate the experiences from projects PD 157/91 Rev.2 (F), PD 138/91 Rev.2 (F) and PD 171/91 Rev.1 (F).
- e) Previous work done by other organizations should be identified and studied to avoid possible duplication of efforts.
- f) Explore the possibility of combining this project with PD 14/93 (F).

Conclusions by the Fifth Panel

The Panel concluded that, subject to the integration of the two proposals, that one combined proposal for PD 6/93 (F) and PD 14/93 (F) be presented to the Committee for appraisal.

Addressing the Panel's Comments

Combining PD 6/93 (F) with PD 14/93 (F):

The Panel recommended that since the objectives of PD 6/93 (F) were similar to those of PD 14/93 (F), that the two projects be combined into one, where manuals and an atlas would be produced in one project. Although the revised proposal does not specifically state that the two proposals have been combined into one, upon close examination it appears as though one of the companion volumes of the manual will have many characteristics to that of an atlas. Furthermore, changes in project inputs and activities as well as an increase in the budget give an impression that the two projects were combined. A clarification from the submitting country is sought on this regards.

Target Population:

The Panel requested that the target population for each of these two volumes be specified along with the number of issues that would be published and disseminated. The revised proposal clearly indicates that one of the manuals will be a non-technical reference on the status of mangroves, their utilization and importance and this will be oriented towards politicians, managers and the general public. The second phase of the project will produce a technical manual on the techniques for restoring and reforesting degraded mangrove and other coastal areas, oriented towards technical people. The quantity to be published will be:

- * 2,000 copies of each volume in the three working languages of ITTO, and
- * 1,000 copies of each volume in Malay, Thai and Vietnamese.

The Panel felt that if the costs were significant, the project might consider selling publications instead of distributing them free of charge. The revised proposal did not address this issue.

Guidelines:

The Panel suggested that the project might plan for a strategy that could lead up to the formulation of ITTO Guidelines for Sustainable Management of Mangrove Ecosystems. The revised proposal discusses that the technical manual will fill the gap caused by the lack of guidelines for restoring mangrove areas but does not specifically state that the project will lead to the development of such guidelines.

Experiences from Other Projects:

The Panel felt that the manual should incorporate experiences from other proposed and on-going ITTO projects dealing with mangroves. The revised proposal explains how information and lessons generated by other ITTO projects will be incorporated into the development of the two manuals.

Duplication of Efforts:

The Panel recommended that previous work done by other organizations be identified and studied to avoid possible duplication of efforts. Although it does not go into a great amount of detail, the revision explains that the Implementing Agency is aware of the work done by other organizations, and that it will network with them to ensure that work is not duplicated.

Budget:

The total project budget, as well as the amount requested from ITTO has been increased from \$378,120 to \$688,080. However, this is still considerably less than the amount that would otherwise be requested if both PD 6/93 (F) with PD 14/93 (F) had been resubmitted (\$832,080).

Conclusions of the Twelfth Committee

The Japanese delegation clarified that PD 6/93 Rev.1 (F) incorporates two previous proposals, PD 6/93 and PD 14/93, reviewed by the Panel of Experts. The Committee recommended that the title of the project be changed to reflect this integration, in addition to removing some ambiguous statements regarding PD 14/93 in the text. Consequently, the Japanese delegation changed the title to *Manual and a World Natural Mangrove Atlas for Mangrove Ecosystem Restoration*. Subsequently, the Committee recommended that this project be approved by the Council and allocated \$732,984 for its immediate implementation.

8. PD 10/93 Rev.1 (M,F,I) Seminar and Study Tour on Sustainable Forestry Management System Practiced in Natural Forests of Japan

In order to achieve the sustainable natural forest management in the Tropics, it is necessary to improve the ability of interested forest planners and managers to plan and implement forest operations. It is expected that such improvement could result from a transfer of technology between such countries where these planning and implementation procedures have already been well established, such as Japan, and the tropical timber producing countries.

The objective of the Project is to hold a four-day seminar, during which 30 representatives of producing member countries will be given the opportunity to visit, learn and discuss forest management activities. Topics to be reviewed include the measurement of resources, planning of timber harvesting, improvement and monitoring of forest regeneration, etc. These activities have been established with the view of achieving sustainability in the Hokkaido region of Japan, and will be used as a comparison of these types of activities in other ITTO member countries.

Project activities include a study tour involving 50 delegates from ITTO Member countries and a seminar including a presentation of four technical papers on selected topics. The Seminar is proposed to be held immediately prior to the XV Session of the ITTC in Yokohama in November 1993.

Comments by the Fifth Panel

The Panel felt that the concept of the seminar is sound, and that there may be many experiences to exchange that would be of benefit to both the producing country participants and those from Japan. However, it was noted that the project's objectives were quite broad and the four day seminar attempts to address too many topics in forest management. Considerable discussion focussed on the application of technologies utilized in temperate/boreal forests in mixed tropical forests. The Panel sensed that silvicultural treatments used in Hokkaido, particularly those involving regeneration, were not particularly applicable to tropical forests. Furthermore, the economics of forest management are quite different between Hokkaido's natural forests and those of the tropics and therefore, caution must be taken when pointing out the viability of certain management practices to tropical forests.

The Panel realized that many aspects of Hokkaido were of value to tropical forests, especially when applying the principles of sustainable forest management during the planning process. In this light, it was felt that the participants could gain considerably, but it would be important to highlight the constraints in applying management approaches to tropical forests. In other words, transparency must be given while discussing economic conditions leading to sustainable management. Furthermore, the Panel felt that the technical aspects of harvesting, namely road/skid trail layout and directional felling might be of particular interest and benefit to the participants.

Other comments made referred to the project title. The Panel believed that the title of the project might be changed to more accurately reflect the seminar's focus. The Panel suggests the title be changed to *Seminar and Study Tour on Sustainable Forestry Management Systems Practiced in Natural Forests of Japan*. The Panel also reasoned that a similar study tour might be included in a Phase II project which would allow the same participants to visit a model forest area in a tropical producer country.

Finally, the Panel considered the program to be tight and that both the seminar and field trip would have to be well planned in order to achieve stated objectives.

Recommendations by the Fifth Panel

- a) Include discussions on ITTO Guidelines in the Seminar.
- b) Prepare a document on Hokkaido forest before hand and make it available to the participants before they arrive to Japan. This will allow them to be better prepared for the seminar.

- c) Project objectives should be narrowed down to focus on matters that are comparable between temperate and tropical forests.
- d) Change the project title to *Seminar and Study Tour on Sustainable Forestry Management Systems Practiced in Natural Forests of Japan*.
- e) Distribute the report of the Seminar in the XVI Council Session in all three official languages.

Conclusions by the Fifth 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

ITTO Guidelines:

The Panel recommended that discussions on ITTO Guidelines be included in the Seminar. The revised proposal refers to ITTO Guidelines during its analysis of the similarities between tropical forests and those of Hokkaido.

Preparation:

The Panel also requested the Implementing Agency to prepare a document on Hokkaido forest before hand and make it available to participants before they arrive to Japan. Although this is not addressed in the document, the seminar organizers have contacted the Secretariat to show the documents and information that is to be distributed to participants well in advance of the seminar.

Project Objectives:

The Panel felt that the project objectives might be narrowed down to focus on matters that are comparable between temperate and tropical forests. The revised proposal has refined some of the objectives, and the text has been changed in places to show how experiences generated in Hokkaido might be used as an example for tropical forests.

Project Title:

The project title has been changed from its previous title, *Seminar and Study Tour on Excellent Forestry Practice System for Natural Tropical Forest Management* to the new one recommended by the Panel: *Seminar and Study Tour on Sustainable Forestry Management System Practiced in Natural Forests of Japan*.

Languages:

The revised proposal now states that budget permitting, the proceedings will be published and distributed in all three ITTO working languages. Furthermore, it also explained that if the project were evaluated as favorable, there would be a possibility of formulating a similar study tour during the next ITTC, which would be held in a producer country.

Conclusions of the Twelfth Committee

The Committee noted that all of the Panel's concerns were appropriately addressed and therefore recommended that the Council approve the project and allocate \$122,869 for its immediate implementation.

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

The proposed project is located in a region of the Colombian Amazon encompassing nearly 12,000,000 ha of tropical rain forest. The project will be centered in the Cahuinari National Park and will operate in three indigenous reserves (*resguardos*) representing an area of more than 6.5 million ha.

Recent and proposed changes in the Colombian constitution have legally empowered indigenous groups to manage and develop their territories (*resguardos*) to maintain their traditional social, cultural and economic integrity. These newly attained rights give indigenous groups broad powers of the use, management and conservation of natural resources in vast areas covered by tropical rainforests. However, leaders and their people do not understand the implication of these rights nor possess the knowledge and skills to manage areas under their purview.

The Intercultural Ecological Center of Cahuinari (CEICA) has been created and supported by organizations representing the Colombian Government and indigenous groups. This Center proposes to strengthen local research capabilities to enable indigenous people to learn how to effectively manage their natural heritage. The Puerto Rastrojo Foundation, an NGO accredited by the Ministry of Education in 1982 proposes to assist the Center to provide training and research to local tribes to assess, plan and evaluate programs for managing indigenous reserves.

The project proposes to train 24 indigenous leaders to carry out an inventory of floral and forest resources in three indigenous reserves. Subsequently, a management plan for the sustainable development of natural resources will be completed along with proposals for activities in Phase II of the project.

Proposed activities are grouped into two categories: 1) management and harvesting forest resources and 2) institutional strengthening of CEICA and the development of an information and monitoring center. Forest management activities will be based on ITTO Guidelines for Sustainable Tropical Forest Management and include:

- * Photo interpretation and mapping
- * Species identification and classification as to potential use
- * Workshops and training with the participation of indigenous leaders.

The institutional strengthening component will concentrate on the installation of infrastructure, group formation, training and the development of natural resource management plans.

Comments by the Fifth Panel

The Panel agreed that the project is relevant to ITTO's objectives and felt that the project may have a great deal of potential. Although the concepts stated in the proposal have merit, the Panel believed the organization of outputs and activities required more focus. In general, the Panel noted that the activities do not specifically show how the objectives will be achieved. Furthermore, the proposal underestimates the difficulties of completing the activities within budget and time period proposed. The amount of inputs proposed do not coincide with the requirements for achieving the activities.

It was not clear how the proposal intends to strengthen the indigenous groups to manage and develop their forest lands. The Panel also commented that the proposal did not confront the social and economic aspects of the indigenous communities. The Panel noted that details concerning a breakdown of inputs on the part of the implementing agency was not specified. As such, it was not clear on how the social and economic aspects of the project would be addressed.

Recommendations by the Fifth Panel

The Panel expressed a positive attitude towards the project but felt the proposal needed to be revised to address the following recommendations:

- a) Define more specifically the problems to be addressed by the proposal, and clarify the nature of these problems from research and socio-economic perspectives.
- b) Specify, with sufficient detail, the contributions to be provided by the executing agency in the budget.
- c) Clarify objectives and outputs and how activities present in the proposal will result in the achievement of these objectives.
- d) Ensure that inputs and budgetary items are sufficient to support proposed activities.
- e) Explain how the social and economic aspects of the project will be addressed using the expertise available on NGO staff.
- f) Justify the means of transportation to be used and ensure that proposed transportation facilities are adequate.
- g) Define the area to be included in inventories to a practical level, and ensure that provisions are adequate for the participation of indigenous people in this activity.

Conclusions by the Fifth Panel

The Panel felt that the project may be attractive to ITTO, but requires further refinement. The Panel concluded that, subject to the incorporation of the above essential modifications, which are necessary for the success of the project, the project should be commended to the Permanent Committee for appraisal.

Addressing the Panel's Comments

Problems to be Addressed:

The revised proposal clarifies the problems to be addressed with regard to the limitations of the skills of indigenous people to inventory their territories and use this information to develop policies and strategies for managing these areas. However, the proposal does not go into detail concerning the socio-economic conditions of the Indian groups, nor details concerning community organization.

Budget:

The revision provides a detailed breakdown of the contribution of INDERENA and Puerto Rastrojo Foundation. The project budget has been increased from \$402,244 to \$506,784. The ITTO contribution has also increased from \$212,544 to \$321,643. The breakdown in budget from the two executing agencies are \$100,000 from Puerto Rastrojo, and \$85,241 from INDERENA.

Objectives/Outputs/Activities:

The project's objectives have now been divided into one general objective and six specific objectives. The specific objectives are now:

1. To provide local co-researchers with necessary skills to read, use and produce vegetation maps.
2. To provide local community co-researchers with the necessary skills and tools to develop forest inventories.

3. To provide local co-researchers with the necessary tools, discipline and rigor to define and develop useful research activities.
4. To empower local communities in the definition of their own projects and assist local co-researchers in their development.
5. To involve local co-researchers in the definition of the ecological and socio-cultural management plan for the Cahuinari National Park.
6. To strengthen the National Park as a source of information and advice, as well as a place to get useful skills that will benefit the inhabitants of its influence zone.

In addition to clarifying the objectives, the proposal now links its objectives with outputs and activities. Furthermore, details provided in the budget breakdown clearly demonstrate that budgetary resources commensurate with proposed activities, including a justification of the modes of transportation required as requested by the Panel. The Puerto Rastrojo Foundation also has a significant amount expertise available to assist with project activities should it become necessary.

Socio-Economic Aspects:

In the summary provided on the experiences of the Puerto Rastrojo Foundation, details are provided concerning this NGO's work in assisting with the socio-economic needs of indigenous communities.

Inventories:

The inventories to be undertaken do not appear to be defined at a practical level, with the two Indigenous reserves totalling 6,393,053 ha.

In summary, the proposal has been substantially reformulated substantially addressing the majority of the Panel's comments and recommendations.

Conclusions of the Twelfth Committee

The Committee noted that the project has very laudable objectives and that it strengthens the capabilities of indigenous communities to effectively manage the Indian reserves on a sustainable basis. However, the Committee considered that these objectives could only be achieved over a long term period, therefore budgetary levels and project duration did not appear sufficient. The Colombian delegation clarified that project activities would be focussed during this first phase on specific locations within the indigenous reserves and would not attempt to cover the entire area. Furthermore, the Colombian delegation explained that the design of this project was refined during a workshop involving the NGO in charge of implementing the project.

The Committee sought clarification on whether forest management activities would be carried out by local communities in the framework of forest management plans. The Committee also requested additional information regarding the sustainability of the Intercultural Ecological Center upon project completion. The Committee was informed by the Colombian delegation that in regard to forest management, the inventories undertaken in the project would be a first step towards the development of a comprehensive resource management plan for the indigenous reserves, of which forestry would play an important role in the future. The Colombian delegation also explained that the Center was created before the project and receives nominal support from the Government and as such, its existence is independent of project funds.

The Committee recommended that the project be commended to the Council for approval and that an amount of \$338,643 be allocated for its immediate implementation.

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

This pre-project proposes to undertake a feasibility study for the preparation of a management plan in north-west Congo. This area has not received much priority compared to the forests in the south, however, there is the need for planning to guarantee the sustainable utilization of forest resources. This short, four month project would determine the steps required to develop a comprehensive forest management plan for an area of approximately three million hectares.

Comments by the Fifth Panel

The Panel strongly supported the objective of this proposal which was regarded as a very comprehensive approach for initiating a planning process for the development of forests activities in a sustainable basis in Congo. The Panel also considered the proposal to be well developed. However, it felt that some improvements could still be made, especially in clarifying the final output of the project and describing in more concrete terms, the situation of the project area.

Recommendations by the Fifth Panel

- a) Details should be provided on specific results, whether a proposal would be developed and submitted to ITTO or other international donors for financing.
- b) The part of the area on which the project is implemented should be clearly defined. To that end an additional map showing the project area and boundaries of blocks (a), (b) and (c) mentioned in the project document should be provided.

Conclusions by the Fifth Panel

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

Addressing the Panel's Comments

The revised proposal clarified that the final output of the pre-project would be a project proposal of forest stratification to be implemented in one or several phases, and that such a proposal would be submitted to ITTO for approval and funding.

Conclusions by the Twelfth Committee

The Committee considered that the clarification provided by the Government of Congo on the final pre-project output was satisfactory. It also commissioned the Secretariat to request the Government of Congo to provide an additional map showing the project area and boundaries of blocks (A,B, and C) as mentioned in the project document. The Committee approved the pre-project and requested the ITTC to make an amount of \$174,090 available for its immediate implementation.

11. PPD 4/93 Rev.1 (F) Physical and Socio-economic Evaluation of the Integrated Watershed Rehabilitation Project (PRIDECU)

This pre-project would result in the evaluation of a national level watershed rehabilitation program initiated some 17 years ago. The pre-project would carry out a study to analyze socio-economic options for the management of forest plantations established under the PRIDECU Program. These plantations would be examined in light of potential benefits to participant communities, and possibilities for micro-industries as a value added process. The pre-project would also assess needs for training in areas of plantation management, harvesting, utilization and marketing.

Comments by the Fifth Panel

The Panel felt that the pre-project might provide an opportunity to use the recently approved ITTO Guidelines for the Establishment and Sustainable Management of Plantations as a management and evaluation tool.

However, it was felt that the pre-project proposal did not clearly describe the outputs hoped to be achieved, for example, the development of a project proposal. Furthermore, the Panel believed that the success of the plantations should be adequately demonstrated before planning activities to economically benefit from them. As such, the pre-project might be revised into two components. The first component would examine plantation success and second component would result in a proposal for developing community level micro-industries.

Recommendations by the Fifth Panel

- a) Provide the extent (in hectares) of plantations established under the PRIDECU project, as well as other pertinent data on stand composition such as species composition, rough volume estimates and so on.
- b) Present information on the outcome of any previous evaluations of the PRIDECU project.
- c) Revise the pre-project objectives into two components: Plantation assessment and utilization. A workplan should group activities into these two areas.
- d) Justify the costs presented in the budget with a focus of reducing the total budget by about 50%.

Conclusions by the Fifth Panel

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

Addressing the Panel's Comments

Project Objectives:

The Panel recommended that pre-project objectives be revised into two components: plantation assessment and utilization. The Panel further recommended that activities be grouped into these two areas. The revised proposal now has two specific objectives:

1. Identify and evaluate the presence of harvestable timber and the levels of development, composition, health and productive potential of plantations, and analyze the potential for organizing communities to participate.
2. Formulate a proposal to organize the communities into integrated forestry micro-enterprises and train them in appropriate management practices.

Outputs and activities have been logically grouped within these two specific objectives.

Data on Plantations:

The Panel requested the extent of plantations established under the PRIDECU project, as well as other pertinent data on stand composition such as species make up, rough volume estimates and so forth.

The revised proposal explains that beginning in 1978, a Canadian financed project established an original 3,000 ha of plantations, and after its conclusion, INDERENA expanded the area reforested to a total of 8,000 ha. INDERENA estimates that approximately 1,500 ha are ready to be harvested

in one form or another, with a calculated volume of about 200,000 m³. A wide range of species because the plantations are located in a wide variety of ecological zones.

Evaluations of the PRIDECU Project:

Although the revised proposal does not specify a specific evaluation event, it does explain that INDERENA together with the communities have assessed the needs for plantation management. Based on dialogue with participants, INDERENA has determined necessary interventions for the communities to directly benefit from their efforts in establishing and protecting plantations.

Budget:

The Panel felt that the original budget was too high, and requested a justification of costs as well as a reduction in the budget by about half. In response, the revised proposal presents a detailed budget breakdown which justify costs. In addition, the pre-project's total budget has been reduced from an original \$375,936 down to \$198,875. The contribution requested from ITTO has also been lowered from \$300,836 down to \$160,125 while the contribution of INDERENA has changed from \$75,100 to \$38,750.

In summary, the pre-project proposal has been completely reformulated, and now follows the format outlined in the new project formulation manual. The revised proposal has also addressed all of the Panel's comments and recommendations.

Conclusions of the Committee

The Committee requested clarification on the species found in plantations targeted for inclusion in the pre-project, and noted that these were pine, eucalyptus, and additional native species. The Committee also sought information on the end uses of the wood harvested from community plantations. The Colombian delegation explained that the project would undertake a market study and determine the alternative uses for the wood which may include both construction and domestic use.

The Committee noted that this is a well formulated proposal but questioned its relevance because it appeared to be a rural development project and that it would have limited impact on the development of the international tropical timber trade. However, the Committee noted that a holistic approach needs to be taken in order to make a proper assessment on the potential use of these plantations, and the potential relevance towards ITTO's objectives and core priorities. The Committee concluded that since the pre-project would pursue the issues in these discussions, that it would provide guidance for the formulation of a project proposal, as stated in the pre-project objectives. It therefore recommended that the pre-project be commended to the Council for approval with the understanding that the pre-project would give particular attention to industrial timber. Furthermore, the pre-project should also give consideration to the financial viability of managing plantations for timber production. In conclusion, the Committee recommended that the Council approve this pre-project and allocate \$168,625 for its immediate implementation.

- 12. PPD 5/93 Rev.1 (F) Preparation of an Integrated Management Plan for District No. 1 of the Kuna Yala Indian Region, Aimed at the Development of Agroforestry (18,000 ha) Production Forests (22,000 ha) and Watershed Protection (60,000 ha)**

This pre-project was originally a proposal entitled *Establishment of an Agro-Forestry Demonstration Area in the Kuna Yala Region (San Blas)* PD 30/92 Rev.1 (F), and was considered in the previous project cycle. It was reviewed by the Fourth Panel of Experts and the Eleventh Session of the PFC. The Panel made a number of recommendations, many of which were incorporated into the Rev.1 document reviewed by the Eleventh Session of the PFC. The Committee felt it did not have a sufficient amount of time to fully appraise the proposal and recommended that it be refined further. In this regard, the Government of Panama requested the Council to provide the assistance of a consultant to reformulate the proposal.

In January 1993, the Secretariat contracted the services of a consultant to work closely with the Executing Agency and the Government of Panama to redesign the project. During the reformulation mission, the Executing Agency felt that a pre-project would be more appropriate because it needed more information to design a comprehensive program. As a result, the current pre-project PPD 5/93 was submitted in place of PD 30/93 Rev.2 (F).

Summary of PD 30/92 (F)

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

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

Project Compliance with ITTO Requirements

The reforestation and forest management demonstration project is related to Objectives (c),(f) and (h) of article I of the ITTA, areas (a), (b) and (c) of Article 23.5 and areas (a), (b) and (e) of Article 23.6 of the Agreement. It is also potentially relevant to strategies (b), (e), (h) (i), (k) and (l). As the Project aims to bring some 320,000 ha under sustainable management, it is potentially highly relevant to Target 2000, though the potential of the areas forest production to enter the international trade is not clearly defined.

Comments of the Fourth Panel on PD 30/92 (F)

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

Recommendations of the Fourth Panel on PD 30/92 (F)

That the project be reformulated to:

1. Clarify the resource situation in the project area with regard to the extent of remaining natural forests, the area of degraded forest lands and the extent of agricultural development. The aim of the management plan in terms of both forest production and environmental protection should also be clearly specified.
2. Clarify the relationship between what is proposed under the project and what was achieved under the management plan that was previously developed for the area in 1985-86. In this regard, the proposal should indicate clearly whether it will update this

plan or simply seek to implement its major provisions. It should also clearly indicate the relative scale of the production, protection and agro-forestry components of the project.

3. Ensure that ITTO Guidelines are used in the development and implementation of any new management plan for the area.
4. Outline how the local people could give input to and participate in both the preparation and future implementation of the management plan.
5. Indicate clearly the extent that the project will be involved with demonstration and extension of existing agro-forestry and other forest management systems as against trying to develop new forest management models through research. If there is a major research component, the limitations of current systems should be specified along with a detailed research plan to address these problems.
6. Indicate how continuity of any management systems developed during the project will be maintained after the completion of the project.
7. Indicate what other projects are working in the area and how the proposal will relate to these current activities and extend their impact.

Conclusions of the Fourth Panel on PD 30/92 (F)

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

Response of PD 30/92 Rev.1 (F) to the Fourth Panel's Comments

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

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

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

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

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

- * Any details concerning the type of agroforestry systems it will develop,
 - * How agroforestry might be integrated into the overall management of the area, and
 - * How project activities in agroforestry and forest management might improve the participants standard of living.
3. The revised proposal does not mention the ITTO Guidelines for the development and implementation of its forest management plan. However, some of the ITTO guidelines are implicitly followed in the revised proposal.
 4. The revision emphasizes that local people will participate in project implementation, monitoring and evaluation. However, the proposal does not describe in detail how this process will take place, particularly with respect to community institutional arrangements.
 5. Due to the general nature of the previous management plan, the project will undertake basic studies on forests that have the potential for multiple-use production on a sustainable basis. In addition, the aim of the 25 ha agroforestry demonstration area is to generate agroforestry systems which will improve traditional production practices and increase income at the community level.

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

6. Both the original and revised proposals contain similar statements regarding the continuity of management systems. The proposal mentions that this project is a first phase, but does not outline a strategy for the second phase. When the studies in agroforestry and the management plan have been completed, it is anticipated that external funding will be sought for the implementation of follow-on activities. INRENARE will continue to provide technical assistance to the implementing (AEK/PEMASKY) agencies.
7. The revised proposal explains that the project will complement other work being carried out in the area by CATIE, The Smithsonian Institution, and other NGOs and Governmental Agencies. These other organizations have been working primarily in conservation where the proposed project is considered an integrated conservation development program. It will strengthen initiatives in sustainable rural development while addressing the need for natural resource conservation. Additional detail showing how these different projects complement one another would be most useful.

Conclusions of the Eleventh Committee on PD 30/92 Rev.1 (F)

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

- * This is the first project from Panama presented by a group of Indians to ITTO. They had participated in the UNCED Conference.
- * The area is ecologically very important to the country, and protects the watershed of a major hydroelectric facility.
- * The project fills a gap and complements efforts by other organizations to develop eco-tourism and protect biodiversity.
- * The agroforestry system will help meet food requirements and halt shifting agriculture. It will complement forest management activities which will be undertaken by the Indians on their reserve land under the project.

- * Forest management will follow ITTO guidelines, particularly in reference to the forest inventory, development and implementation of a forest management plan. The project will transfer technologies and organizational skills to the Kuna Indians so they are able to manage and benefit from tropical forests on reserve land.

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

Comments on PPD 5/93 (F)

This 13 month pre-project aims to prepare management plans for the entire area of District 1 of the Kuna Yala Region in north-eastern Panama. This area has been decreed as an Indian Reserve, which is governed by the Kuna Indians on a semi-autonomous basis. The management plans will cover an area of 100,000 ha in three types of land classifications:

- * Coastal lowlands of 18,000 ha with activities oriented towards agroforestry,
- * Lower mountain slopes of 22,000 ha for sustainable timber production, and
- * Higher altitude slopes of 60,000 ha of moist tropical forests for watershed protection.

The pre-project will support information gathering activities for the agroforestry component, collecting both socio-economic and technical data, for the development of an agroforestry production systems in the lowland areas. As part of this process, a demonstration plot of five hectares will be set up, together with Kuna farmers to help them envision how the process would work.

The pre-project will also assist with the accomplishment of a forest inventory in an area covering approximately 22,000 ha of virgin forest land on the lower slopes of the San Blas mountains. The inventory will provide the data required to develop a management plan for the sustainable utilization of forest resources following ITTO Guidelines.

Finally, a revised plan for the management and conservation of 60,000 ha of virgin forest in 20 catchment areas. Together, with the 22,000 ha of production forest, these two plans will be combined into an integrated management and conservation plan for 82,000 ha.

The project will be implemented by the Association of Kuna Indians under the Program for the Management of Wildlands in Kuna Yala, which is an initiative to maintain the integrity of Indian lands. The Integrated Management Plan will be packaged as a proposal, and presented to ITTO for funding.

Fifth Panel's Comments on PPD 5/93 (F)

The Panel noted that the original proposal had been reformulated to a pre-project proposal and debated on whether the proposal should be for a project or a pre-project. It was not exactly clear the scope to be included in the development of the management plans, and whether it would be too wide for a pre-project. The Panel discussed the possibility of having the pre-project formulated into a two phase project, one phase for the development of the management plan, and one phase for the implementation of sustainable forest management activities.

The Panel also noted that the pre-project will be implemented by an indigenous group with a legal mandate over the management of its own natural resources. The Panel recognized the pre-project as being very relevant to ITTO's goals, priorities and Target 2000.

The Panel saw that the Work Plan time line in Appendix A was incomplete. The Panel also felt that the pre-project should coordinate closely with CATIE and other regional institutions with expertise in forestry and forest management.

Conclusions by the Fifth Panel

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

Addressing the Panel's Comments

In response to the Panel's recommendations, the revised proposal incorporates a detailed workplan into Appendix A. This was the only revision requested.

Conclusions of the Twelfth Committee

The Committee commented on the high quality of the pre-project proposal and commended it to the Council for approval and an allocation of \$222,000 for its immediate implementation.

APPENDIX II

PPD 12/92 (F) PUBLICATION AND DISSEMINATION OF THE ITTO GUIDELINES ON THE CONSERVATION OF BIOLOGICAL DIVERSITY

During the XIIIth Session of the ITTC the "Guidelines for the Conservation of Biological Diversity in Tropical Production Forests" was adopted and commended by the Council {Decision 4 (XIII)}. It is intended to be used as an international reference standard for Members and the international community to contribute towards the goal of sustainable utilization and conservation of tropical forests and their genetic resources. To complement this decision, a Pre-project proposal was formulated, PPD 12/92 "Publication and Dissemination of the ITTO Guidelines on the Conservation of Biological Diversity" which was approved and recommended for immediate financing and implementation as soon as funds were available in the Special Account {Decision 1 (XIII)}.

Funding for this Pre-project however has not been secured yet and due to the significance of this Guidelines, the Committee is hereby requested to approve the budget outlined below and to recommend to the Council that this amount be allocated to the Pre-project sub-account.

I. PUBLICATION (3 LANGUAGES: English, French, Spanish)

Printing Cost (Offset) for 5,000 copies - \$4,000 X 3 Languages = \$ 12,000
Cover and text Lay-out - (in house)
Editing - (in house)

II. TRANSLATION (2 Languages: French and Spanish)

French Translation - \$2,500
Spanish Translation - \$2,500

III. DISSEMINATION

Postage and handling cost to Member Countries and other interest groups
1,000 copies x \$5.00 = \$5,000

IV. CONTINGENCY

(Inflation Cost, unforeseen expenditures, communications etc.) - \$3,000

TOTAL BUDGET

I	-	PRINTING	\$ 12,000
II	-	TRANSLATION	\$ 5,000
III	-	DISSEMINATION	\$ 5,000
IV	-	CONTINGENCY	\$ 3,000

TOTAL \$ 25,000

FINAL VERSION

OF

**ITTO GUIDELINES ON THE CONSERVATION
OF BIOLOGICAL DIVERSITY IN TROPICAL PRODUCTION FORESTS**

**- a supplement to ITTO Guidelines for
the Sustainable Management of Natural
Tropical Forests**

**ITTO GUIDELINE ON THE CONSERVATION OF
BIOLOGICAL DIVERSITY IN TROPICAL PRODUCTION FORESTS**

**A SUPPLEMENT TO ITTO GUIDELINES FOR THE
SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS**

FOREWORD

These Guidelines are developed to be integrated in the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests. With these principles and actions, biodiversity issues that are contained already implicitly in the existing ITTO Guidelines will be shown more explicitly.

Incorporation will require renumbering of the principles and consequent actions to allow for the additional 14 principles and 20 actions be put in the right place. Much of the introductory chapters 1 and 2 will then be presented as an annex to the integrated Guidelines.

For practical logistical reasons the factual integration will be coincided with the anticipated second edition of the ITTO Guidelines in a few years time. Until then these Guidelines on the Conservation of Biological Diversity will be published as a separate supplement to the existing ITTO Guidelines for the Sustainable Management of Natural Forests.

1. INTRODUCTION

At its Eighth Session in Bali in Indonesia in May 1990, the International tropical Timber Council adopted Target 2000 through which its member countries set themselves the goal of ensuring that by the year 2000 all trade in tropical timber would come from forests that are managed sustainably. This goal was set in relation to objective 1(h) of the International Tropical Timber Agreement of 1983 which is: "*To encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned.*"

Forests managed for timber and/or non-timber products do provide habitats for many, in some cases the majority, of the plant and animal species found in pristine, unmanaged forests. The number of species persisting is dependent on a variety of factors, predominantly on the degree of intervention and modification of the original ecosystem. In some cases of low-intensity utilization, forests may, at least in the short-term, have greater diversity than undisturbed ecosystems. Species composition will have changed, however, and some rare or specialized species may be lost.

Biological diversity is important both in its own right, and for the functional support it provides for the total forest ecosystem, and hence ultimately, for sustainable timber production. However, due to deforestation and forest degradation it is increasingly at risk. The principle objective of the ITTO Guidelines on the Conservation of Biological Diversity in Tropical Production Forests is therefore to optimize the contribution of these forests to the conservation of biological diversity that is consistent with their primary objective, namely the sustainable production of timber and other products.

These guidelines are based on the Report of an International Technical Working Group established in accordance with Decision 6(X) of the International Tropical Timber Council. The terms of reference for this Working Group required it to prepare guidelines for "The Conservation of Biodiversity in Tropical Production Forests" to complement the "ITTO Guidelines for the Sustainable management of Natural Tropical Forests" and the "ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests".

In meeting these terms of reference, the Working Group's report was based in large part on a Pre-Project Report on "Realistic Strategies for the Conservation of Biological Diversity in Tropical Forests" which was prepared for ITTO by the International Union for the Conservation of Nature and Natural Resources - IUCN. This report summarized the outputs from a workshop conducted in conjunction with the General Assembly of the IUCN which was held in Perth Australia in December 1990. On the basis of the workshop discussions, a set of draft guidelines was prepared, revised by IUCN and sent for consideration by the Working Group when they met in Switzerland in October 1991 to formulate an amplification of the principles relating to the conservation of biodiversity implicit in the existing ITTO Guidelines on sustainable management in tropical forests. These constitute the international reference standard established by ITTO for the development of more specific national guidelines. The details of these national guidelines are matters for national decision by individual timber producing countries, in accordance with their national objectives and land use strategies.

2. KEY ISSUES IN BIODIVERSITY CONSERVATION IN PRODUCTION FORESTS

Before outlining a series of general principles and recommended actions for the various aspects of biodiversity conservation in tropical production forests, it is useful to examine the key issues associated with the conservation of biological diversity in these forests. These issues include the nature of biological diversity itself; the nature of the threats to biological diversity in tropical forests; the key role of forests set aside and totally protected for the purposes of species and ecosystem preservation; the role of production forests in the conservation of biological diversity; and the contribution of biodiversity conservation to the sustainable management of tropical forests.

2.1 What is Biological Diversity?

Biological Diversity or Biodiversity is not just the number of species in a particular area. Rather, it is the total variety of genetic strains, species and ecosystems that are found in nature. For practical

purposes Biodiversity is normally subdivided into three major hierarchical categories - variation at the genetic level within a particular species; species diversity or the number and proportion of different species in a particular area; and ecosystem diversity that describes the variation in the assemblages of species and their habitats.

Tropical forests are extremely rich in plant and animal species. Biodiversity does not just refer to trees, birds and mammals but to all groups of organisms. Most of these are invertebrates and microorganisms and although less conspicuous, some of them may be essential to the functioning and sustainable production of the forest.

Another key feature of biodiversity is the fact that it is not a static entity. It is continually changing as evolution gives rise to new species and changing ecological conditions cause others to disappear. Tropical forests are also not static ecosystems maintaining a fixed climax species composition over time. All forests have been subject to modification in the past by climatic, geomorphological and human influences throughout their evolutionary history, and these modifications themselves have influenced current patterns of biodiversity. Modifications caused by inter alia timber harvesting, silvicultural operations or fire are important aspects of this dynamic development of the forests.

2.2 The Benefits of Biodiversity

The diversity of nature is the source of biological wealth and the foundation of the material wealth of human societies. It has been the basis for selective development of our food crops, a wide range of direct goods and services and much of the raw inputs and genetic materials for industry, agriculture and medicine. Collectively, these benefits are worth many billions of dollars each year. People spend additional billions of dollars each year to appreciate nature and its diversity through recreation and tourism.

All human societies - urban, rural, industrial and non-industrial - continue to depend on a wide array of ecosystems, species and genetic variants to meet their ever changing needs and the needs of the markets they supply. The diversity of nature is also a source of beauty, enjoyment, cultural and spiritual inspiration, understanding and knowledge and provides the foundation for much human creativity.

Through their evolution over millions of years, plants and animals have made the Earth a fit habitat for humanity and the other forms of life we know today. Plants and animals help maintain the chemical balance of the Earth, and stabilize climate. They also protect watersheds and renew the soil. Furthermore, we are only beginning to understand these roles and know too little about the relative importance of different ecosystems or the species which compose them.

2.3 Threats to Biodiversity

Any disturbance of a forest, whether by natural agents or caused by people, will alter it as a habitat for animal and plant species. Small-scale disturbances may in some instances enhance structural, floristic and faunistic diversity. However, large-scale disturbances tend to simplify the ecosystem and result in a loss of genetic diversity within a species, loss of species and reduced available habitat and as a consequence may result in an overall loss of biodiversity.

In general, the management of a forest for timber production and many other purposes requires the modification of the natural ecosystem to provide access, to remove forest products and in some cases, to increase the yield of commercial species. Inevitably, some of the original forest species will then be at least locally lost. Total biodiversity may remain the same as other species colonize the modified forest environment. However, the colonists are often common and widespread while the displaced species are often old-growth specialists, many with restricted ranges. The net result therefore is often a qualitative change in diversity favoring generalists species at the expense of old-growth specialists.

Converting natural forests into other land uses has far more drastic impacts on biodiversity than sustainable management for timber production. A very large proportion of the world's forests are

allocated for the production of timber and this situation is likely to persist. The future of much of the world's forest biological diversity depends upon the way in which these forests are managed.

2.4 The Key Role of Totally Protected Conservation Areas

In the light of the benefits of biodiversity and all of the above threats, prudence demands that people and human societies keep as much biodiversity as possible, while at the same time ensuring that the areas appropriate for the production of timber or other benefits are sustainably managed to meet their primary production objectives.

However, detailed information on the ecology of all forest species and their response to disturbance is frequently not available. Thus, there is often little information upon which to base conservation programs.

In this uncertain situation, the safest strategy for conserving biodiversity is to establish large undisturbed protected areas covering representative examples of all forest types and ecosystems. Totally Protected Areas (TPA's) such as Strict Nature Reserves, National Parks and other equivalent areas (See Appendix 1 for details) must therefore be seen as the corner stone of any systematic conservation programme. However, for a number of reasons TPA systems by themselves cannot be expected to conserve all biodiversity.

Few countries are able to allocate sufficient areas to total protection to guarantee the preservation of all animal and plant species and their intraspecific genetic variation. In most countries, totally protected areas do not exceed 4-8 percent of national territory and individual areas are generally small. When species exist in small isolated populations they are susceptible to extinction caused by random environmental events and genetic deterioration. If natural forests are only retained in small isolated protected areas then many species will inevitably be lost.

In many tropical countries, for practical purposes TPA's are usually identified on the basis of the distribution of mammals, birds and trees, or even broader environmental classification systems. The utility of these designation systems for conserving invertebrates and microorganisms and the full genetic diversity of the trees, birds and mammals is unknown.

On a regional basis there is movement and migrations of many organisms between forest areas. Many of these, such as fruit eating birds and many insects, are functionally important to the forest ecosystem as a whole because of their role as pollinators and dispersers. Their movements are often not fully known and, again, it is unlikely a TPA network itself would be able to incorporate all these movements. Loss of natural or near-natural habitat outside the TPA network that support these migrants or nomads will result in the reduction of their populations and effect the overall functioning of the forests throughout the region. This is particularly important for keystone species which play a role in the life cycle of others, such as the major timber trees.

2.5 The Value of Sustainably Managed Production Forests in Biodiversity Conservation

There is a broad consensus that it is possible to manage tropical forests for production of timber and other products while still maintaining considerable biodiversity values. Thus, while tropical forest lands may be extremely fragile when people attempt to convert them to other uses, the forests themselves are often reasonably robust in their ability to recover from localized and periodic disturbance.

Such disturbances in the past have been caused by agents such as tree falls, storm damage, earthquakes, fire and low intensity forms of shifting cultivation, and they have contributed to the present patterns of diversity of the forests. Selective harvesting of timber trees and subsequent protection of the forests constitutes a form of disturbance which might therefore be expected to be compatible with the conservation of much of the biodiversity of the forests.

Theoretically, sustainably managed production forests represent the best compromise between the desirability of conserving species and the need to use land to generate wealth and employment. Production forests often represent a more tangible economic asset to societies in poorer countries than do TPAs, and are therefore more likely to be respected. In view of the worldwide decline in total

forest area, even modified forests will have an important part to play in preserving habitat, species and sub-specific diversity. It is not possible to design forest management systems which would conserve all biodiversity, but we can apply known principles to minimize loss.

However, the contribution of production forests to the conservation of biodiversity can only be fully realized within an integrated national land use strategy, which assigns appropriate attention to biodiversity conservation in specific areas of forest, in accordance with their composition and location, taking account of the TPA system.

2.6 The Functional Role of Biodiversity in Production Forests

One of the major values of retaining biodiversity is to maintain important ecosystem functions such as mineral cycling, pollination and maintaining a balance of organisms such that the likelihood of major outbreaks of pest species is reduced. Even small, apparently insignificant organisms can play a major role, and conservation of high overall levels of diversity is a prudent for achieving sustainable forest production with low levels of risk.

3. POLICY AND LEGISLATION

The success or failure of forest resource management is greatly affected both by the laws and policies that relate to the forest sector, and by the structures and staffing of the agencies that have been established to secure their implementation. This may require action to strengthen attention to biodiversity conservation in national education and training programs. In order to promote the conservation of biodiversity in production forests, it is essential that biodiversity issues are given appropriate recognition in policy and legislation by the application of the following principles and recommended actions.

Principle 1

National forest policy and legislation should recognize biodiversity conservation as an important goal of forest management. Programs must be developed to assess the importance of biodiversity in all forest areas, including those utilized for timber and other non-wood forest products, and to determine the degree of priority to be assigned to biodiversity conservation in each specific area.

Recommended Action 1

Provide a national agency, or reform and strengthen existing institutions to include biodiversity conservation in their mandate.

Principle 2

The national agency responsible for forests should have both the mandate and the capability to ensure that forests are managed for all values including biodiversity in an integrated system, with allocation of priority to production and conservation objectives as appropriate to the particular forest area. It should also assist in the integrated management of private and customarily held forests, according to the objectives laid down in the national forest policy.

Recommended Action 2

Provide this agency with sufficient human and financial resources to effectively achieve integrated biodiversity conservation involving both the TPA and production forest systems.

Principle 3

Inventories need to be undertaken to describe, quantify and monitor biodiversity in all production forests which are assessed as sufficiently high priority in national conservation strategies to warrant such action. Where possible and feasible, these inventories should be incorporated within existing timber management inventories.

Recommended Action 3

Develop practical biodiversity appraisal systems to guide forest land use allocations at both the landscape level and within the management units of production forests. Where forest exploitation or changes in forest land use are occurring rapidly, give attention to the development of rapid appraisal systems that can provide guidance to forest planners in a relevant time period.

Recommended Action 4

Develop and adapt practical techniques, such as environmental impact assessment for assessing the consequences of different forest management techniques on biodiversity. Incorporate biodiversity monitoring into on-going management programs for all forests.

4. PROMOTING THE ROLE OF SUSTAINABLY MANAGED PRODUCTION FORESTS IN CONSERVING BIODIVERSITY AT THE LANDSCAPE LEVEL

Because some key elements of a nation's biodiversity are expressed at an ecosystem level, the conservation of overall biodiversity ultimately requires management at the broad landscape level to cover all major ecosystem types. In addition, the effects of land-use activities in a particular area can have a significant effect on the biota of other areas.

Careful land-use planning can, however, be used to both promote the retention of biodiversity at the ecosystem level and to minimize the external impacts of particular land-use activities on biodiversity values in other areas. However, to do this, forests and other key components of the landscape need to be managed as a single inter-related system. This, in turn, is best achieved through an integrated system of protected areas, production forests and sympathetically managed agricultural and urban lands.

The following principles and recommended actions outline some of the key considerations needed to establish such an integrated approach to biodiversity conservation and land-use planning and management.

Principle 4

The different categories of land that need to be kept under permanent forest cover include lands for nature conservation and ecosystem preservation (TPAs), fragile lands requiring protection forests, natural production forests and planted production forests - see Appendix 1 in both the ITTO Guidelines on the Sustainable Management of Natural Tropical Forests and the ITTO Guidelines on the Establishment and Sustainable Management of Planted Tropical Forests.

Recommended Action 5

Identify, survey and delineate the various categories of the Permanent Forest Estate and develop complementary management plans in consultation with forest dwellers and surrounding populations, taking into account their present and future needs for agricultural land and their customary use of the forest.

Principle 5

Research in conservation biology has indicated that there is a direct relationship between the size of a protected area and the number of species it will conserve in the long-term. Such studies have also indicated that increasing the perimeter to area ratio of a TPA will reduce its effectiveness as a conservation unit. This is due to "edge effects" which favor generalists species rather than species with more specialist habitat requirements.

Recommended Action 6

Within the constraints of prevailing social and economic circumstances, design TPA's to cover as large an area of natural forest as socially and economically feasible, with due attention to optimizing their shape. Surround these TPA cores with sympathetically

managed near-natural production forests to minimize edge effects, and ensure the protection of ecological function.

Principle 6

Where forest clearing or disturbance becomes necessary, maintaining the connectivity between undisturbed forests will help to minimize erosion of biodiversity. In designing such connecting areas, a fundamental principle is to facilitate the movement of seeds, pollen and animals between the various forest areas and other habitats.

Recommended Action 7

Link TPA reserves by providing "corridors" of natural forest and ensuring that the habitat at known major resting sites and the known ends of migration routes are retained. Locate production forests to maximize the connectivity between natural forest TPA's at the landscape level.

5. CONSIDERATIONS FOR THE CONSERVATION OF BIODIVERSITY AT THE MANAGEMENT UNIT LEVEL IN PRODUCTION FORESTS.

With careful land use planning that gives particular attention to the complementary location of all retained forest areas, production forests can potentially play a key role in the conservation of biological diversity at all levels. However, whether or not this potential is realized in practice will depend in very large part on how particular production forests are managed at the operational level. The following principles and recommendations for **operational** management will help to maximize the contribution of production forest to the conservation of biodiversity.

5.1 Planning

5.1.1 Choice of silvicultural concept

Principle 7

Silvicultural systems that aim to change species composition or selectively remove certain structural or floristic components of the forest can have a negative effect on biodiversity conservation. Forest areas of recognized importance for biodiversity conservation should be the subject of special action as recommended below.

Recommended Action 8

Particular care should be taken in applying silvicultural treatments to ensure that adequate populations of species which are important in food chains or in providing ecological functions (keystone species) are retained.

In the case of plantations, the use of indigenous species should be encouraged.

Recommended Action 9

Trees with hollows, standing dead trees (snags) and decomposing fallen trees all have ecological importance for a range of species and not all should be removed from the forest in any silvicultural treatment to improve timber yields.

Recommended Action 10

The use of pesticides or other chemicals should be kept to a minimum in any silvicultural treatment, and the manufacturers instructions for the use of each product should be strictly observed.

5.1.2 Yield Regulation, Annual allowable Cut and Rotation time

Principle 8

The presence of some larger and older trees in the forest, and longer intervals between the disturbances caused by harvesting operations, generally favor biodiversity conservation.

Recommended Action 11

In forest areas of recognized importance for biodiversity conservation incorporate consideration of the effects of rotation length, felling cycles, girth limits and size of the annual area cut-over in deciding the allocation of the AAC.

Principle 9

In general, a mosaic of old-growth forests in close proximity to logged forests will help to maintain biodiversity.

Recommended Action 12

When determining yield allocations and rotation lengths for particular management units, plan logging operations so that a mosaic of recently logged and old growth forests are maintained over time.

5.1.3 Management Inventory and Mapping

Principle 10

A system of small (approximately 100 ha) undisturbed forest reserves within the management area can have profound positive effects on biodiversity conservation that are disproportionate to their size. A system of such reserves, carefully distributed throughout the management area, can act as temporary refuges for fauna moving away from the active logging areas and also as sources for rapid re-colonization.

Recommended Action 13

Within each major management area, a system of small virgin reserves should be designated on the management plan and maps. The boundaries of these reserves should be marked in the field where feasible.

Principle 11

Not all areas of a production forest will have equal importance for biodiversity conservation. Sites of particular importance for biodiversity conservation (key areas) will include:

- * areas adjacent to TPA reserves;
- * areas with populations of rare or endangered species or with high concentrations of endemic species, or with exceptional species richness;
- * areas with unusual land-forms, geology or other physical features not adequately represented in TPA's;
- * rivers, streams and wetland areas;
- * areas with forest types not represented in TPA's;
- * areas that contain biological diversity of social or cultural value, or of medicinal, agricultural or other economic value;
- * areas that contain habitats frequented by migrating species.

Recommended Action 14

Management inventories should aim to locate key areas within all production forest units that are known to have higher biodiversity values as outlined in Principle 12.

Recommended Action 15

Working plans should prescribe appropriate management measures in accordance with the specific biodiversity value of these key areas. Buffer strips of no intervention should be established along streams and around lakes and wetland areas.

5.2.2. Extraction

Principle 12

Biodiversity conservation is strongly affected by degree of canopy disruption, extent of damage to the standing vegetation and severity of erosion.

Recommended Action 16

Reduce individual gap size as far as possible, unless specifically required for the regeneration of key species. Avoid creating very large gaps that equate to areas of local clearfelling.

Recommended Action 17

Minimize machinery and felling damage to the residual stand, undergrowth and soil.

6. IMPLEMENTATION

Principle 13

Biodiversity conservation can provide many benefits to the global community, to national economies and local populations. Management for biodiversity conservation may add extra costs to management of production forests but may also yield extra economic and social benefits.

Recommended Action 18

Utilize market mechanisms and economic incentives at the national and international level to encourage maintenance of biodiversity services. Taking into account the options contained in Agenda 21 adopted by UNCED in Rio, members will encourage the transfer of technology on mutually agreed terms, taking into account the special needs of developing countries and the provision of new and additional financial resources, bearing in mind principle 13 above; where appropriate.

Recommended Action 19

Efforts should be made to involve local people in the management of the forests, and to ensure that they obtain benefits, which will motivate the people themselves to use their traditional knowledge in support of the conservation of biodiversity.

7. RESEARCH AND MONITORING

Principle 14

The value of production forests to biodiversity and the effects of various management systems are inadequately understood. Additional information on the status of biodiversity in production forests and the efficacy of the management measures instituted to minimize its erosion is needed.

Recommended Action 20

Investigate and adapt existing systems to develop locally specific, rapid, cost-effective and efficient biodiversity surveys and monitoring systems that could be carried out by, or in conjunction with, forest inventory teams during their survey activities. Implement such systems as a part of normal forest inventory processes.

APPENDIX 1

CATEGORIES AND MANAGEMENT OBJECTIVES OF PROTECTED AREAS

- I. **Strict Nature Reserve.** To protect nature and maintain natural processes in an undisturbed state in order to have ecologically representative examples of the natural environment available for scientific study, environmental monitoring, education, and for the maintenance of genetic resources in a dynamic and evolutionary state.
- II. **National Park.** To protect outstanding natural and scenic areas of national or international significance for scientific, educational, and recreational use. These are relatively large natural areas not materially altered by human activity where extractive resource uses are not allowed.
- III. **Natural Monument/Natural Landmark.** To protect and preserve nationally significant natural features because of their special interest or unique characteristics. These are relatively small areas focused on protection of specific features.
- IV. **Managed Nature Reserve/Wildlife Sanctuary.** To assure the natural conditions necessary to protect nationally significant species, groups of species, biotic communities, or physical features of the environment where these may require specific human manipulation for their perpetuation. Controlled harvesting of some resources can be permitted.
- V. **Protected Landscapes and Seascapes.** To maintain nationally significant natural landscapes which are characteristic of the harmonious interaction of man and land while providing opportunities for public enjoyment through recreation and tourism within the normal life style and economic activity of these areas. These are mixed cultural/natural landscapes of high scenic value where traditional land uses are maintained.
- VI. **Resource Reserve.** To protect the natural resources of the area for future use and prevent or contain development activities that could affect the resource pending the establishment of objectives which are based upon appropriate knowledge and planning. This is a 'holding' category used until a permanent classification can be determined.
- VII. **Anthropological Reserve/Natural Biotic Area.** To allow the way of life of societies living in harmony with the environments to continue undisturbed by modern technology. This category is appropriate where resource extraction by indigenous people is conducted in a traditional manner.
- VIII. **Multiple Use Management Area/Managed Resource Area.** To provide for the sustained production of water, timber, wildlife, pasture and tourism, with the conservation of nature primarily oriented to the support of the economic activities (although specific zones may also be designated within these areas to achieve specific conservation objectives).

Two additional categories are international labels which overlay protected areas in the above eight categories:

- IX. **Biosphere Reserve.** To conserve for present and future use the diversity and integrity of biotic communities of plants and animals within natural ecosystems, and to safeguard the genetic diversity of species on which their continuing evolution depends. These are internationally designated sites managed for research, education and training.

- X. **World Heritage Site.** To protect the natural features for which the area is considered to be of outstanding universal significance. This is a select list of the world's unique natural and cultural sites nominated by countries that are Party to the World Heritage Convention.

Source: IUCN/UNEP/WWF, 1991, Caring for the Earth,
Gland, Switzerland, pp 192-193.

APPENDIX 2

The following paragraphs may be considered for inclusion in the Introduction of the combined Guidelines:

The loss and fragmentation of tropical moist forests are among the greatest threats to the world's current biological diversity. Conversely, under sustainable management these forests have a unique potential to contribute to biodiversity conservation.

Converting natural forests into other land uses has far more drastic impacts on biodiversity than sustainable management for timber production. A very large proportion of the world's forests are allocated for the production of timber and this situation is likely to persist. The future of much of the world's forest biological diversity depends upon the way in which these forests are managed.

Theoretically, managed production forests represent the best compromise between the desirability of conserving species and the need to use land to generate wealth and employment. Production forests often represent a more tangible economic asset to societies in poorer countries than do TPAs, and are therefore more likely to be respected. In view of the worldwide decline in total forest area, even modified forests will have an important part to play in preserving habitat, species and sub-specific diversity. It is not possible to design forest management systems which would conserve all biodiversity, but we can apply known principles to minimize loss.

However, the contribution of production forests to the conservation of biodiversity can only be fully realized within an integrated national land use strategy, which assigns appropriate attention to biodiversity conservation in specific areas of forest, in accordance with their composition and location, taking account of the TPA system.

APPENDIX III

ITTO PRE-PROJECT THE DEVELOPMENT OF GUIDELINES FOR THE PROTECTION OF TROPICAL FORESTS AGAINST FIRE

I. Introduction

The destruction of tropical forests caused by fires has been well documented, particularly in countries such as Indonesia and Brazil, where large areas of forests are devastated each year. The causes and effects of fire vary considerably, however, tropical timber producing countries suffer from lost economic opportunities and environmental degradation. Experts generally agree that the detrimental effects can be significantly reduced through an integrated fire prevention and control program.

In January/February 1992, ITTO sponsored a consultative visit to Indonesia to explore possible actions to minimize the destructive effects of tropical forest fire. The major findings and recommendations of this visit is documented in the *Report on the Consultative Visit to Indonesia with Regard to ITTO Activity on the Protection of Tropical Forests Against Fire*, PCF(X)/6 dated 31 March 1992, which was presented to the Committee during its Tenth Session in Yaoundé, Cameroon. As part of their recommendations, the specialists drafted a Terms of Reference for creating a Panel of Experts to develop ITTO guidelines for the protection of tropical forests against fires (See Appendix I). It is envisioned that these Guidelines would be incorporated in ITTO's set of principles to assist member countries to develop national policies and strategies for the prevention and control of fire in tropical forests. The Guidelines would be published in ITTO's Policy Development Series and be distributed to interested members and others dealing with forest fire management.

II. Objective

The objective of this Pre-Project is to develop principles and a set of possible actions to prevent and manage tropical forest fires, which would be published as ITTO Guidelines for the Protection of Tropical Forests Against Fire. These Guidelines will complement ITTO's Guidelines for: 1) Sustainable Management of Tropical Forests, 2) Planted Tropical Forests and 3) Biodiversity Conservation, which when taken together, will provide a comprehensive set of reference standards for the development of more specific guidelines at the national level.

III. Activities

The steps required for the development of the fire guidelines include:

1. Presentation, approval and funding of this Pre-Project.
2. Formation of an Expert Panel, with the participation of four consumer and four producer countries, on fire prevention and management as outlined in Appendix I.
3. The commission of a consultancy report to be used as a discussion paper by the Expert Panel (See Appendix II for the Terms of Reference for the Consultants).
4. A meeting of the Expert Panel for four days to review the consultancy report and develop a draft set of Guidelines, to be translated and sent to all ITTO member countries as a PCF document.
5. Discussion and comment on the draft Guidelines by the Committee during its November 1993 Session in Yokohama, to provide guidance and recommendation needed for adoption.

6. Adoption by the Council of the finalized version of the Guidelines in May 1994.
7. Publication and distribution of the Guidelines as part of ITTO Policy Development Series.

IV. Budget

A total of US\$ 91,140 is required for this Pre-Project, broken down below:

1.	Total Consultant Cost	\$	<u>39,000</u>
	a. Consultant Fees (2 persons - 7 weeks each @ 10,000)	\$	20,000
	b. Consultant DSA (2 persons - 35 days each @ 150/day)	\$	10,500
	c. Consultant Air tickets (2 tickets @ 4,000)	\$	8,000
	d. Communications	\$	500
2.	Panel meeting	\$	<u>32,200</u>
	a. DSA (6 members x 6 days @ 200/day)	\$	7,200
	b. Air tickets (6 tickets @ 4,000)	\$	24,000
	c. Communications	\$	1,000
3.	Secretariat Support	\$	<u>5,600</u>
	a. DSA (8 days @ 200)	\$	1,600
	b. Airfare	\$	4,000
4.	Translation/Publication	\$	<u>10,000</u>
5.	Secretariat Administrative Costs @ 5%	\$	<u>4,340</u>
	GRAND TOTAL	\$	91,140

TERMS OF REFERENCE

CONSULTANTS FOR THE PROTECTION OF TROPICAL FORESTS AGAINST FIRE

1. TROPICAL FOREST MANAGEMENT SPECIALIST
2. FOREST FIRE MANAGEMENT SPECIALIST

At the Tenth Session of the Permanent Committee on Reforestation and Forest Management (PFC), held in Yaoundé, Cameroon from 6-14 May 1992, the Committee adopted the draft terms of reference for the creation of an ITTO Expert Panel on The Protection of Tropical Forests Against Fire, found in Appendix III of PCF(X)/6. The Terms of Reference proposes that a consultancy report be developed to form the basis for the Panel's discussions. This report would be jointly prepared by an experienced tropical forest management specialist from a tropical producer country and an experienced fire management expert from a consumer country. The latter would have expertise and access to modern fire management technologies.

During its Eleventh Session held in Yokohama from 16-21 November 1992, the Committee recommended that action be taken to commission a consultancy report for the protection of tropical forests against fire. This terms of reference has been developed for both the tropical forest management and forest fire management specialists and outlines the steps to develop a discussion paper for the Expert Panel.

I. CONSULTANT QUALIFICATIONS

1. The tropical forest management specialist should have the following qualifications:
 - a. An advanced degree in forestry, agriculture or closely related field.
 - b. At least 10 years of professional forestry work with experience and a deep understanding of the following areas:
 - * tropical forest ecology, including an understanding of successional stages of tropical forests after fire disturbance,
 - * swidden agriculture,
 - * community relationship with natural resource base in/near forested areas, and
 - * training and extension methodologies.
 - c. Be from an ITTO producer country.
2. The forest fire management specialist should fulfill the criteria noted below:
 - a. An advanced degree in forestry with specialization in fire ecology or similar background.
 - b. At least 10 years of professional forestry work with expertise in:
 - * development of integrated fire control programs,
 - * modern technologies used in fire suppression,
 - * fire prevention campaigns, and
 - * policy formulation and strategic planning for effective fire control.
 - c. Be from an ITTO consumer country.

II. PROPOSED ACTIVITIES

1. The consultants will work a total of six weeks:
 - * Three weeks of field visits in a tropical producer country.
 - * One week of drafting a detailed outline together.
 - * Two weeks of finishing the consultant report in their respective countries.
2. The consultants will travel to a producer country with a history of forest fire problems for meetings with forestry officials and others dealing with fire and visits to areas affected by forest fires. The consultants are expected to spend three weeks familiarizing themselves with the forest fire situation in the country by conducting interviews and making observations during field visits to rural communities and forest areas.
3. Meetings with officials should result in an understanding of:
 - * Current policies on fire use.
 - * National level strategies for fire prevention.
 - * Coordination between organizations for fire suppression.
 - * Resource requirements for effectively dealing with forest fires.
4. Field visits should entail:
 - * Community visits to see how fire is used, managed and controlled in agriculture.
 - * Logging operations to learn of fire risk due to timber harvesting.
 - * Forested areas to view areas that have been affected by fire, and learn of experiences in rehabilitating burned over areas.
5. The two consultants will work together for one week to draft a detailed outline for their joint consultancy report which should be based on information gathered during their investigations.
6. Using the detailed outline as a guide, the consultants will work for two weeks in their respective countries to complete the report, and will submit it to the Secretariat by the end of their six week contract.

III. REPORTING REQUIREMENTS

The report, or discussion paper will follow the same format used for developing *ITTO Guidelines for the Sustainable Management of Natural Tropical Forests*. The report will contain **Key Principles** and **Recommended Actions** for the following categories:

- * Policies required for effective fire prevention and control.
- * Problem analysis for identifying fire risk.
- * The use of fire as a land management tool.
- * The development of appropriate technologies for combating fires.
- * Key management and planning principles relating to fire prevention, fire suppression and post fire rehabilitation and management.
- * The role of communities in fire management in rural areas and adjacent forest lands.
- * Educational campaigns and extension strategies for fire prevention.
- * Training requirements for foresters, farmers, loggers and others dealing with fire.
- * Integration of fire management and planning with overall national strategies promoting the conservation and sustainable management of tropical forests.

APPENDIX IV

Terms of Reference For The Implementation Of PCF Activity Concerning

Title: Demonstration area(s) For Sustainable Management of Production Forests

1. Preamble

Pursuant to the decision of the Sixth Session of the ITTC in Abidjan in May 1989 to prepare activities for priority implementation in various areas of concern, the Permanent Committee on Reforestation and Forest Management (PCF) adopted the "Draft Action Plan in the Field of Reforestation and Forest Management" contained in Document PCF (IV)2. Various activities have been implemented and guidelines, criteria and indicators for sustainable management have been adopted.

The PCF included in its Program of Work an activity which aims to "Develop Demonstration Models of Management for the Sustainable Production of Timber and Non-timber Products and Conservation". The objective is to establish a network of demonstration areas which can be used by Member Countries in the transfer of knowledge, and for promoting sustainable forest management. Member Countries were also requested to identify areas of successful forest management on which demonstration sites can be established. Only four countries had responded by the end of 1991.

The Twelfth Session of the PCF reviewed the progress of the activity and agreed that an informal working group should discuss and recommended measures to facilitate and expedite the implementation of the activities to identify suitable demonstration areas and to recommend appropriate follow up actions.

The Committee feels that in the light of various action that have been taken since 1990 it is now possible to provide more clarity to Member countries about objectives of the activity to identify suitable demonstration areas.

2. General Objectives

To create awareness of the actual level of performance in achieving sustainable management of tropical production forests.

To stimulate activities directed at improving the quality of management of production forests.

3. Specific Objectives of Demonstration Areas

To show what level of performance is already achieved in real practice at an operational scale.

To set an example for operations that do not perform at the same quality level.

To provide an opportunity to analyze the conditions which have lead to the present performance level, and based on that to advise other operators on regulations and management practices to improve their performance.

To provide insight into the conditions and operations that should and could be changed to improve the level of compliance with ITTO sustainability criteria and indicators.

To strengthen the capacity and capability of professional, technical and operational staff.

4. Immediate objective of the proposed activities

To identify at the national level area(s) for demonstration for sustainable forest management of production forests.

5. Proposed Activities

- a. The secretariat invites the producing countries to identify an operational timber production area(s) that may serve as demonstration area(s).
- b. The secretariat provides a checklist (see Annex 1) to help the countries to identify demonstration area(s).
- c. The secretariat will assist countries to identify and verify suitable demonstration areas where necessary and desirable.
- d. The Secretariat establishes a list of suggested demonstration areas, and stimulates exchange of information and visits at the national and regional levels.

6. Follow up Activities

The secretariat may invite the country that has applied to propose projects to fulfil the actual demonstration related activities, being:

- a. To analyze the conditions which have lead to the present performance level of the demonstration.
- b. To analyze what conditions and operations should and could be changed to improve the level of compliance with ITTO sustainability criteria and indicators and the ITTO guidelines.
- c. To provide documentation about the analysis and about the characteristics of the site including the forest, management goals, methods results, etc.
- d. To disseminate knowledge and experience by organising seminars, training courses and distributing publications.
- e. To develop linkages with the private sector, community groups, NGO's, research and training institutions.

ANNEX 1

Criteria For The Selection Of Demonstration Area(s)

Area(s) with a relative high Level of management performance according to ITTO's guidelines, criteria and indicators.

Area should be actively harvested.

Area should be sufficiently large to be managed on the sustained yield basis and able to support integrated management of the resources, such as forest reserves, concession or forest management unit.

Area should be legally and practically secured.

Availability of records of past management.

Availability and reliability of data on natural conditions, social aspects, utilization and management, growing stock condition, volume, growth and increment.

Demonstration area should be representative of the countries' major forests resources and social conditions.

Accessibility and suitability for purpose of training, education and research.

ANNEX 2

BUDGET

<u>Activity 2</u>	\$20,000
Production of checklist Dissemination of checklist	
<u>Activity 3</u>	\$40,000
Coordination Travel	
<u>Activity 4</u>	\$40,000
Production of list of tentative demonstration areas	
Sub Total	\$100,000
Administrative Support and Monitoring 10%	\$10,000
	<hr/>
	\$110,000

APPENDIX V

DRAFT DECISION * (XIV)

BIOTECHNOLOGY AND SUSTAINABLE PRODUCTION OF TROPICAL TIMBER

The International Tropical Timber Council,

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

Recalling also Principle 11 of the Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests, that reads "in order to enable, in particular, developing countries to enhance their endogenous capacity and better manage, conserve and develop their forest resources, the access to and transfer of environmentally sound technologies and corresponding know-how on favourable terms, including on concessional and preferential terms, as mutually agreed, in accordance with the relevant provisions of agenda 21, should be promoted, facilitated and financed, as appropriate",

Stressing the importance of promoting sustainable management of producing forests and the sustainable production and processing of tropical timber as a goal of ITTO,

Underlining in this context the fundamental role played by technology as a tool for the promotion of sustainable management of producing forests and the sustainable production and processing of tropical timber,

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 basis for integrated forest management systems and optimal use of the tropical forests, taking in consideration multiple benefits that can be derived from them,

Recognizing that biotechnology research programs are relevant to ITTO's activities designed to promote reforestation, sustainable management of producing forests and sustainable production and processing of timber,

Decides to request the Executive Director to contract a study on the biotechnology issues pertaining sustainable production, processing and marketing of tropical timber, and present its results to the Fifteenth Session of the Council,

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

APPENDIX V

TABLE A

**TECHNICAL EVALUATION OF PROJECT AND PRE-PROJECT PROPOSALS
IN THE FIELD OF REFORESTATION AND FOREST MANAGEMENT
CONSIDERED DURING THE TWELFTH 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 48/92 Rev.2	c,f,h	R & D	b,c	a,b,d,e	951,439	5	Colombia	4
PD 49/92 Rev.3	c,f,h	R & D			1,132,730	4	Colombia	4
PD 50/92 Rev.3	c,f,h	R & D	a,b,c,d,e	a,b,c,d,e	1,586,784	3	Colombia	4
PD 2/93 Rev.1	c,f,h	R & D	b,e	a,b,c,d,e	756,762	18 months	Congo	4
PD 3/93 Rev.1	c,f,h	R & D	b	a,b,c,d,e	798,364	18 months	Congo	4
PD 5/93 Rev.1	c,f,h	R & D	b	a,b,d,e	11,663	16 months	Philippines	4
PD 6/93 Rev.1	f,h	D	b,c		732,984	2	Global	4
PD 10/93 Rev.1	c,f,h	Seminar & Study Tour	a,b,c,d,e	a,b,c,d,e	122,869	4 days	Japan	4
PD 11/93 Rev.1	c,h	R & D	b,d	e	338,643	3	Colombia	4
PD 12/93 Rev.1	c,h	R & D	a,e	a,b,d,e	25,000	1	Indonesia	4
PPD 1/93 Rev.1	c,f,h	R & D	b	a,b,c,d,e	174,090	4 months	Congo	4
PPD 4/93 Rev.1	c,f,h	R & D	a,b,c,d,e	a,b,c,d,e	168,625	1	Colombia	4
PPD 5/93 Rev.1	c,f,h	R & D	b,e	a,b,c,d,e	222,000	13 months	Panama	4
PPD 6/93 Rev.1	c,h	R & D	a,b,c,d,e	a,b,c,d,e	91,140	6 months	ITTO	4
PPD 12/92 (F)	c,f,h	Information Dissemination	a,b,c,d,e	a,b,c,d,e	25,000	6 months	ITTO	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).

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 TWELFTH SESSION**

PROJECT/ PRE-PROJECT DOCUMENT	ITTA OBJECTIVES ARTICLE 1	AREA OF ACTIVITY		CRITERIA Art.23 Para.6	BUDGET ITTO CONTRIBUTION (US\$)	DURATION (Years)	GEOGRAPHICAL COVERAGE	RECOMMENDATION
		Art.23 Para.2	Art.23 Para.5					
PD 197/91 Rev.3	c,f,h	R & D	a,c,d	a,b,c,d,e	1,500,000	5	Philippines	
PD 38/92 Rev.2	c,f,h	R & D	c,e	a,b,d,e	487,137	3	Malaysia	
PD 44/92 Rev.2	f,h	D	c	a,b,d,e	371,000	Phase 1: 2 Phase 2: 3	Peru	
PD 51/92	b,c,d,e,f,h	R & D	a,b,c,d,e	a,b,c,d,e	2,747,500	3	Tropical Africa	
PD 7/93 Rev.1	c,f,h	R & D	c,e	a,b,c,d,e	608,595	5	Philippines	
PD 13/93	c,f,h	R & D	c,e	a,b,d,e	790,000	2	Ecuador	
PD 15/93	f,h	Seminar/ Workshop	a,b,c,d,e	a,b,c,d,e	86,510	6 days	Central Africa	
PPD 2/93	c,f,h	R & D	a,b,c,d,e	a,b,c,d,e	197,000	1	Peru	

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REPORT TO THE INTERNATIONAL TROPICAL

TIMBER COUNCIL

TWELFTH SESSION OF THE PERMANENT COMMITTEE ON
FOREST INDUSTRY

Table of Contents

Report	
Appendix I	Technical Evaluation of Project Proposals and Summary Table
Appendix II	Fellowships and Grants Approved (Report of the Selection Panel)

REPORT

1. Introduction

The Twelfth Session was opened on 11 May 1993 by Dr. Rubén Guevara Moncada (Honduras), the Chairman of the Committee. The list of Participants is reproduced in Document ITTC(XIV)/Info.2 Rev.1.

2. Adoption of Agenda and Organization of Work

At its first meeting on 11 May 1993, the Committee adopted the agenda of its Twelfth Session as contained in Document PCI(XII)/1.

3. Admission of Observers

The list of Observers admitted by the Committee is contained in Documents ITTC(XIV)/Info.3 and ITTC(XIV)/Info.3 Add.1.

4. Market Discussion

The Market Discussion was taken up in a Joint Session of the Permanent Committees, under the Chairmanship of Mr. Arthur Morrell (UK), Chairman of the Permanent Committee on Economic Information and Market Intelligence. The Rapporteur was Dr. Geoffrey K. Elliot, Private Consultant. The discussion focused on "Policy Issues and Options Concerning Linkages Between the Tropical Timber Trade and Sustainable Forest Management." A report of the discussion is presented in Appendix B of the Draft Report to the International Tropical Timber Council of the Twelfth Session of the Permanent Committee on Economic Information and Market Intelligence [Document PCM(XII)/10 Rev.1].

5. Annual Review and Assessment of the World Tropical Timber Situation

The Elements for the 1992 Annual Review and Assessment of the World Tropical Timber Situation [Document ITTC(XIV)/3], the Country Market Statements and the Worksheets compiled from responses to the ITTO Forecasting and Statistical Enquiry [Document ITTC(XIV)/4], were presented and considered by the Council under its agenda item 12. A synthesis of the discussion is contained in the General Market Statement presented in Appendix C of Document PCM(XII)10 Rev.1.

6. Report on Completed Projects

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

PD 11/87 (I)	MALAYSIAN TIMBER INDUSTRY BOARD AND TIMBER INDUSTRY UPGRADING
PD 160/91 Rev.2 (I)	INTERNATIONAL WORKSHOP ON IMPROVED UTILIZATION OF TIMBER RESOURCES IN SOUTHEAST ASIA

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(XII)/3.

7. Report on Project Work in Progress

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

Further information on project implementation progress was given by the delegates of Cameroon [PD 3.a/87 Rev.2 (I) "Enhancing Locally the Value of Lesser Known Species (Manufacture of Blockboards from Lesser Known Species in Cameroon)"], and by the coordinator of project PD 4/87 Rev.1 (I) "Training in Planning and Management of Forest Industries in Developing Countries."

In follow-up to Decision 6(XIII), "Elements of a Programme for Training in the Use of the Manuals," which requested the Executive Director to institute a programme to disseminate the Manuals and to train project formulators in their use in all three producing Member regions under PD 73/89 (M,F,I), "Assistance for Project Identification and Formulation," the Committee reviewed a work plan for a Programme for Training in the Use of the Project Manuals. The Committee took note of the extended project funds (\$330,000) approved at the Thirteenth Session of the Council for PD 73/89 (M,F,I), and decided to approve the use of these funds in accordance with the budget outlined in document PCI(XII)5. It further noted that while no additional extension of the budget is needed, financing is still pending for the funds approved at ITTC XIII.

8. 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 two project proposals that had been amended or commented on after the Expert Panel appraisal:

PROJECT NUMBER	PROJECT TITLE	SUBMITTED BY
PD 1/93 Rev.1 (M,F,I)	ITTO Fellowship Programme - Phase II	ITTO Secretariat
PD 17/93 (M,F,I)	ITTO Network for Information Sharing and Project Support	ITTO Secretariat

The detailed results of the Committee's evaluation and appraisal of these two project proposals are presented in Appendix I.

Appraisal of a third project proposal [PD 4/93 (I) Furniture Industry Improvement Programme] was deferred to the next Session at the request of the submitting Government (Ecuador), to allow time for formulation of a revised project document.

The Committee expressed the view that the level of preparation of some proposals have improved and that the Panel has been useful and effective to advise countries submitting projects on additional information and/or project design reformulation needed to allow and facilitate proper consideration and technical appraisal by the Committee. The Committee reiterated its view that the Panel mechanism is an effective tool to assist its technical appraisal of projects and decided to once again recommend to the Council the Panel's continuation.

9. Report on Completed Pre-Projects

The Committee took note of the work completed under the following pre-projects:

PPD 41/91 (I)	FEASIBILITY OF A PROMOTION CENTER FOR FURNITURE MANUFACTURING IN ECUADOR
PPD 10/92 (I)	HARMONIZATION AND INTEGRATION OF WORK PROPOSED UNDER PD 177/91 (M,F,I) AND PD 41/92 (F)

The commission expressed satisfaction with the work carried out by a group of experts representing consumer and producer member countries to integrate project proposals PD 177/91 (M,F,I) and PD 41/92 (F). The Committee noted that the Working Group considered that these project proposals essentially dealt with three functions:

- * Developing an ITTO information sharing network covering all three producer regions and including the publications and dissemination of an ITTO Newsletter;
- * Liaison between ITTO and producer member countries primarily to facilitate project work and ITTO presence in the region; and
- * Identification of training needs and supporting development of training programs.

The Working Group prepared a harmonized project proposal [PD 17/93 (M,F,I) "ITTO Network for Information Sharing and Project Support"] whose scope covers the first two functions above. The Working Group considered that it would be premature to include the training component in PD 17/93 (M,F,I) as it was felt that a further examination of the training requirements and the means of delivery was required. The report summarizing the results of the Working Group is reproduced in document PCI(XII)/6.

Taking account of recommendations made by the Working Group, the Committee decided to:

- (1) Further examine training requirements and to consider drafting and approving a pre-project to look at the training capacity, opportunities and needs in each of the producing regions to achieve the goals of the ITTO Action Plan; and
- (2) Recommend to the Committee on Reforestation and Forest Management that it extend project PD 86/90 (F) for an additional period of 12 months to allow for the continuation of a Newsletter as currently published in Spanish, French and English. However, the Committee also recommends that during this interim period relevant action should be undertaken within the project to expand its scope to all three main areas of ITTO activities and all three producing regions. These actions should be implemented and supervised by the Executive Director.

The Committee appraised the project proposal prepared by the Working Group. The results of the appraisal are included in this report in Appendix I (Technical Evaluation of Project Proposals).

At the request of the Submitting Government (Ecuador), the Committee decided to defer to the next Session the review of the report on the pre-project on the Feasibility of a Promotion Center for Furniture Manufacturing in Ecuador.

10. Report on Pre-Project Work in Progress

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

- (i) DEVELOPMENT WORK TO PHASE OUT TRADE OF UNSUSTAINABLY PRODUCED TIMBER: 1 - ASSESSMENT OF FUTURE MAHOGANY SUPPLY AND ALTERNATIVE INDUSTRIAL OPERATIONS FOR SUSTAINABLE PRODUCTION
- (ii) INSTITUTIONAL STRENGTHENING OF IBAMA'S FOREST PRODUCTS LABORATORY
- (iii) MANPOWER DEVELOPMENT OF THE SARAWAK FOREST SECTOR
- (iv) TECHNICAL AND ECONOMIC FEASIBILITY OF LARGE-SCALE CONSTRUCTION OF WOODEN HOUSE IN BRAZIL
- (v) THE INDUSTRIAL UTILIZATION AND MARKETING OF EUCALYPTUS PLANTATIONS OF THE PROVINCE OF LOJA, ECUADOR

- (vi) 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
- (vii) PRE-FEASIBILITY STUDY ON HARMONIZATION OF TROPICAL PLYWOOD STANDARDS [PPD 5/91 (I)]

11. Decision on Pre-Project Work

On the basis of information provided by the Secretariat and presented in document PCI(XII)/8, the Committee decided to revise upwards the approved budget for implementation of the pre-project entitled: "Pre-Feasibility Study on Harmonization of Tropical Plywood Standards". The Committee agreed to increase the total budget to US\$ 88,000 to allow the study to appropriately cover the main plywood markets and major producing regions.

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

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

Mr. Yoichi Suzuki, Chairman of Selection Panel
Dr. Ruben Guevara Moncada, Chairman of PCI
Mr. Franklin Moore, Vice-Chairman of PCI
Mr. Arthur V. Morrell, Chairman of PCM
Mr. Charles Anguiley, Vice-Chairman of PCM
Mr. David Harcharik, Chairman of PCF
Dato' Ismail Awang, Vice-Chairman of PCF

The applications approved are listed in Appendix II.

The Committee encourages applications from all producer member countries, and therefore recommends that dissemination of information about the Fellowship Programme be expanded through wider distribution of the Newsletter [PD 86/90 (F)] in the African and Latin American Regions.

13. Dates and Venue of the Fourteenth Session

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

14. Recommendations to the International Tropical Timber Council

The Committee made the following recommendations to the ITTC:

1. To approve for implementation the following projects:

PD 1/93 Rev.1 (M,F,I) ITTO Fellowship Programme - Phase II (\$906,448)

PD 17/93 Rev.3 (M,F,I) ITTO Network for Information Sharing and Project
Phase I and II Support (US\$1,826,000)

2. To make available the amount of US\$ 37,675 to complement the funds necessary for appropriate implementation of the pre-project PPD 5/91 (I): Pre-Feasibility Study on Harmonization of Tropical Plywood Standards.

3. 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 8/92 Rev.2 (I): Pre-Project Study on the Creation of a Center for the Promotion of Lesser Known Species in Europe (\$52,500)
- PPD 11/92 (I): Reviewing and Preparing Supporting Documents for Work on Guidelines for the Development of Sustainable Forest Industries (\$57,200)

Projects

- PD 4/87 Rev.1 (I) Training in Planning and Management of Forest Industries in Developing Countries (additional funds of \$410,130)
- PD 60/89 (M,F,I) Fellowship and Related Assistance Programme to Promote Tropical Forest Sector Development (additional funds of \$220,000)
- PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (additional funds of \$330,000)
- 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 17/92 Rev.3 (I): Technology Transfer/Commercialization of Selected Cocowood Utilization Technologies (\$626,990)
- PD 35/92 (I): Vocational Training Center for the Forest Industry - Timber, Furniture Industries and Environment in the Amazonian Region (\$1,354,967)

15. Report of the Session

The Committee adopted this report for submission to the Council.

APPENDIX I

TECHNICAL EVALUATION OF PROJECT PROPOSALS

PD 1/93 Rev.1 (M,F,I) ITTO Fellowship Programme - Phase II

The Committee agreed on the importance of human resources development in achieving the objectives of ITTO and commended the Secretariat on the improvements incorporated into the proposal for Phase II of the Fellowship Programme, particularly regarding increased funds for publication of reports and publicity. The Committee decided to recommend to the Council that the project be approved for implementation and funding. Additionally, given the importance of continuing the Programme without disruption and taking into account the funding pattern of the first phase of the Programme [PD 60/89 (M,F,I)], in which the number and value of fellowships awarded were adjusted each Session in accordance with the amount of available project funds -- the Committee recommends to the Council that an exception to the Financial Rules and Rules Relating to Projects be granted for PD 1/93 Rev.1 (M,F,I) to allow implementation of the project with less than full funding, on the condition that funding is sufficient to cover a significant number of fellowships.

PD 17/93 (M,F,I) ITTO Network for Information Sharing and Project Support

The Committee agreed on the relevance of this project to ITTO objectives and to enhance the Organization's field activities in the three producing regions. However, the Committee felt that the implementation of the services to be provided by the projects would be enhanced with execution being subcontracted by ITTO in the producing regions, with the exception of the services provided by the Newsletter Editor/Coordinator, which should be centralized in ITTO Headquarters. The Committee agreed that this option would also improve the project's cost-benefit prospects.

The Committee revised the project during the Session with regard to the following aspects:

- (1) Provided for regional activities (i.e., information collection and project support) to be implemented by subcontractors in the regions (in place of regional offices). Selection of subcontractors to be made by competitive bidding and final approval subject to ITTO Regulations on Procurement of Services and Goods.
- (2) Included "knowledge and expertise in the specific geographical region" and "knowledge and expertise of all aspects of the tropical timber economy" in the criteria for awarding contracts for regional activities.
- (3) The project duration was shortened to two years with phased implementation. Upon completion of the first phase (1 year), the Organization should evaluate the project and decide on the appropriateness of its continuation.
- (4) Provided for ITTO programme support cost of 5% in the project budget.
- (5) Reduced the budget to reflect the modifications specified in items 1-4 above.

The Committee commends PD 17/93 Rev.3 (M,F,I) to the Council for approval and immediate financing. The Committee notes the importance of this project for the future of ITTO. The Committee recommends that the Executive Director present to PCI a report on the progress of project implementation, including the contractual terms for the regional services that are necessary to implement the objectives of the project.

Furthermore, the Committee on Forest Industry recommended to the Committee on Reforestation and Forest Management that it extend project PD 86/90 (F) for an additional period of 12 months to allow for the continuation of a Newsletter as currently published in Spanish, French and English. However, the Committee also recommends that during this interim period relevant action should be undertaken within the project to expand its scope to all three main areas of ITTO activities and all three producing regions. These actions should be implemented and supervised by the Executive Director.

The Committee decided to recommend to the Council for approval, both phases of a revised project proposal (Rev.3), incorporating the amendments and modifications outlined above.

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 1/93 Rev.1 (M,F,I)	d,e,f,g	human resources development	a,b,c,d	a,b,c,d,e	906,448	2 years	Global	4
PD 17/93 Rev.3 (M,F,I) Phase I and II	a,b,c,d,e,f,g,h	networking and project support	a,b,c,d,e	a,b,c,d,e	913,000 <u>913,000</u> 1,826,000	1 year <u>1 year</u> 2 years	Global	4

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

APPENDIX II

**FELLOWSHIPS 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		
14/C14/93S	BANDYOPADHYAY, Apurba Kumar (India)	To present papers at the Asia-Pacific Symposium on Mangrove Ecosystems in Hong Kong
26/C14/93S	CHEN, Anfeng (China)	To attend the Forestry Planning and Management Course at ANU, Canberra, Australia
37/C14/93S	FRIMPONG-Mensah, Kwasi (Ghana)	To present a paper at the 14th Commonwealth Forestry Conference, Kuala Lumpur, Malaysia
44/C14/93S	KAFLE, Shesh Kanta (Nepal)	To attend the Forestry Planning and Management Course at ANU, Canberra, Australia
63/C14/93S	NADAGOUDAR, Babugouda Shankaragouda (India)	To present a paper on agroforestry at the 14th Commonwealth Forestry Conference in Kuala Lumpur, Malaysia
67/C14/93S	NKANSAH, Martin (Ghana)	To attend the Specialist Forestry Course on Planning and Management, Oxford Forestry Institute, U.K.
70/C14/93S	PADILLA, Edgar Floresca (Philippines)	To attend the International Symposium on Genetic Conservation and Production of Tropical Forest Tree Seed, ASEAN-Canada Forest Tree Seed Centre, Chiang Mai, Thailand
74/C14/93S	RAME, Paul Smith (Papua New Guinea)	To attend the Forestry Planning and Management Course at ANU, Canberra, Australia
75/C14/93S	REPALDA, Ireneo, Jr. C. (Philippines)	To attend the Forestry Planning and Management Course at ANU, Canberra, Australia
8/92S	RONQUILLO, Susan Patricia Dacio (Philippines)	To participate in the course on Rural Development Forestry at Oxford Forestry Institute, U.K.

79/C14/93S	SINGH, Neeru (India)	Study tour of community based forest management in India
83/C14/93S	SULAIMAN, Rahim (Malaysia)	To attend the course on "Land Restoration and Rehabilitation: Principles and Practices," organized by the British Council, London, U.K.
89/C14/93S	VINCENT, Anitha (Malaysia)	To attend the Training Course in Plant Tissue Culture at the Unit for Advanced Propagation Systems, Wye College, University of London, U.K.
92/C14/93S	YONG, Teng Koon (Malaysia)	To attend the Conference on "Growth and Yield Estimation from Successive Forest Inventories," Copenhagen, Denmark
96/C14/93S	ZHOU, Yanhua (China)	Study Tour of techniques of sustainable management of tropical forests and conservation of biological diversity in Malaysia and Thailand

PERMANENT COMMITTEE ON FOREST INDUSTRY

04/C14/93S	ALIPON, Marina (Philippines)	To present a paper at the Biennial Conference of the Institute of Foresters of Australia, Brisbane, Australia
52/C14/93S	KUNDOR, Talib (Malaysia)	Study Tour in Indonesia of wood carving techniques, tools, and carving with LKS
10/C14/93S	AZEVEDO CORREA, Antonio (Brazil)	Visit to the USDA Forest Products Laboratory, U.S.
56/C14/93S	LOKE, Sim Wah (Malaysia)	Study tour of the furniture market in the U.S.
27/C14/93S	CHEW, Lye Teng (Malaysia)	To visit the Stichtung Keuringsbureau Hout (SKH), Netherlands
02/C14/93S	AHADOME, Edmond Collins (Ghana)	For attachment to the Indonesian Wood Panel Association (APKINDO)

**PERMANENT COMMITTEE ON ECONOMIC INFORMATION
AND MARKET INTELLIGENCE**

09/C14/93S	AWUAH-SEIWAAH, Hilda (Ghana)	To attend a 2-month training programme in marketing at the TRADA Training Centre
53/C14/93S	KUSHWAHA, Satya P.S. (India)	To attend the UNEP/IUFRO International Workshop on Developing Large Environmental Databases of Sustainable Development at Nairobi, Kenya
64/C14/93S	NELSON, Rohan Anthony (Australia)	To present a paper at the Commonwealth Forestry Conference in Kuala Lumpur, Malaysia
98/C14/93S	OTOUBA, Faustin (Congo)	Training in international marketing of forest products at ATIBT, France

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